

Changjiang Fertilizer Holdings Limited

Annual Report 2016

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A MESSAGE FROM THE ACTING CHIEF EXECUTIVE OFFICER

The Group has ceased production at all of its PRC-based plants due to persistently weak demand for its fertilizer products. As previously reported, the Miluo and Xiangyin factories have received notifications from the government to wind-down their operations and relocate to non-urban locations. Consequently, the Company was deemed a cash shell by the Singapore Exchange and the Company's shares were suspended from trading on 17 April 2015. Since then, the Board of Directors of the Company ("Board") have considered various business and corporate initiatives to revive the Group including acquisitions, reverse-takeovers and various fund-raising exercises.

Financial Performance

The production activities in all three production plants in PRC have been halted since the financial year ended 31 December 2013. As such, no revenue has been generated since then. The Group has plans to dispose of its subsidiary corporations in the PRC. Accordingly, the entire assets and liabilities relating to its subsidiary corporations in the PRC have been classified as assets held for sale on the balance sheet and the entire results from these entities are presented on the income statement as "Discontinued operations".

Allowance for impairment of property, plant and equipment and land use rights had been provided for in FY2015 and no further impairments in relation to the same were made in FY2016.

At the expenses level, the Group's selling and distribution expenses decreased to nil for FY2016 from a nominal RMB182,000 in FY2015. The decrease was mainly due to there being no accruals for payroll of selling personnel. The Group's administrative expenses decreased by RMB36.3 million from RMB50.0 million in FY2015 to RMB13.7 million in FY2016. The decrease was mainly due to impairment of property, plant and equipment and land use rights made in FY2015 and not required for FY2016 due to said assets having being partially impaired in FY2015.

For FY2016, the Group incurred total losses of RMB20.8 million as compared to RMB56.6 million for FY2015. As mentioned above, the lower loss incurred was mainly due to no allowances for impairment of assets provided in FY2016 as compared to impairments having being made in FY2015.

Financial Position

Total assets as at 31 December 2016 amounted to RMB28.5 million, which was unchanged from the figure as at 31 December 2015.

Our current liabilities comprised other payables and income tax payable. As at 31 December 2016, total current liabilities were RMB104.9 million as compared to RMB83.5 million on 31 December 2015. The 25.7% increase in current liabilities of RMB21.4 million from 31 December 2015 to 31 December 2016 was mainly due to the increase in other payables arising from the accrual of staff costs and professional fees.

Cash Position

For FY2016, the Group had a net cash inflow of RMB2,000 due to net cash provided by operating activities, resulting in an increase of cash from RMB6,000 as at 31 December 2015 to RMB8,000 as at 31 December 2016.

A MESSAGE FROM THE ACTING CHIEF EXECUTIVE OFFICER

New Strategic Direction and Corporate Initiatives

Together with the Board and our stakeholder partners, Mr Wee Liang Hiam and I have been working to revive the Company through a reverse take-over (“RTO”) of a real estate development and investment business. To this end, we have already announced the proposed acquisitions of WBH Investments Pte Ltd., Cowealth Investments Pte Ltd and a 50% interest in Chui Teng 8 Pte Ltd (the “Proposed Acquisitions”). The Proposed Acquisitions represent a very substantial transaction amounting to an RTO and we are in the process of securing the necessary regulatory and other approvals for this proposed transaction. On 3 May 2017, we announced that the Company has been undertaking due diligence on the assets to be acquired through our Financial Advisor, RHT Capital Pte Ltd, and further to this, clarifying certain aspects of the Proposed Acquisitions with the SGX-ST.

It is the intention of the Company to proceed with the Proposed Acquisitions and the Company requires additional time to complete the necessary work. In this regard, the Company has submitted an application to the SGX-ST for an extension of the deadline for it to meet the requirements for a new listing under Rule 1018(2) of the Listing Rules. SGX-ST has since expressed that it has no objections to the Company’s above-mentioned application and subject to a few conditions, has granted the Company an extension of time to 31 December 2017 to complete the Proposed Acquisitions.

Should the requisite approvals from the various regulatory authorities be successfully secured, we hope to present the RTO proposal to shareholders by the fourth quarter of this year for consideration and voting by way of an extraordinary general meeting (“EGM”). At the EGM, we will also propose that shareholders vote to dispose of the Company’s dormant and loss-making PRC subsidiaries. If all goes to plan, it is our hope and intention that the Company be transformed into a pan-Asian property development and investment business backed by new and reputable substantial shareholder stakeholders.

Acknowledgments and in appreciation

On behalf of the Board, I would like to express my heartfelt appreciation to our loyal shareholders, stakeholders, advisors and service-providers for your continued support of the Group through the years. I would also like to record my gratitude to my fellow directors for standing with the Company through what has been a very challenging couple of years. I look forward to your continued support as we work together to turn the Company around.

Daniel Long Chee Tim

Acting Chief Executive Officer and Executive Director
22 June 2017

CORPORATE INFORMATION

Board Of Directors

Cai Jian Hua (*Executive Chairman*)

Daniel Long Chee Tim (*Acting Chief Executive Officer, Executive Director*)

Zhu Xue Cheng (*Deputy CEO, Executive Director*)

Teo Moh Gin (*Lead Independent Director*)

Aloysius Wee Meng Seng (*Independent Director*)

Alan Cheong Mun Cheong (*Independent Director*)

Audit Committee

Teo Moh Gin (*Chairman*)

Aloysius Wee Meng Seng

Alan Cheong Mun Cheong

Nominating Committee

Aloysius Wee Meng Seng (*Chairman*)

Teo Moh Gin

Alan Cheong Mun Cheong

Remuneration Committee

Teo Moh Gin (*Chairman*)

Aloysius Wee Meng Seng

Alan Cheong Mun Cheong

Registered Office

10 Collyer Quay

#27-00 Ocean Financial Centre

Singapore 049315

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place, #32-01

Singapore Land Tower

Singapore 048623

Auditor

Nexia TS Public Accounting Corporation

Public Accountants and Chartered Accountants

100 Beach Road

#30-00 Shaw Tower

Singapore 189702

Director-in-charge: Meriana Ang Mei Lin

(since financial year ended 31 December 2016)

Company Secretary

Ng Joo Khin

BOARD OF DIRECTORS

Cai Jian Hua

Executive Chairman and Executive Director

Cai Jian Hua was appointed as Executive Chairman of our Group in April 2013. He is responsible for the overall business, investment and operational strategies for our Group, as well as the overall management of our Group. Mr Cai has about 20 years of experience in the real estate industry in areas of strategic planning, business development, and general management of operations. He holds a Bachelor of Economics degree from Beijing University of Industrial and Commerce in China.

Zhu Xue Cheng

Executive Director

Zhu Xue Cheng is our Executive Director and was appointed as Deputy CEO on 1 October 2014. He is responsible for sales and marketing. He joined Jincheng Shiye in 2002, the principal operating subsidiary of our Group, where he has been responsible for sales and marketing. From 1995 to 2002, he was with Dongting Precision Casting Factory where he took on the position of assistant factory manager mainly responsible for sales. Prior to 1995, Mr Zhu was a sergeant with the PRC navy where he served from 1992 to 1995. He graduated from Hunan Provincial Party School with a higher diploma in economics and management.

Daniel Long Chee Tim

Executive Director and Acting Chief Executive Officer

Daniel Long is our Acting Chief Executive Officer. He first joined our Group on 29 July 2015 as a Non-Executive, Non-Independent Director. He was subsequently tasked with transforming the company and restructuring our business and was re-designated as our Acting Chief Executive Officer on 3 February 2016. Daniel Long is a Corporate and Securities lawyer by training. Having obtained his Bachelor of Laws in the United Kingdom, he obtained his post-graduate qualifications from the National University of Singapore and subsequently joined a leading corporate practice. He later entered the employment of Standard Chartered Merchant Bank Asia ("SCMBA") and advised on initial public offerings, private-equity fund raisings, mergers and acquisitions etc. Mr Long was instrumental in the initial public offering of MMI Holdings Limited ("MMI") whilst he was at SCMBA and subsequently joined MMI to head its Technology and Strategic Investment division. During his time with MMI, he also established MMI TechnoVentures ("MMITV"), a joint venture private equity fund with Standard Chartered Private Equity Limited. In 2000, Mr Long joined an investee of MMITV, Ecquaria Technologies Pte Ltd ("Ecquaria") as Chief Financial Officer overseeing the company's finance, human resource, administration and MIS functions. He was subsequently promoted to Deputy CEO and Head of Sales and Marketing. Mr Long left Ecquaria in 2007 to co-found Providence Capital Management Pte Ltd ("PCM"), a registered fund management company regulated by the Monetary Authority of Singapore. PCM currently manages and advises a number of umbrella funds and multiple special purpose investment vehicles across a range of asset classes. PCM's clients and stakeholders include financial institutions, family trusts and high-net worth individuals.

BOARD OF DIRECTORS

Teo Moh Gin

Lead Independent Director

Teo Moh Gin was appointed as our Lead Independent Director, Chairman of the Audit Committee and Chairman of the Remuneration Committee with effect from 25 September 2014. He is currently a director of Vive Capital Pte. Ltd and is involved in investment related work. Mr Teo has more than 25 years of global experience in finance, business development and consulting. He started his career in 1983 as a consultant in Arthur Andersen where he was in charge of various management consultancy projects. In 1990, he joined the Government of Singapore Investment Corporation as a senior investment officer (real estate department) and was responsible for the acquisition and management of prime commercial assets. In 1998, he joined System Access Ltd as its chief financial officer overseeing the finance and corporate development of the company. He was also previously with Transworld Carnival Corporation as its interim chief executive officer and was responsible for the overall management of the company. He joined GKE International Ltd as their executive vice president and was responsible for their merger and acquisitions function as well as business development of the company. Between March 2006 and January 2007, he was the chief corporate officer of Richland Group and was responsible for the corporate development of the company. He obtained a Bachelor of Accountancy (Honours) from the National University of Singapore in 1983 and a post-graduate diploma in Business Administration from the University of Manchester in 1998.

