

CHANGJIANG FERTILIZER HOLDINGS LIMITED



(Incorporated in Singapore on 30 July 2007)
(Registration Number: 200713878D)

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND THE FULL YEAR ENDED 31 DECEMBER 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

		4th quarter ended			For the year ended		
	Note	31/12/2014 RMB'000 Unaudited	31/12/2013 RMB'000 Unaudited	Increase / (Decrease) %	31/12/2014 RMB'000 Unaudited	31/12/2013 RMB'000 Audited	Increase / (Decrease) %
Continuing operations							
Revenue	1	-	-	N.M	-	-	N.M
Cost of sales		-	-	N.M	-	-	N.M
Gross profit		-	-	N.M	-	-	N.M
Other income	2	88	88	-	352	351	0.3
Selling and distribution expenses		(43)	(46)	(6.5)	(183)	(175)	4.6
General and administrative expenses		(65,341)	(68,108)	(4.1)	(84,381)	(81,322)	3.8
Finance expenses		-	-	N.M	-	-	N.M
Loss before income tax	3	(65,296)	(68,066)	(4.1)	(84,212)	(81,146)	3.8
Income tax expense		-	-	N.M	-	-	N.M
Net loss from Continuing operations		(65,296)	(68,066)	(4.1)	(84,212)	(81,146)	3.8
Net loss from Discontinued operations		(92,601)	(189,862)	(51.2)	(136,675)	(239,294)	(42.9)
Total loss		(157,897)	(257,928)	(38.8)	(220,887)	(320,440)	(31.1)

Attributable to: Equity holders of the company	<u>(157,897)</u>	<u>(257,928)</u>	(38.8)	<u>(220,887)</u>	<u>(320,440)</u>	(31.1)
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Note:

1. Miluo and Xiangyin plants have received notifications from the government to cease their operations in the existing factories which are located in urban areas of the cities for the purposes of the re-development of the cities. As such, production in these 2 plants have been halted and the financial results of the subsidiaries of these 2 plants are classified under "Discontinued operations".

Under FRS 105, Non-current Assets Held for Sale and Discontinued Operations, discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area. Management has assessed and satisfied that the cessation of business has met the criteria under FRS 105.

Hence, the financial statements for the financial year ended 31 December 2013 and 31 December 2014 are prepared in accordance with presentation and disclosure prescribed under FRS 105.

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Consolidated statement of comprehensive income for the fourth quarter and the year ended 31 December 2014

	4th quarter ended			For the year ended		
	31/12/2014	31/12/2013	Increase /	31/12/2014	31/12/2013	Increase /
	RMB'000	RMB'000	(Decrease)	RMB'000	RMB'000	(Decrease)
	Unaudited	Unaudited	%	Unaudited	Audited	%
Loss for the period, net of tax	(157,897)	(257,928)	(38.8)	(220,887)	(320,440)	(31.1)
Items that may be reclassified subsequently to profit or loss						
Currency translation differences arising from consolidation	1,139	427	166.7	1,119	1,479	(24.3)
Total comprehensive loss attributable to equity holders of the Company	<u>(156,758)</u>	<u>(257,501)</u>	(39.1)	<u>(219,768)</u>	<u>(318,961)</u>	(31.1)

1(a)(ii) Notes to the income statements

The breakdown of the Group's income statement under continuing and discontinued operations was shown as follows:

	4 th quarter ended 31/12/2014			4 th quarter ended 31/12/2013			
(In RMB'000)	Continuing operations	Discontinued operations	Total Group	Continuing operations	Discontinued operations	Total Group	% Increase/ (Decrease)
Revenue	-	-	-	-	-	-	N.M
Cost of sales	-	-	-	-	-	-	N.M
Gross profit	-	-	-	-	-	-	N.M
Other income	88	94	182	88	11,664	11,752	(98.5)
Selling & distribution expenses	(43)	(11)	(54)	(46)	(12)	(58)	(6.9)
General & administrative expenses	(65,341)	(94,515)	(159,856)	(68,108)	(197,893)	(266,001)	(39.9)
Finance expenses	-	-	-	-	(1,062)	(1,062)	(100.0)
Loss before income tax	(65,296)	(94,432)	(159,728)	(68,066)	(187,303)	(255,369)	(37.5)
Income tax	-	1,831	1,831	-	(2,559)	(2,559)	(171.6)
Net loss	(65,296)	(92,601)	(157,897)	(68,066)	(189,862)	(257,928)	(38.8)

	For the year ended 31/12/2014			For the year ended 31/12/2013			
(In RMB'000)	Continuing operations	Discontinued operations	Total Group	Continuing operations	Discontinued operations	Total Group	% Increase/ (Decrease)
Revenue	-	-	-	-	32,578	32,578	(100.0)
Cost of sales	-	-	-	-	(39,658)	(39,658)	(100.0)
Gross loss	-	-	-	-	(7,080)	(7,080)	(100.0)
Other income	352	474	826	351	12,647	12,998	(93.7)
Selling & distribution expenses	(183)	(44)	(227)	(175)	(136)	(311)	(27.0)
General & administrative expenses	(84,381)	(137,105)	(221,486)	(81,322)	(230,755)	(312,077)	(29.0)
Finance expenses	-	-	-	-	(4,120)	(4,120)	(100.0)
Loss before income tax	(84,212)	(136,675)	(220,887)	(81,146)	(229,444)	(310