Aloysius Wee Meng Seng

Independent Director

Aloysius Wee Meng Seng is our Independent Director and was appointed to our Group on 28 August 2009. Mr Wee is an advocate and solicitor of the Supreme Court of Singapore and is currently the managing partner of boutique law firm, AQUINAS LAW ALLIANCE LLP. Prior to this, he was the managing partner of Dacheng Wong Alliance LLP, a Singapore China joint venture law firm. Prior to that he was partner at Central Chambers Law Corporation which he co-founded, serving as co-managing partner. Mr Wee's areas of practice are Intellectual Property Law, Corporate Law, Cross Border Commercial Transactions, and Real Estate Transactions. He has since 1997 advised on various development and investment projects for property developers, real estate players and hospitality companies in Singapore and the region. Mr Wee also advises on cross-border joint ventures and transactions and in the area of mergers and acquisitions of companies. He is the current chairperson of the ASEAN Legal Alliance, a network of 10 law firms in each of the 10 ASEAN countries. He also sits as a director in Tay Leck Teck Foundation and Verbum Dei Singapore Limited (a charity).

Alan Cheong Mun Cheong

Independent Director

Alan Cheong Mun Cheong is our Independent Director and was appointed to our Group on 3 February 2016. With over twenty years of real estate and financial sector experience, Alan is presently Senior Director of Savills Research & Consultancy, covering the local and regional markets in areas of market research, financial studies and holding seminars. Alan began his career in real estate research in 1990 with the Urban Redevelopment Authority focusing on property market forecasts and government land supply policy. Subsequently, he joined UOB where he was involved with project financing for large real estate deals. Alan was also the acting head of equity research for Prudential Securities, covering regional real estate and infrastructure companies before moving to the OCBC Group where he raised capital for companies and REITs during their Initial Public Offering. Alan also has experience in big data analysis – consumer risk analytics and was the head of portfolio analytics at DBS Asset Management. Alan is a triple-degree holder; a good honours degree in Estate Management from National University of Singapore, a Bachelor of Science degree in Mathematics from the Open University (UK) and a Graduate Diploma in Statistics from the Royal Statistical Society (RSS) of which he is a Graduate Statistician. He is also an Honorary Advisor to the Real Estate Developers Association of Singapore's (Real Estate Consultancy sub-group).

KEY MANAGEMENT

Wee Liang Hiam

Chief Financial Officer

Wee Liang Hiam is our Chief Financial Officer. He joined our Group on 11 February 2016 and is responsible for the financial matters of our Group. Liang Hiam has more than 25 years of accounting and finance experience, having been involved at both operational and strategic levels. He has wide experience in corporate governance having served on the boards of other Singapore listed companies as independent director. Mr Wee has extensive management experience in various industries and business environments, having held top finance and operations positions in various public listed companies in Singapore. He has been involved in successful mergers and acquisitions from evaluation to the integration of the merged entities, leading companies to successful listings and reverse takeover on both the Main Board and Catalist board of the Singapore Exchange. Mr Wee holds a Bachelor of Business Administration (Honours) and a Diploma in Education from National University of Singapore, a Master of Business Administration (Accountancy) from Nanyang Technological University and a Post Graduate Diploma in Personnel Management from Singapore Institute of Management. He is a fellow of the Institute of Singapore Chartered Accountants, a member of Singapore Institute of Management and also a member of the Singapore Institute of Directors. Mr Wee is also an Independent Director of companies listed in the SGX-ST.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board”) of the Company (together with its subsidiaries, the “Group”) is committed to maintaining a high standard of corporate governance to ensure greater transparency and to protect the interests of the Company’s shareholders. The Board works with the Management in achieving this objective and the Management is accountable to the Board. This report describes the Group’s corporate governance practices and structures that were put in place during the financial year ended 31 December 2016 with specific reference to the principles and guidelines of the Code of Corporate Governance issued by the Monetary Authority of Singapore on 2 May 2012 (the “2012 Code”), and where applicable, the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual.

BOARD MATTERS

PRINCIPLE 1: BOARD’S CONDUCT OF ITS AFFAIRS

The Board is responsible for the overall performance of the Group. It sets the Company’s values and standards and ensures that the necessary financial and human resources are in place for the Company to achieve its objectives by:

- approving policies, strategies and financial objectives of the Group and monitoring the performance of the Group, including the release of financial results and timely announcements of material transactions;
- approving annual budgets, key operational matters, major funding proposals, investment and divestment proposals, material acquisitions and disposals of assets, interested person transaction of a material nature and convening of shareholders’ meetings;
- reviewing the processes for evaluating the adequacy of internal controls, risk management, including financial, operational and compliance risk areas identified by the Audit Committee that are required to be strengthened for assessment and its recommendation on actions to be taken to address and monitor the areas of concern;
- advising Management on major policy initiatives and significant issues and monitoring its performance against set goals;
- approving dividend payments or other returns to shareholders;
- approving all Board appointments or re-appointments and appointments of key management personnel as well as reviewing their compensation packages; and
- overseeing the proper conduct of the Company’s business and assuming responsibility for corporate governance.

The Board objectively makes decisions in the interests of the Group and has delegated specific responsibilities to three Board committees, namely, the Audit Committee (“AC”), the Nominating Committee (“NC”) and the Remuneration Committee (“RC”). The committees have the authority to examine particular issues and report to the Board with their recommendations. The composition and term of reference of the AC, NC and RC are set out further in this report.

The Board conducts meetings on a quarterly basis to coincide with the announcement of the Group’s quarterly and full year financial results, and as and when it deems necessary. The Articles of Association provide for Board meetings to be conducted by way of teleconferencing or videoconferencing.

CORPORATE GOVERNANCE REPORT

The approval of the Board is required for any matters which are likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business.

The number of meetings of the Board and Board committees held in the financial year ended 31 December 2016 and the attendance of each Board member at these meetings are disclosed as follows:–

Name	BOARD			AUDIT COMMITTEE			NOMINATING COMMITTEE			REMUNERATION COMMITTEE		
	Position	No. of meetings		Position	No. of meetings		Position	No. of meetings		Position	No. of meetings	
		Held	Attended		Held	Attended		Held	Attended		Held	Attended
Mr Cai Jian Hua	C	4	4	–	4	4	M	1	1	–	1	1
Mr Zhu Xue Cheng	M	4	4	–	4	4	–	1	1	–	1	1
Mr Teo Moh Gin	M	4	4	C	4	4	M	1	1	C	1	1
Mr Daniel Long Chee Tim ⁽¹⁾	M	4	4	M	4	4	–	1	1	M	1	1
Mr Aloysius Wee Meng Seng	M	4	4	M	4	4	C	1	1	M	1	1
Alan Cheong Mun Cheong ⁽²⁾	M	4	4	M	4	4	–	1	1	M	1	1

Notes:

- (1) Mr Daniel Long Chee Tim was appointed as Non-Executive and Non-Independent Director and a member of the Audit Committee as well as the Remuneration Committee with effect from 29 July 2015. On 3 February 2016, Mr Daniel Long Chee Tim was appointed as Acting Chief Executive Officer and re-designated as Executive Director.
- (2) Mr Alan Cheong Mun Cheong was appointed as Non-Executive and Independent Director and a member of the Audit Committee, Remuneration Committee as well as Nominating Committee with effect from 3rd February 2016
- (3) C = Chairman, M = Member.

The Company provides its directors with background information on its history, mission and values. The Company encourages its directors to undertake ongoing education on Board processes and best practices and to keep themselves abreast of the latest developments in corporate governance practice. The directors are provided opportunities to meet with Management and, where appropriate, visit the production facilities, to gain a better understanding of the business operations. However, as the Group has ceased all production in the Group's PRC-based factories and said factories were effectively no longer in operation prior to the appointment of Mr Daniel Long Chee Tim as a director, Mr Long has not visited the Group's business operations in China. Notwithstanding, Mr Long has met the members of the Board and Management on several occasions to understand better the Group's current state, the challenges faced as well as determine the direction of the strategic plans and objectives of the Group. To this end and as announced, the Group is now looking at diversifying its business into real estate development and investment.

PRINCIPLE 2: BOARD COMPOSITION AND BALANCE

The Board has six Directors, three of whom are Executive Directors, and three are Independent Non-Executive Directors. The Executive Directors are Mr Cai Jian Hua, Mr Zhu Xue Cheng and Mr Daniel Long Chee Tim. The Independent Non-Executive Directors are Mr Teo Moh Gin, Mr Alan Cheong Mun Cheong and Mr Aloysius Wee Meng Seng.

CORPORATE GOVERNANCE REPORT

Mr Daniel Long Chee Tim was appointed as Non-Executive and Non-Independent Director on 29 July 2015. On 3 February 2016, Mr Daniel Long Chee Tim was appointed as Acting Chief Executive Officer and re-designated as an Executive Director.

Mr Alan Cheong Mun Cheong was appointed as Independent Non-Executive Director and a member of the Audit Committee as well as the Remuneration Committee on 3 February 2016.

The Directors bring with them a wealth of expertise and experience in such areas as accounting, finance, law, business and management, industry knowledge and strategic planning. The profiles of the Directors are set out in the “Board of Directors” section of this Annual Report. The Board is of the view that its current composition is appropriate to facilitate effective decision making, taking into account the size, nature and scope of the Group’s operations. As half of the Board is independent, the Board has a substantial independent element to ensure objective judgment is exercised on corporate affairs.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman is responsible for the workings of the Board and, together with the AC, ensuring the integrity and effectiveness of the governance process of the Board.

Currently, the Company’s focus is on the acquisition of a real estate development and investment business to revive the Company. Such a transaction may constitute a reverse takeover upon completion. As such, in the interim, Mr Daniel Long Chee Tim was appointed as Acting Chief Executive Officer and re-designated as Executive Director on 3 February 2016 to spearhead the Company’s proposed acquisition of a property development and investment business pursuant to a reverse takeover exercise.

The role of the Executive Chairman is separate from that of the CEO. In addition, the independent directors exercise objective and important judgment on corporate matters, thus ensuring a balance of power and authority. Major decisions on significant matters are made in consultation with the entire Board. To ensure that there is no concentration of power and authority vested in one individual, Mr Teo Moh Gin has been appointed as the Lead Independent Director. The Lead Independent Director will be available to the shareholders where they have concerns which cannot be resolved through the normal channels of the Executive Chairman or CEO, or where such contact is not possible or inappropriate.

The Chairman leads the Board to ensure its effectiveness on all aspects of its role, ensures effective communication with shareholders, and encourages constructive relations between the Board and Management, as well as between Board members. He also takes a lead role in promoting high standards of corporate governance.

PRINCIPLE 4: BOARD MEMBERSHIP

The members of the NC are as follows:

Mr Aloysius Wee Meng Seng (Chairman)
Mr Teo Moh Gin
Mr Alan Cheong Mun Cheong

The NC is responsible for the following matters:

- (i) the review of Board succession plans for directors, in particular, the Chairman and CEO;

CORPORATE GOVERNANCE REPORT

- (ii) the development of a process for evaluation of the performance of the Board, its Board committees and directors;
- (iii) the review of training and professional development programs for the Board; and
- (iv) the appointment and re-appointment of directors (including alternate directors, if applicable).

When appointing new directors, the NC will, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The NC will evaluate potential candidates by undertaking background checks, assessing individual competency, management skills, relevant experience and qualifications.

The NC notes the requirement under the 2012 Code for companies to fix the maximum number of listed company board representations that their directors may hold and to disclose this in their annual report. The NC will deliberate on this and details of such directorships and other principal commitments of the Directors will be disclosed in the next annual report in respect of the financial year ending 31 December 2017. As time requirements are subjective, the NC recognises that its assessment of each Director's ability to discharge his or her duties adequately should not be confined to the sole criterion of the number of his or her board representations. Thus, it will also take into account contributions by Directors during Board and Board Committee meetings and their attendance at such meetings, in addition to each of their principal commitments.

The NC is also responsible for recommending a framework for the evaluation of the Board's and each individual Director's performance for the approval of the Board, the results of which will be taken into consideration during the process of re-appointment of Directors to the Board. Relevant considerations in the evaluation may include attendance at the meetings of the Board and Board Committees, active participation during these meetings and the quality of his or her contributions. Each member of the NC will abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination.

The Company's Articles of Association require not less than one-third of the Directors to retire from office by rotation at every annual general meeting ("AGM") and all Directors to retire from office at least once every three years. The retiring Directors are eligible for re-election at the meeting at which they retire. In addition, any new Director appointed during the year will have to retire at the AGM following his appointment but will be eligible for re-election if he so desires.

The NC has recommended to the Board that Mr Cai Jian Hua, Mr Zhu Xue Cheng and Mr Daniel Long Chee Tim be nominated for re-appointment at the forthcoming AGM and the Board has accepted the NC's recommendation.

PRINCIPLE 5: BOARD PERFORMANCE

The fiduciary responsibilities of the Board include the following:

- to conduct itself with proper due diligence and care;
- to act in good faith;
- to comply with applicable laws; and
- to act in the best interests of the Company and its shareholders at all times.

CORPORATE GOVERNANCE REPORT

In addition, the Board is charged with the key responsibilities of leading the Group and setting strategic directions.

The Company is of the belief that the Group's performance and that of the Board are directly related. The Company assesses the Board's performance based on its ability to steer the Group in the right direction and the support it renders to the Management. For the purpose of evaluating each individual Directors' performance, the NC takes into consideration a number of factors including the Director's attendance, participation and contributions at the meetings of the Board and Board committees, and other Company activities.

The NC has adopted a formal system of assessing the performance and effectiveness of the Board as a whole. The evaluation of the Board is conducted annually. The performance criteria for the Board evaluation covers, amongst others, size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging the Board's principal responsibilities and standards of conduct of the Board members.

As part of the process, all Directors are required to complete a board evaluation questionnaire which is then collated by the Company Secretary and presented to the NC together with comparatives from the previous years' results. The evaluation exercise provides feedback from each Director, his view on the Board, procedures, processes and effectiveness of the Board as a whole.

For FY2016, the NC is generally satisfied with the Board performance evaluation results which indicated areas of strengths and those that could be improved further. No significant issues were identified. The NC has discussed the results with Board members who agreed to work on areas that could be improved further.

PRINCIPLE 6: ACCESS TO INFORMATION

In order to ensure that the Board is able to fulfil its responsibilities, Management regularly provides the Board with information about the Group. Board papers are prepared for each meeting of the Board and are circulated in advance of each meeting. The Board papers include sufficient information from management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings.

The members of the Board, in their individual capacity, also have access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities.

All Directors have separate and independent access to Management and the Company Secretary. The Company Secretary attends all Board and Board committee meetings and is responsible for ensuring compliance with the requirements of the Companies Act and those of the Listing Manual.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as directors.

REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The members of the RC are as follows:

Mr Teo Moh Gin (Chairman)
Mr Aloysius Wee Meng Seng
Mr Alan Cheong Mun Cheong

CORPORATE GOVERNANCE REPORT

The RC is responsible for recommending to the Board a framework of remuneration for the Directors and the Management, and for employees related to the Executive Directors and controlling shareholders of the Group. The RC also determines specific remuneration packages for each Executive Director. The recommendations of the RC on remuneration of Directors will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The remuneration for Executive Directors comprises both a fixed and a variable component. The fixed component includes a base salary and benefits, while the variable component is in the form of a performance-based bonus which is payable upon the achievement of the Group Profit Before Tax targets specified in their individual service agreements. In determining the remuneration packages of the Executive Directors, the Company also takes into account the performance of the Group and that of the Executive Directors. There has been no change to the service agreements of the Executive Directors. In addition, no performance-based bonus is payable to any of the Executive Directors in respect of FY2016 as the respective Group Profit Before Tax targets have not been met for the relevant period. As a matter of principle, Executive and Independent Non-Executive Directors receive directors' fees that are commensurate with their individual responsibilities. Such fees comprise of a basic retainer fee as director and additional fees for serving on Board committees and are subject to approval by the shareholders at the AGM.

The Company adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary, while the variable component is in the form of a variable bonus that is linked to the Group's performance.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

1. Directors' Remuneration

The remuneration of the Directors of the Group (to the nearest thousand dollars) for the financial year ended 31 December 2016 is as follows:

	Salary/ Directors' fees	Bonus	Benefits in kind	Share options	Share- based incentives	Other long-term incentives	Total compensation
	%	%	%	%	%	%	(S\$'000)
Executive Directors							
Mr Cai Jian Hua	100	—	—	—	—	—	180
Mr Zhu Xue Cheng	100	—	—	—	—	—	180
Mr Daniel Long Chee Tim ⁽¹⁾	100	—	—	—	—	—	210

CORPORATE GOVERNANCE REPORT

	Salary/ Directors' fees	Bonus	Benefits in kind	Share options	Share- based incentives	Other long-term incentives	Total compensation
	%	%	%	%	%	%	(S\$'000)
Independent Non-Executive Directors							
Mr Teo Moh Gin	100	—	—	—	—	—	55
Mr Alan Cheong Mun Cheong ⁽²⁾	100	—	—	—	—	—	45
Mr Aloysius Wee Meng Seng	100	—	—	—	—	—	45

Notes:

- (1) Mr Daniel Long Chee Tim was appointed as Non-Executive and Non-Independent Director and a member of the Audit Committee as well as the Remuneration Committee with effect from 29 July 2015. On 3 February 2016, Mr Daniel Long Chee Tim was appointed as Acting Chief Executive Officer and re-designated as Executive Director.
- (2) Mr Alan Cheong Mun Cheong was appointed as Non-Executive and Independent Director and a member of the Audit Committee, Remuneration Committee as well as Nominating Committee with effect from 3rd February 2016.

2. Key Executives' Remuneration

The remuneration bands of the top five key management personnel of the Group (who are not Directors or the CEO) for the financial year ended 31 December 2016 is as follows:

	Salary	Bonus	Benefits in kind	Share options	Share- based incentives	Other long-term incentives
	%	%	%	%	%	%
Below S\$250,000						
Mr Daniel Long Chee Tim – Chief Executive Officer (appointed on 3 February 2016)	100	—	—	—	—	—
Mr Wee Liang Hiam – Chief Financial officer (appointed on 11 February 2016)	100	—	—	—	—	—

The aggregate total remuneration paid and payable to the top five key management personnel (who are not Directors or the CEO) for the financial year ended 31 December 2016 was S\$159,000 (payable in the form of a consultancy fee).

There are no termination, retirement and post-employment benefits that may be granted to the CEO, the Directors and the top five key management personnel (who are not Directors or the CEO).

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with a balanced and comprehensible assessment of the Group's position and prospects.

The Management currently provides the Board with appropriately detailed operation reviews of the Group's performance, position and prospects on a regular basis. The Board will update the Shareholders on the operations and financial position of the Company through quarterly and full year announcements, as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for ensuring that the Management maintains a sound system of internal controls. During the financial year being reported on, as the Group's production activities were halted and there were no operations, no internal audit was conducted to assess the adequacy and effectiveness of Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The external auditors, during the course of their audit, also reported on matters relating to internal controls. Any material non-compliance and recommendation for improvement were reported to the AC. Nonetheless, the system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss. The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Based on external and internal auditors' reports, the actions taken by the Management, the on-going review and continuing efforts in enhancing internal controls and processes, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls that has been maintained by the Management throughout the financial year being reported on is adequate and effective meet the needs of the Group in its current business environment, and addresses the financial, operational and compliance risks.

In line with the 2012 Code, the AC, with the concurrence of the Board, has also adopted a management assurance confirmation statement ("Management Assurance Statement") confirming that the financial records of the Company have been properly maintained, that the Company's financial statements give a true and fair view of the Group's operations and finances, and that an effective risk management system and internal control system has been put in place. The Management Assurance Statement will be signed by the Executive Chairman, CEO and the Chief Financial Officer and tabled at each quarterly and full year meeting. For the financial year ended 31 December 2016, the Board has obtained a duly signed Management Assurance statement.

PRINCIPLE 12: AUDIT COMMITTEE

The members of the AC are as follows:

Mr Teo Moh Gin (Chairman)
Mr Aloysius Wee Meng Seng
Mr Alan Cheong Mun Cheong

CORPORATE GOVERNANCE REPORT

The AC is responsible for assisting the Board in discharging its responsibilities to safeguard the assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group.

The AC meets periodically to perform the following functions:

- (i) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (ii) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- (iii) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (iv) making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (v) meeting with the external auditors and internal auditors, in each case without the presence of the management, at least annually;
- (vi) reviewing the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- (vii) reviewing the audit plans and reports of the Company's internal and external independent auditors;
- (viii) reviewing the financial statements and external auditors' report before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- (ix) reviewing the internal control and procedures, and ensuring co-ordination between the external auditors and the management, reviewing the assistance given by the management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which auditors may wish to discuss (in the absence of the management where necessary);
- (x) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Company's operating results or financial position;
- (xi) reviewing and approving interested person transactions, if any, falling within the scope of Chapter 9 of the SGX-ST Listing Manual;
- (xii) reviewing any potential conflicts of interest and ensuring that procedures for resolving such conflicts are sufficient and strictly adhered to by the Company;

CORPORATE GOVERNANCE REPORT

- (xiii) reviewing the effectiveness and adequacy of internal accounting and financial control procedures;
- (xiv) reviewing the adequacy of the Company's business risk management process;
- (xv) undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (xvi) generally undertaking such other functions and duties as may be required by statute or the Listing Manual and by such amendments made thereto from time to time.

The AC meets with the external and internal auditors without the presence of management, at least once a year.

The Group's external auditors, Nexia TS Public Accounting Corporation, is an accounting firm registered with the Accounting and Corporate Regulatory Authority. The aggregate amount of fees paid and payable to the external auditors for the financial year ended 31 December 2016 was S\$45,000. No non-audit services were provided by the external auditors for the same period.

The Board of Directors and the AC, having reviewed the adequacy of the resources and experience of Nexia TS Public Accounting Corporation, the audit engagement partner assigned to the audit, their other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the audit, are satisfied that the Group has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

The AC has also reviewed and recommended a whistle blowing policy which provides for the mechanisms by which employees may, in confidence, raise concerns about any possible corporate improprieties in matters of financial reporting and other matters, as well as to decide on any appropriate courses of action. The set of guidelines, which was reviewed by the AC and approved by the Board, will be made available to all employees.

Any changes to accounting standards and issues which have a direct impact on financial statements will be highlighted to the AC from time to time by the external auditors.

PRINCIPLE 13: INTERNAL AUDIT

The Audit Committee has the responsibility to establish an independent internal audit function, review the internal audit program and ensure co-ordination between internal auditors, external auditors and Management, and ensure that the internal auditor meets or exceeds the standards set by nationally or internationally recognized professional bodies.

In accordance with the AC's recommendation, the Company has outsourced the internal audit function to a professional firm. The internal auditor reports directly to the AC Chairman on internal audit matters and to the Management on administrative matters. To ensure the adequacy of the internal audit function, the AC reviews and approves, on an annual basis, the internal audit plans and the resources required to adequately perform this function.

CORPORATE GOVERNANCE REPORT

PRINCIPLES 14 TO 16: SHAREHOLDER RIGHTS, COMMUNICATION WITH SHAREHOLDERS AND CONDUCT AT SHAREHOLDER MEETINGS

It is the policy of the Company to ensure that all shareholders are informed of all major developments that impact the Group in a timely manner. Pertinent information is communicated to shareholders on a regular and timely basis through the following means:

- (i) results and annual reports announced or issued within the mandatory period;
- (ii) material information disclosed in a timely manner via SGXNET and the news release; and
- (iii) AGMs.

Shareholders can vote for resolutions or appoint up to two proxies to attend and vote at all general meetings on his/her behalf using a proxy form sent with the annual report. The participation of shareholders at AGMs, which is also attended by the Directors and the external auditors, is encouraged as it is the principal forum for dialogue with shareholders. During the AGM, there is an open question and answer session at which shareholders may raise questions or share their views regarding the proposed resolutions and the Company's businesses and affairs.

For FY2016, the Directors do not recommend payment of dividends to shareholders due to the negligible cash position of the Group and the losses suffered by the Group in the current and previous years.

DEALINGS IN SECURITIES

In compliance with Rule 1207(19) of the Listing Manual, the Group has adopted an internal compliance code for securities transactions by undertaken by all Directors and employees.

All directors and employees must refrain from dealing in the Company's securities on short-term considerations and when they are in possession of unpublished material price sensitive information in relation to the Company and/or its subsidiaries or associated companies. Directors and employees are also not to deal in the Company's securities during the period beginning one month before the date of the announcement of the full year and half-year results, and two weeks before the date of the announcement of the quarterly results. Directors and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

MATERIAL CONTRACTS

Save as disclosed in the financial statements, there were no material contracts entered into by the Company or its subsidiaries in which the CEO, any Director, or controlling shareholder had an interest.

INTERESTED PERSON TRANSACTIONS

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. When a potential conflict of interest occurs, the Director concerned will be excluded from discussions and refrain from exercising any influence over other members of the Board. For the financial year reported on, there were no interested person transactions entered into. The Group does not have a general mandate from shareholders in relation to interested person transactions.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

In the opinion of the directors,

- (i) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 26 to 59 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (ii) at the date of this statement, based on the assumptions and measures undertaken as described in Note 4 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Long Chee Tim, Daniel
Teo Moh Gin
Cheong Mun Cheong Alan
Wee Meng Seng Aloysius
Cai Jianhua
Zhu Xuecheng

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At <u>31.12.2016</u>	At <u>1.1.2016</u>	At <u>31.12.2016</u>	At <u>1.1.2016</u>
Company (No. of ordinary shares)				
Cai Jianhua	90,900,590	90,900,590	-	-
Zhu Xuecheng	-	-	16,666,666	16,666,666

By virtue of Section 7 of Singapore Companies Act (Cap. 50) (the "Act"), Cai Jian Hua is deemed to have an interest in the shares of all the Company's subsidiary corporations at the end of the financial year.

The directors' interests in the ordinary shares of the Company as at 21 January 2017 were the same as those as at 31 December 2016

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

Teo Moh Gin (Chairman, Lead Independent Director)
Cheong Mun Cheong Alan (Independent Director)
Wee Meng Seng Aloysius (Independent Director)

All members of the Audit Committee were non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor;
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the statement of financial position of the Company and the consolidated financial statements of the Group;
- interested person transactions as defined under Chapter 9 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual to ensure that they are on normal commercial terms and not prejudicial to the interest of the Company or its shareholders;
- the independence and objectivity of the independent auditor; and
- make recommendation to the Board of Directors on the appointment, re-appointment and removal of independent auditor, and approve the remunerations and terms of engagement of the independent auditor.

The Audit Committee has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Long Chee Tim, Daniel
Director

Teo Moh Gin
Director

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Disclaimer of opinion

We were engaged to audit the accompanying financial statements of Changjiang Fertilizer Holdings Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 26 to 59.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

We issued a disclaimer of opinion dated 7 July 2016 on the consolidated financial statements of the Group for the financial year ended 31 December 2015 on the following matters:

- (a) Appropriateness of going concern assumptions of the Group and of the Company;
- (b) Limitation of scope on the audit of the Group's People's Republic of China ("PRC") subsidiary corporations ("disposal group"); and
- (c) Realisation of the Group's assets of disposal group classified as held-for-sale.

As the matters mentioned above have not been resolved in the financial year ended 31 December 2016, we have considered their impact as below:

1. Going concern

- (i) As disclosed in Note 4 to the financial statements, the Group and the Company incurred total losses of RMB20,805,000 and RMB7,125,000 (2015: RMB56,620,000 and RMB6,885,000) respectively. Furthermore, the Group and the Company were in net and current liabilities position of RMB76,422,000 and RMB21,759,000 (2015: RMB54,980,000 and RMB13,997,000) respectively. Included in the Group's net liabilities as at 31 December 2016 were current income tax liabilities payable to the tax authority of the PRC since financial year 2010 amounting to RMB34,890,000 (2015: RMB34,890,000) (see further in Note 8(b) to the financial statements) which remained unpaid as at the date of this report.
- (ii) The Group has ceased production activities in all three production plants in PRC since financial year 2013. As such, no revenue has been generated since then. The Group has plans to dispose all its subsidiary corporations in the PRC ("PRC subsidiary corporations") through a public auction.

INDEPENDENT AUDITOR'S REPORT

Basis for Disclaimer of Opinion (continued)

1. Going concern (continued)

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, the Board of Directors of the Company believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2016 is appropriate after taking into consideration the following assumptions and measures:

- (a) The Company had made an announcement on 12 April 2016 with respect to its intention to dispose-off the PRC subsidiary corporations by means of public auction with a bidding price starting from RMB1. The Company had appointed 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 PRC subsidiary corporations in the said auction. This is also part of the condition precedent of the sale and purchase agreements as mentioned in part (b) below.
- (b) The Company had entered into various sale and purchase agreements with various third parties to acquire WBH Investment Pte Ltd, Cowealth Investment Pte Ltd and Chiu Teng 8 Pte Ltd (collectively, the "Target Companies") on 11 April 2016, 25 April 2016 and 13 June 2016 respectively. The completion of the Target Companies acquisitions are to be concurrent and inter-conditional upon the completion of each other. Management believes the proposed acquisitions of the Target Companies will be able to provide the Company with the opportunity to revive its fortunes by transforming itself into a real estate developer and investor which is backed by the network and experience of the boards, management and shareholders. The proposed acquisitions are expected to increase the market capitalisation of the Company significantly, raise the profile of the Company and generate investors' interest in the Company.

The ability of the Group and of the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due are dependent upon the outcome of the assumptions and measures undertaken as disclosed above. At the date of this report, we are unable to obtain sufficient audit evidence regarding the likely outcome of these assumptions and measures including the success of the disposal of the PRC subsidiary corporations, the completion of the proposed acquisition of the Target Companies and the approval from shareholders with respect to the above-mentioned disposal and acquisitions.

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 statement of financial position. 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. Therefore, we are not able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements is appropriate.

INDEPENDENT AUDITOR'S REPORT

Basis for Disclaimer of Opinion (continued)

2. Limitation of scope (continued)

As disclosed in Note 9 to the financial statements, the Group's PRC subsidiary corporations have ceased production since financial year 2013 and the Company announced its intention to dispose its PRC subsidiary corporations. In addition, 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, we were unable to visit and conduct our audit at the premises of the PRC subsidiary corporations. There are also no information and accounting records made available to us to substantiate and to verify the amounts recorded as assets and liabilities directly associated with disposal group classified as held-for-sale as at 31 December 2016 amounting to RMB28,469,000 (2015: RMB28,469,000) and RMB83,132,000 (2015: RMB69,452,000) respectively and loss from discontinued operations of RMB13,680,000 for the financial year then ended (2015: RMB52,569,000). Consequently, we are unable to ascertain if any adjustments and/or additional disclosures are required to these financial statements.

3. Assets of disposal group

As at 31 December 2016, the total assets of disposal group classified as held-for-sale amounting to RMB28,469,000 (2015: RMB28,469,000). The realisation and the actual amounts which may be recovered from these assets will depend on the outcome of the public auction. Due to the reasons mentioned in paragraph 2 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.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards of Auditing and to issue an auditor's report. However, because of the matters described in the *Bases for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, except for those matters described in the *Basis for Disclaimer of Opinion* section of our report, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Ms. Meriana Ang Mei Ling.

**Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

Singapore

19 June 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Note	2016 RMB'000	2015 RMB'000
Continuing operations			
Sales	5	-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(7,125)	(4,051)
Loss before income tax		(7,125)	(4,051)
Income tax expense	8	-	-
Loss from continuing operations		(7,125)	(4,051)
Discontinued operations			
Loss from discontinued operations, net of tax	9(m)	(13,680)	(52,569)
Total loss		<u>(20,805)</u>	<u>(56,620)</u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – (loss)/gain		(637)	19
Other comprehensive (loss)/income, net of tax		<u>(637)</u>	<u>19</u>
Total comprehensive loss attributable to equity holders of the Company		<u>(21,442)</u>	<u>(56,601)</u>
Loss per share for loss from continuing and discontinued operations attributable to equity holders of the Company (RMB cents per share)			
Basic and diluted loss per share			
From continuing operations		(1.98)	(1.13)
From discontinued operations		(3.80)	(14.61)
	10	<u>(5.78)</u>	<u>(15.74)</u>

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Note	Group		Company	
		2016	2015	2016	2015
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Current assets					
Cash and cash equivalents	11	3	1	3	1
Other receivables	12	-	-	-	-
		3	1	3	1
Assets of disposal group classified as held-for-sale	9(k)	28,469	28,469	-	-
		28,472	28,470	3	1
Non-current assets					
Investments in subsidiary corporations	13	-	-	-	-
Property, plant and equipment	14	-	-	-	-
Intangible assets	15	-	-	-	-
		-	-	-	-
Total assets		28,472	28,470	3	1
LIABILITIES					
Current liabilities					
Other payables	16	21,762	13,998	21,762	13,998
Current income tax liabilities	8(b)	-	-	-	-
		21,762	13,998	21,762	13,998
Liabilities directly associated with disposal group classified as held-for-sale	9(l)	83,132	69,452	-	-
Total liabilities		104,894	83,450	21,762	13,998
NET LIABILITIES		(76,422)	(54,980)	(21,759)	(13,997)
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	17	216,788	216,788	216,788	216,788
Treasury shares	17	(108)	(108)	(108)	(108)
Statutory reserves	18	71,998	71,998	-	-
Restructuring reserve	19	(102,828)	(102,828)	-	-
Currency translation reserve	20	(238)	399	27	664
Accumulated losses	21	(262,034)	(241,229)	(238,466)	(231,341)
TOTAL EQUITY		(76,422)	(54,980)	(21,759)	(13,997)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

	Share capital RMB'000	Treasury shares RMB'000	Statutory reserves RMB'000	Restructuring reserve RMB'000	Currency translation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
2016							
Beginning of financial year	216,788	(108)	71,998	(102,828)	399	(241,229)	(54,980)
Loss for the financial year	-	-	-	-	-	(20,805)	(20,805)
Other comprehensive loss for the financial year	-	-	-	-	(637)	-	(637)
Total comprehensive loss for the financial year	-	-	-	-	(637)	(20,805)	(21,442)
End of financial year	216,788	(108)	71,998	(102,828)	(238)	(262,034)	(76,422)
2015							
Beginning of financial year	216,788	(108)	71,998	(102,828)	380	(184,609)	1,621
Loss for the financial year	-	-	-	-	-	(56,620)	(56,620)
Other comprehensive income for the financial year	-	-	-	-	19	-	19
Total comprehensive loss for the financial year	-	-	-	-	19	(56,620)	(56,601)
End of financial year	216,788	(108)	71,998	(102,828)	399	(241,229)	(54,980)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

	Note	2016 RMB'000	2015 RMB'000
Cash flows from operating activities			
Total loss		(20,805)	(56,620)
Adjustments for:			
- Allowance for impairment of property, plant and equipment	6	-	5,255
- Allowance for impairment of intangible assets	6	-	14,120
- Loss on the remeasurement of assets classified as held-for-sale to fair value less cost to sell	6	-	10,900
- Unrealised currency translation differences		(637)	19
		(21,442)	(26,326)
Change in working capital			
- Other receivables		-	187
- Other payables		21,444	26,060
Net cash provided by/(used in) operating activities		<u>2</u>	<u>(79)</u>
Net increase/(decrease) in cash and cash equivalents		2	(79)
Cash and cash equivalents			
Beginning of financial year		6	85
End of financial year	A	<u><u>8</u></u>	<u><u>6</u></u>

A. CASH AND CASH EQUIVALENTS

The cash and cash equivalents included in the consolidated statement of cash flows comprise of the following:-

Continuing operations (Note 11)	3	1
Discontinued operations (Note 9(k))	<u>5</u>	<u>5</u>
Cash and cash equivalents per consolidated statement of cash flows	<u><u>8</u></u>	<u><u>6</u></u>

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Changjiang Fertilizer Holdings Limited on 19 June 2017.

1 General information

Changjiang Fertilizer Holdings Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The registered office is at 10 Collyer Quay, #27-00 Ocean Financial Centre, Singapore 049315.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary corporations are disclosed in Note 13.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Chinese Renminbi (“RMB”) and have been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 and Note 4.

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.2 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group, except for business combination under common control.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporations measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the identifiable net assets acquired is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.2 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions (continued)

Acquisition of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The financial statements of the Group have been prepared as if the Group structure, immediately after the transaction, has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the financial statements at their existing carrying amounts from the perspective of the controlling party;
- The income statement includes the results of the acquired entities since the earliest date the entities are under common control;
- The comparative figures of the Group represent the statement of comprehensive income, statement of cash flows and statement of changes in equity have been prepared as if the combination had occurred from the date when the combining entities or businesses first came under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary corporations are taken to restructuring reserve. Cash paid/payable arising from the acquisition under common control is also taken to the restructuring reserve.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

2.3 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment including buildings and workshops are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Construction-in-progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Machinery and equipment	5 to 15 years
Buildings and workshops	20 to 40 years
Office equipment	5 to 12 years
Motor vehicles	8 to 15 years
Catalyst	3 to 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.5 Intangible assets

Land use rights

Land use rights are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 32.5 to 50 years, which is the shorter of their estimated useful lives and periods of contractual rights.

2.6 Impairment of non-financial assets

Property, plant and equipment

Intangible assets

Investments in subsidiary corporations

Property, plant and equipment, intangible assets and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

2.7 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available for sale. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

At the end of the financial year, the Company does not hold any of the financial assets except for loans and receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.7 Financial assets (continued)

(a) Classification (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "Other receivables" (Note 12) and "Cash and cash equivalents" (Note 11) on the statement of financial position.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Measurement

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

(d) Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.8 Leases

When the Group is the lessee:

The Group leases offices under operating leases from non-related parties.

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.9 Other payables

Other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.10 Provisions

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.11 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Where the grant receivable relates to an asset, the fair value of the grant is recognised as deferred capital grant on the statement of financial position. The deferred capital grant is amortised to profit or loss on the straight-line basis over the estimated useful lives of relevant assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.12 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from these sales is recognised when the Group has delivered the products to locations specified by its customers; the customers have accepted the products and the collectability of the related receivables is reasonably assured.

(b) Interest income

Interest income is recognised using the effective interest method.

2.13 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Pension benefits

The Group is required to provide certain staff pension benefits to its' employees under existing PRC regulations. Pension contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiary corporations' employees. The Group has no further payment obligations once the contributions have been paid. Pension contributions are recognised as an expense in the period in which the related services are performed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.14 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

2.15 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.16 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Company's functional currency is Singapore Dollars. The financial statements are presented in Chinese Renminbi as the functional currency of the Group's operating subsidiary corporations is Chinese Renminbi.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

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

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Directors who are responsible for allocating resources and assessing performance of the operating segments.

2.18 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.19 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.20 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.21 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.22 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

- (a) represents a separate major line of business or geographical area of operations;
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary corporation acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimated impairment of non-financial assets

Property, plant and equipment, intangible assets, and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, CGU, have been determined based on fair value less costs to sell calculations which is from the viewpoint of independent market participants. The carrying amounts of property, plant and equipment, intangible assets, and investments in subsidiary corporations at the reporting date are disclosed in Notes 14, 15 and 13 respectively.

There was no impairment charge recognised for property, plant and equipment (Note 14) and intangible assets (Note 15) in the financial year ended 31 December 2016. In prior financial year, an impairment charge of RMB5,255,000 and RMB14,120,000 was recognised for property, plant and equipment and intangible assets based on fair value less cost of disposal valued by an independent professional valuer, which reduced the carrying amount of property, plant and equipment and intangible assets from RMB5,255,000 to Nil and RMB28,464,000 respectively.

The investment in subsidiary corporations had been fully impaired in the financial year ended 31 December 2015 as the Directors believed the carrying amount of these assets in the Company's statement of financial position exceeded its recoverable amount through its future sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

4 Going concern

The Group and the Company incurred total losses of RMB20,805,000 and RMB7,125,000 (2015: RMB56,620,000 and RMB6,884,000) for the financial year ended 31 December 2016. Furthermore, the Group and the Company were in net liabilities position of RMB76,422,000 and RMB21,759,000 (2015: RMB54,980,000 and RMB13,997,000) respectively. Included in the Group's net liabilities as at 31 December 2016 were current income tax liabilities payable to the tax authority of PRC amounting to RMB34,890,000 (2015: RMB34,890,000).

The Group has ceased the production activities in all three production plants in PRC since financial year 2013. As such, no revenue has been generated by the Group since then. The Group has plans to dispose all its subsidiary corporations in the People's Republic of China ("PRC subsidiary corporations") through a public auction.

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, the Board of Directors of the Company believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2016 is appropriate after taking into consideration the following assumptions and measures:

- (a) The Company had made an announcement on 12 April 2016, with respect to its intention to dispose-off the PRC subsidiary corporations by means of public auction with a bidding price starting from RMB1. The Company had appointed 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. This is also part of the condition precedent of the sale and purchase agreements as mentioned in part (b) below.
- (b) The Company had entered into various sale and purchase agreements with various third parties to acquire WBH Investment Pte Ltd, Cowealth Investment Pte Ltd and Chiu Teng 8 Pte Ltd (collectively, the "Target Companies") on 11 April 2016, 25 April 2016 and 13 June 2016 respectively. The completion of the Target Companies acquisitions are to be concurrent and inter-conditional upon the completion of each other. Management believes the proposed acquisitions of the Target Companies will be able to provide the Company with the opportunity to revive its fortunes by transforming itself into a real estate developer and investor which is backed by the network and experience of its various board, management and shareholder stakeholders. The proposed acquisitions are expected to increase the market capitalisation of the Company significantly, raise the profile of the Company and generate investors' interest in the Company.

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 statement of financial position. 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.

5 Revenue

No revenue was generated for the financial years ended 31 December 2016 and 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

6 Expenses by nature

	<u>Continuing operations</u>		<u>Discontinued operations</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Allowance for impairment of property, plant and equipment (Note 14)	-	-	-	5,255	-	5,255
Allowance for impairment of intangible assets (Note 15)	-	-	-	14,120	-	14,120
Total allowance for impairment	-	-	-	19,375	-	19,375
Auditor's fees						
- Auditor of the Company	55	270	-	-	55	270
Directors' fees	3,224	558	-	-	3,224	558
Electricity	-	-	-	170	-	170
Employee compensation (Note 7)	68	2,560	13,680	18,226	13,748	20,786
Loss on the remeasurement of assets classified as held-for-sale to fair value less cost to sell	-	-	-	10,900	-	10,900
Rental expense on operating leases	-	54	-	-	-	54
Secretarial fee	208	119	-	-	208	119
Consultancy, legal and professional fee	3,082	143	-	-	3,082	-
Listing expenses	385	221	-	-	385	-
Other expenses	103	126	-	1,457	103	2,066
Total cost of sales and administrative expenses	<u>7,125</u>	<u>4,051</u>	<u>13,680</u>	<u>50,128</u>	<u>20,805</u>	<u>54,179</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

7 Employee compensation

	Group	
	2016	2015
	RMB'000	RMB'000
Wages and salaries	11,339	18,067
Employer's contribution to defined contribution plans including Central Provident Fund	2,409	2,719
	<u>13,748</u>	<u>20,786</u>
Analysed as:		
- Continuing operations (Note 6)	68	2,560
- Discontinued operations (Note 6)	13,680	18,226
	<u>13,748</u>	<u>20,786</u>

8 Income tax expense

The tax expense on the Group's loss before tax differs from the theoretical amount that would arise using the PRC standard rate of income tax as follows:

	Group	
	2016	2015
	RMB'000	RMB'000
Loss before income tax from		
- Continuing operations	(7,125)	(4,051)
- Discontinued operations [Note 9(m)]	(13,680)	(50,128)
	<u>(20,805)</u>	<u>(54,179)</u>
Tax calculated at tax rate of 25% (2015: 25%)	(5,201)	(13,545)
Effects of:		
- Tax effect of different tax rates in other jurisdiction	570	324
- Non-deductible expenses	4,631	13,221
Tax charge	<u>-</u>	<u>-</u>

(a) Income tax expense of foreign operations

There was no tax liabilities provided for financial years ended 31 December 2016 and 31 December 2015 as the subsidiary corporations in PRC were in net loss position. The subsidiary corporations are engaged in an on-going negotiation with the local authorities to finalise the total income tax payables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

8 Income tax expense (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 corporation, 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. Value-Added-Tax, 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 corporation, 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. Value-Added-Tax, 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.

Following the expiry of the preferential policy periods, JC Miluo, and Changjiang Huafei together with other PRC subsidiary corporations are subject to the standard rate of income tax in the PRC of 25%.

(b) Movements in the current income tax liabilities

	<u>Group</u>	
	2016 RMB'000	2015 RMB'000
Beginning of financial year	34,890	32,449
Under provision in prior financial years (Note 9(m))	-	2,441
	<u>34,890</u>	<u>34,890</u>
Less: Reclassified to the disposal group	<u>(34,890)</u>	<u>(34,890)</u>
	<u>-</u>	<u>-</u>
	<u>Group</u>	
	2016 RMB'000	2015 RMB'000
Presented in the statement of financial position as:		
- Current income tax liabilities	-	-
- Disposal group (Note 9(l))	34,890	34,890
	<u>34,890</u>	<u>34,890</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

- (a) The Group has three production plants located in the PRC operated by its wholly-owned subsidiary corporations, namely Miluo Jincheng Shiye Co., Ltd ("JC Miluo"), Changjiang Huafei (Hunan) Co., Ltd ("Changjiang Huafei"), Hunan Changjiang Huafei Hanshou Co., Ltd ("Huafei Hanshou") and Tangjia Electric Technology (Shenzhen) Co., Ltd ("Tangjia Electric") (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 financial year 2013.
- (d) The subsidiary corporations were 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.
- (e) The production activities of Huafei Hanshou had ceased since the financial year 2013. During financial year 2014, the Company and the subsidiary corporations were in negotiation with a third party to rent out the existing production facilities or to produce new products using existing facilities, or to dispose the subsidiary corporations on a going concern basis.
- (f) In financial year 2014, the Group was in the midst of negotiation with local government authority on the compensation relating to JC Miluo and Changjiang Huafei and expected that it would be completed within 12 months from the end of the reporting period.
- (g) In view of the above, in financial year 2014, the entire assets and liabilities related to JC Miluo and Changjiang Huafei were classified as a disposal group held-for-sale on the statement of financial position, and the entire results from JC Miluo and Changjiang Huafei were 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 Chiu Teng 8 Pte Ltd., 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 had appointed 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, Huafei Hanshou and Tangjia Electric continue to be classified as a disposal group held-for-sale on the statement of financial position and the entire results from these entities are presented separately on the statement of comprehensive income as "Discontinued operations" for the financial years ended 31 December 2016 and 31 December 2015.
- (j) The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	2016	2015
	RMB'000	RMB'000
Operating cash outflows, representing total cash outflows	-	(7)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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:

	Group	
	2016	2015
	RMB'000	RMB'000
Cash and cash equivalent (Note 11)	5	5
Add:		
Property, plant and equipment (Note 9(k)(i))	-	-
Intangible assets – “Land use rights” (Note 15)	28,464	28,464
	<u>28,469</u>	<u>28,469</u>

(k)(i) Property, plant and equipment

	Group	
	2016	2015
	RMB'000	RMB'000
Property, plant and equipment		
Beginning of financial year	10,900	10,900
Less: - Write down of impairment of property, plant and equipment	(10,900)	(10,900)
End of financial year	<u>-</u>	<u>-</u>

The property, plant and equipment of the PRC companies have been fully written down to their fair value less cost of disposal of Nil in the financial year ended 31 December 2015. The fair value measurement is disclosed in Note 14(b) to the financial statements.

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

	Group	
	2016	2015
	RMB'000	RMB'000
Other payables (Note 16)		
- Accruals for operating expenses	48,010	34,330
- Amounts due to directors	232	232
Current income tax liabilities (Note 8(b))	34,890	34,890
	<u>83,132</u>	<u>69,452</u>

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

	Group	
	2016	2015
	RMB'000	RMB'000
Expenses		
- Selling and distribution	-	(182)
- Administrative	(13,680)	(49,946)
Loss before tax from discontinued operations (Note 8)	<u>(13,680)</u>	<u>(50,128)</u>
Income tax expense (Note 8(b))	-	(2,441)
Loss for the financial year from discontinued operations	<u>(13,680)</u>	<u>(52,569)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

10 Loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2016	2015
Net loss attributable to equity holders of the Company (RMB'000)		
- continuing operations	(7,125)	(4,051)
- discontinued operations	(13,680)	(52,569)
	<u>(20,805)</u>	<u>(56,620)</u>
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	<u>359,900</u>	<u>359,900</u>
Basic and diluted loss per share (RMB cents per share)		
- continuing operations	(1.98)	(1.13)
- discontinued operations	(3.80)	(14.61)
	<u>(5.78)</u>	<u>(15.74)</u>

There were no diluted loss per share for the financial years ended 31 December 2016 and 31 December 2015 as there were no potential ordinary shares outstanding.

11 Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	<u>3</u>	<u>1</u>	<u>3</u>	<u>1</u>

As at 31 December 2016, cash at banks amounting to RMB5,000 (2015: RMB5,000) was classified under disposal group [Note 9(k)].

12 Other receivables

	<u>Group</u>		<u>Company</u>	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Advances to suppliers	10,521	10,521	-	-
Less: Allowance for impairment of advances to suppliers	(10,521)	(10,521)	-	-
Less: Reclassified to disposal group	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

There are no movements in allowance for impairment of advances to suppliers during the financial years ended 31 December 2016 and 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

13 Investments in subsidiary corporations

	<u>Company</u>	
	2016	2015
	RMB'000	RMB'000
Equity investments, at cost	208,021	208,021
Less: Impairment losses	(208,021)	(208,021)
End of financial year	-	-

The subsidiary corporations incurred net losses for the financial years ended 31 December 2016 and 2015 and the management has announced its intention to dispose all the subsidiary corporations on 12 April 2016. Accordingly, the Directors believe the recoverable amount of these assets in the Company's statement of financial position is Nil, therefore, additional impairment of RMB22,983,000 was recognised during the financial year ended 31 December 2015.

Details of the subsidiary corporations are as follows:

Name of subsidiary corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company	
			2016	2015
			%	%
<u>Held by the Company</u>				
Tangjia Electric Technology (Shenzhen) Co., Ltd ^(c)	Investment holding	PRC	100	100
Changjiang Huafei (Hunan) Co., Ltd ^{(b)(c)}	Trading and manufacturing of nitrogenous fertilizer, ammonia and methanol	PRC	100	100
<u>Held by Tangjia Electric Technology (Shenzhen) Co., Ltd</u>				
Miluo Jincheng Shiye Co., Ltd ^{(b)(c)}	Trading and manufacturing of nitrogenous fertilizer, ammonia and methanol	PRC	100	100
<u>Held by Changjiang Huafei (Hunan) Co., Ltd</u>				
Hunan Changjiang Huafei Hanshou Co., Ltd ^{(a)(c)}	Trading and manufacturing of nitrogenous fertilizer, ammonia and methanol	PRC	100	100

(a) Cessation of operations due to weak demand of traditional fertilizer.

(b) The government had notified the plants to halt their operations of factories located in urban areas of the cities due to redevelopment plans.

(c) On 12 April 2016, the Company announced their intention to dispose its investments in their subsidiary corporations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

14 Property, plant and equipment

Group 2016	Machinery and equipment RMB'000	Building and workshops RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Catalyst RMB'000	Construction- in-progress RMB'000	Total RMB'000
Cost							
Beginning of financial year	289,319	69,239	898	2,742	14,065	169,700	545,963
Reclassified to disposal group	(289,319)	(69,239)	(898)	(2,742)	(14,065)	(169,700)	(545,963)
End of financial year	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses							
Beginning of financial year	274,438	68,804	855	2,188	13,823	169,700	529,808
Impairment charge (Note 6)							
- Discontinued operations	5,044	-	23	188	-	-	5,255
Reclassified to disposal group	(279,482)	(68,804)	(878)	(2,376)	(13,823)	(169,700)	(535,063)
End of financial year	-	-	-	-	-	-	-
Net book value							
End of financial year	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

14 Property, plant and equipment (continued)

Group 2015	Machinery and equipment RMB'000	Building and workshops RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Catalyst RMB'000	Construction- in-progress RMB'000	Total RMB'000
Cost							
Beginning of financial year	289,319	69,239	898	2,742	14,065	169,700	545,963
Reclassified to disposal group	(289,319)	(69,239)	(898)	(2,742)	(14,065)	(169,700)	(545,963)
End of financial year	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses							
Beginning of financial year	274,438	68,804	855	2,188	13,823	169,700	529,808
Impairment charge (Note 6)	5,044	-	23	188	-	-	5,255
- Discontinued operations	(279,482)	(68,804)	(878)	(2,376)	(13,823)	(169,700)	(535,063)
Reclassified to disposal group	-	-	-	-	-	-	-
End of financial year	-	-	-	-	-	-	-
Net book value							
End of financial year	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

14 Property, plant and equipment (continued)

(a) In the financial year ended 31 December 2015, an impairment charge of RMB5,255,000 (Note 6) was recognised for property, plant and equipment based on fair value less cost of disposal by management's assessment. The impairment charge was made due to cessation of the Group's operations due to persistent weak demand in the market for the Group's product since financial year 2013 and the Company's intention to dispose the subsidiary corporations. The impairment charge was included in administrative expenses under discontinued operations.

(b) Valuation of property, plant and equipment

In the financial year ended 31 December 2015, a non-recurring fair value is derived using comparison approach by making reference to the comparable market transaction available in the market. Sales prices of comparable assets are adjusted for difference in key attributes such as land area of the land use right and is therefore within the Level 2 of the fair value hierarchy. The valuations are performed by Jones Lang LaSalle Corporation Appraisal and Advisory Limited, an independent professional with recognised and relevant professional qualification and with recent experience in the location and category of the assets being valued.

15 Intangible assets

	<u>Group</u>	
	2016	2015
	RMB'000	RMB'000
<u>Land use rights</u>		
Cost		
Beginning of financial year	56,015	56,015
Reclassified to disposal group	(56,015)	(56,015)
End of financial year	-	-
Accumulated amortisation and impairment losses		
Beginning of financial year	27,551	13,431
Impairment charge (Note 6)	-	14,120
- Discontinued operations	-	-
Reclassified to disposal group	(27,551)	(27,551)
End of financial year	-	-
Net book value		
End of financial year	-	-

(i) During the financial year ended 31 December 2015, an impairment charge of RMB14,120,000 (Note 6) was recognised for intangible assets – land use rights based on fair value less cost to sell valued by an independent professional valuer, which reduced the carrying amounts of intangible assets – land use rights from RMB42,584,000 to RMB28,464,000. The impairment charge was made due to the cessation of the Group's operations due to persistent weak demand in the market for the Group's products since financial year 2013.

The intangible assets – land use rights of the Group was reclassified as assets of disposal group classified as held-for-sale (Note 9(k)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

15 Intangible assets (continued)

(ii) The production activities of Huafei Hanshou Co., Ltd (Huafei Hanshou) has been ceased since 2013. The management currently has no plans to resume production activities of Huafei Hanshou and has announced their intention to dispose Huafei Hanshou. No commercial value was assigned to the land use right in Huafei Hanshou as the title deed has yet to be transferred to Huafei Hanshou. As such, the management has decided to provide full impairment of RMB14,120,000 during the financial year ended 31 December 2015 for the land use rights of Huafei Hanshou Co., Ltd as they are of the opinion that the cost of transferring the title deeds will exceed the carrying amount. The impairment charge was included in administrative expenses under discontinued operations.

(iii) Valuation of intangible assets – land use rights

In the financial year ended 31 December 2015, a non-recurring fair value is derived using comparison approach by making reference to comparable market transactions available in the market. Sales prices of comparable assets are adjusted for difference in key attributes such as land area of the land use right and is therefore within the Level 2 of the fair value hierarchy. The valuations are performed by Jones Lang LaSalle Corporation Appraisal and Advisory Limited, an independent professional with recognised and relevant professional qualification and with recent experience in the location and category of the assets being valued.

16 Other payables

	<u>Group</u>		<u>Company</u>	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Loan from former controlling shareholder	6,026	5,759	6,026	5,759
Accruals for operating expenses	7,288	4,523	7,288	4,523
Other payables- non-related parties	6,301	2,161	6,301	2,161
Amount due to directors	2,147	1,555	2,147	1,555
	<u>21,762</u>	<u>13,998</u>	<u>21,762</u>	<u>13,998</u>

Loan from former controlling shareholder and amount due to directors are unsecured, interest-free and repayable on demand.

Loan from former controlling shareholder pertains to loan from Zhu Cheng Bao. However, with effect from 16 May 2013, Zhu Cheng Bao has ceased to be the controlling shareholder of the Group.

As at 31 December 2016, other payables of the Group amounting to RMB48,242,000 (2015: RMB34,562,000) are reclassified as liabilities directly associated with disposal group classified as held-for-sale [Note 9(l)].

During the financial year ended 31 December 2015, the Company and its subsidiary corporation have been in negotiation for a waiver of the Company's amount due to a subsidiary corporation amounting to RMB20,142,000. On 13 June 2016, both parties formalised the waiver by entering into an agreement and the waiver of amount due to subsidiary corporation was recognised in the financial year 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

17 Share capital and treasury shares

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Issued share capital RMB'000	Treasury shares RMB'000
Group and Company				
2016				
Beginning and end of financial year	360,000,000	(100,000)	216,788	(108)
2015				
Beginning and end of financial year	360,000,000	(100,000)	216,788	(108)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Treasury shares

The Company acquired 100,000 of its shares in the open market in financial year 2010. The total amount paid to acquire the shares was RMB108,000 and this was presented as a component within shareholders' equity.

18 Statutory reserves

In accordance with the relevant laws and regulations of the PRC, companies in the PRC are required to set aside general funds by way of appropriation from their statutory net profit, as reported in the PRC statutory financial statements, at a rate to be determined by the directors of the Group. The directors have decided that 10% to 15% of the statutory net profit, as reported in the statutory financial statements of the subsidiary corporations in PRC, be appropriated each year to the general reserve funds.

The reserve funds may be used to offset accumulated losses or increase the registered capital of these subsidiary corporations, subject to the approval from the PRC authorities, and are not available for dividend distribution to the shareholders.

	Group	
	2016 RMB'000	2015 RMB'000
Beginning and end of financial year ^(a)	71,998	71,998

(a) No general funds have been set aside in financial years ended 31 December 2016 and 31 December 2015 as the subsidiary corporations in PRC suffered net losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

19 Restructuring reserve

Business combination involving entities under common control are accounted for by applying the “pooling-of-interest method” accounting principles [Note 2.2(a)(ii)]. The acquisition of the subsidiary corporations by the Company was pursuant to the Restructuring Exercise in connection with the listing of the Company on the SGX-ST.

The restructuring reserve represents the difference between the cost of investment and nominal value of share capital of the merged subsidiary corporations. The restructuring reserve is non-distributable.

20 Currency translation reserve

	<u>Group</u>		<u>Company</u>	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning of financial year	399	380	664	645
Currency translation differences arising from consolidation	(637)	19	(637)	19
End of financial year	<u>(238)</u>	<u>399</u>	<u>27</u>	<u>664</u>

Currency translation reserve is non-distributable.

21 Accumulated losses

Movement in accumulated losses for the Company is as follows:

	<u>Company</u>	
	2016	2015
	RMB'000	RMB'000
Beginning of financial year	(231,341)	(224,457)
Net loss	<u>(7,125)</u>	<u>(6,884)</u>
End of financial year	<u>(238,466)</u>	<u>(231,341)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

22 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

- (a) Sales and purchases of goods and services

	Group	
	2016	2015
	RMB'000	RMB'000
Consultancy fee paid/payable to a key management personnel	794	-

- (b) Key management personnel compensation

Key management personnel compensation (representing compensation to directors and executive officers of the Group) is as follows:

	Group	
	2016	2015
	RMB'000	RMB'000
Wages and salaries	1,732	2,611
Employer's contribution to defined contribution plans	-	81
Directors' fees	1,492	558
	<u>3,224</u>	<u>3,250</u>

Included in the above is total compensation to directors of the Company amounting to RMB3,224,000 (2015: RMB1,365,000).

23 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

- (a) Market risk

- (i) Currency risk

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"). The Group's risk management policy is to match the sales and purchases with the same currency as much as practicable.

The Group does not have significant exposure to currency risk as it operates only in the PRC. Revenue and expenses are predominantly denominated in Chinese Renminbi.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

23 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets and liabilities, the Group's income and expense are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are trade receivables and cash and cash equivalents. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining cash deposits where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Executive Directors based on ongoing credit evaluation. As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Group has no significant concentrations of credit risk for each class of its financial assets as at 31 December 2016 and 31 December 2015.

(i) *Finance assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks in the PRC.

(ii) *Finance assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions at a short notice. At the reporting date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 11.

Currently, the Group is planning to manage its liquidity risk by maintaining sufficient cash and cash equivalents through completion of reverse-takeover exercise to enable the Company to meet their normal operating requirements. All the financial liabilities of the Group are current. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. Management monitors capital based on a gearing ratio.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

23 Financial risk management (continued)

(d) Capital risk (continued)

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	<u>Group</u>	
	2016	2015
	RMB'000	RMB'000
Net debt	21,759	13,997
Total equity	(76,422)	(54,980)
Total capital	<u>(54,663)</u>	<u>(40,983)</u>
Gearing ratio (times)	Not meaningful	Not meaningful

There is no externally imposed capital requirements on the Group and Company for the financial years ended 31 December 2016 and 31 December 2015.

(e) Fair value measurements

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position, except for the following:

	<u>Group</u>		<u>Company</u>	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Loans and receivables ⁽ⁱ⁾	8	6	3	1
Financial liabilities at amortised cost ⁽ⁱⁱ⁾	<u>70,004</u>	<u>48,560</u>	<u>21,762</u>	<u>13,998</u>

⁽ⁱ⁾ Including loans and receivables (cash and cash equivalents) amounting to RMB5,000 from discontinued operations as at 31 December 2016 (2015: RMB5,000).

⁽ⁱⁱ⁾ Including financial liabilities at amortised cost (Other payables) amounting to RMB48,242,000 from discontinued operations as at 31 December 2016 (2015: RMB34,562,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

24 Segment information

Management has determined the operating segments based on the reports reviewed by the Directors, who are also the chief operating decision maker that are used to make strategic decisions. The business segments operate only in the PRC and they are nitrogenous fertilizer, ammonia and methanol segments.

The Group has ceased the operating activities in all three business segments in PRC since financial year 2013.

All three business segments in PRC has been classified as discontinued operations and disposal group in the financial years ended 31 December 2016 and 31 December 2015 (Note 9). As such, no segmental information is presented.

25 New or revised accounting standards and interpretations

Below are the new and revised FRS and amendments to existing FRS that have been published and effective for the financial year ending 31 December 2017 onwards:

Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7: *Disclosure initiative*
- Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Improvements to FRSs (December 2016)
 - Amendments to FRS 112 Disclosure of Interest in Other Entities

Effective for annual periods beginning on or after 1 January 2018

- FRS 115 Revenue from Contracts with Customers
- FRS 109 Financial Instruments
- Amendments to FRS 40: Transfers of Investment Property
- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
- Improvements to FRSs (December 2016)
 - Amendment to FRS 28 Investments in Associates and Joint Ventures
 - Amendment to FRS 101 First-Time Adoption of Financial Reporting Standards
- INT FRS 122 Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 Leases

Effective date to be determined *

- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* The mandatory effective date of this amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore (ASC) in December 2015 via amendments to Effective Date of amendments to FRS 110 & FRS 28.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except for FRS 115 and FRS 109 which management is in the midst of assessing the impact on the financial statements.

STATISTICS OF SHAREHOLDINGS

As at 15 June 2017

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	4,798	82.53	48,163	0.01
100 – 1,000	386	6.64	90,194	0.03
1,001 – 10,000	163	2.80	1,086,795	0.30
10,001 – 1,000,000	447	7.69	36,567,545	10.16
1,000,001 AND ABOVE	20	0.34	322,107,303	89.50
TOTAL	5,814	100.00	359,900,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	JINCHEN INVESTMENT HOLDINGS PTE. LTD.	70,880,000	19.69
2	CAI JIAN HUA	67,360,001	18.72
3	PHILLIP SECURITIES PTE LTD	50,203,363	13.95
4	EQUINOX INVESTMENT GROUP LTD	38,880,000	10.80
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	31,468,902	8.74
6	CHINA HUI XIN INVESTMENT MANAGEMENT LTD	16,666,666	4.63
7	XU NAIQUN	10,368,000	2.88
8	CITIBANK CONSUMER NOMINEES PTE LTD	7,217,000	2.01
9	CITIBANK NOMINEES SINGAPORE PTE LTD	7,202,565	2.00
10	RHB SECURITIES SINGAPORE PTE. LTD.	5,331,784	1.48
11	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	2,420,048	0.67
12	SINGAPORE NOMINEES PRIVATE LIMITED	2,110,000	0.59
13	RAMESH S/O PRITAMDAS CHANDIRAMANI	2,000,000	0.56
14	DBS NOMINEES (PRIVATE) LIMITED	1,909,653	0.53
15	OCBC SECURITIES PRIVATE LIMITED	1,580,342	0.44
16	SKYVEN GROWTH OPPORTUNITIES FUND PTE LTD	1,500,000	0.42
17	CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,442,494	0.40
18	POH CHEE YONG	1,268,000	0.35
19	RAFFLES NOMINEES (PTE) LIMITED	1,223,485	0.34
20	LEE WEE KIAT	1,075,000	0.30
	TOTAL	322,107,303	89.50

STATISTICS OF SHAREHOLDINGS

As at 15 June 2017

SUBSTANTIAL SHAREHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 JUNE 2017

Name	No. of Shares (excluding treasury shares)			
	Direct Interest	%	Deemed Interest	%
CAI JIAN HUA ⁽¹⁾	90,900,590	25.26	—	—
EQUINOX INVESTMENT GROUP LTD ⁽²⁾	88,880,000	24.70	—	—
GKG INVESTMET HOLDINGS PTE LTD ⁽³⁾	—	—	88,880,000	24.70
GOH GEOK KHIM ⁽³⁾	—	—	88,880,000	24.70
GOH YEW LIN ⁽³⁾	—	—	88,880,000	24.70
JINCHEN INVESTMENT HOLDINGS PTE. LTD.	70,880,000	19.69	—	—
CHENG DE YOU ⁽⁴⁾	—	—	70,880,000	19.69

Notes:

(1) 23,540,589 shares are held under nominee's account with Maybank Kim Eng Securities Pte Ltd

(2) 50,000,000 shares are held under nominee's account with Phillip Securities Pte Ltd

(3) Deemed to be interested in all the shares held by Equinox Investment Group Ltd by virtue of Section 7 of the Companies Act, Cap. 50.

(4) Deemed to be interested in all the shares held by Jincheng Investment Holdings Pte. Ltd. by virtue of Section 7 of the Companies Act, Cap. 50.

RULE 723 OF SGX-ST

Based on the above information and to the best knowledge of the Directors and Substantial Shareholders of the Company, 25.72% of the issued shares of the Company are held by the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 114 Lavender Street #18-01 Singapore 338729 on 7 July 2017 at 10.00 a.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To re-elect Mr Teo Moh Gin being a Director who retires pursuant to Article 91 of the Company's Articles of Association. **(Resolution 2)**
3. To re-elect Mr Aloysius Wee Meng Seng being a Director who retires pursuant to Article 91 of the Company's Articles of Association. **(Resolution 3)**
4. To re-elect Mr Alan Cheong Mun Cheong a Director who retires pursuant to Article 91 of the Company's Articles of Association. **(Resolution 4)**
5. To approve the payment of Directors' Fees of S\$355,000 for the financial year ended 31 December 2016. [2015: S\$122,830] **(Resolution 5)**
6. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company for the financial year ending 31 December 2017 and to authorise the Directors to fix their remuneration. **(Resolution 6)**

As Special Business

To consider and, if deemed fit, to pass the following Resolutions with or without modifications:—

7. SHARE ISSUE MANDATE

THAT pursuant to Section 161 of the Companies Act, Chapter 50 (the "Companies Act") and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:—

- I. (a) issue and allot shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (b) make or grant offers, agreements or options (collectively, "Instruments") that may or would require shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and;

- II. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:—
- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued share capital of the Company (excluding treasury

NOTICE OF ANNUAL GENERAL MEETING

shares) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued share capital of the Company (excluding treasury shares)(as calculated in accordance with sub-paragraph (b) below);

- (b) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued share capital shall be calculated based on the issued share capital of the Company (excluding treasury shares) at the time of the passing of this Resolution, after adjusting for:–
 - (i) new shares arising from the conversion or exercise of any convertible securities;
 - (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (iii) any subsequent bonus issue, consolidated or subdivision of shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (d) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company (the “AGM”) or the date by which the next AGM of the Company is required by law to be held or the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest. [Explanatory Note 1]. **(Resolution 7)**

8. To transact any other business that may properly be transacted at an Annual General Meeting.

By Order of the Board

Ng Joo Khin
Company Secretary

Singapore, 22 June 2017

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (1) Resolution 7 – If passed, this Resolution will empower the Directors, effective until (i) the conclusion of the next Annual General Meeting of the Company; (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number of issued shares in the capital of the Company (excluding treasury shares), of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time this Resolution is passed, after adjusting for:–

- (a) new shares arising from the conversion or exercise of any convertible securities;
- (b) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 7, provided the options or awards were granted in compliance with Part VIII or Chapter 8 of the Listing Manual of the SGX-ST; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

- i. A proxy need not be a member of the Company.
- ii. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the “Companies Act”), a member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead.
- iii. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- iv. A member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at this meeting, but each proxy must be appointed to exercise the rights attached to a different shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
- v. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- vi. A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.
- vii. The instrument appointing a proxy must be deposited at the office of our Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

CHANGJIANG FERTILIZER HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Reg. No. 200713878D)

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT

1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

I/We, _____ (full name in capital letters)

NRIC No./Passport No./Company No. _____

of _____

(full address) being a member/members of Changjiang Fertilizer Holdings Limited (the "Company"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the Annual General Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 10 am on 7 July 2017 at 114 Lavender Street #18-01 Singapore 338729 and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matters arising at the Annual General Meeting and at any adjournment thereof.)

	ORDINARY BUSINESS	For	Against
Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.		
Resolution 2	To re-elect Mr Teo Moh Gin a Director retiring pursuant to Article 91 of the Company's Articles of Association.		
Resolution 3	To re-elect Mr Aloysius Wee Meng Seng, a director retiring pursuant to Article 91 of the Company's Articles of Association.		
Resolution 4	To re-elect Mr Alan Cheong Mun Cheong, a director retiring pursuant to Article 91 of the Company's Articles of Association.		
Resolution 5	To approve payment of Directors' Fees.		
Resolution 6	To re-appoint Auditors.		
	SPECIAL BUSINESS		
	Ordinary Resolutions:		
Resolution 7	To approve and adopt the Share Issue Mandate.		

Dated this _____ day of _____ 2017

Total Number of Shares held in:	
CDP Register	
Register of Members	



Signature(s) of member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES

Notes to the Proxy Form

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the “Companies Act”) a member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediaries is entitled to appoint more than two proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the office our Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for the Meeting.
8. Please indicate with an “X” in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
10. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.
11. An investor who buys shares using CPF monies (“CPF Investor”) and/or SRS monies (“SRS Investor”) (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 22 June 2017.

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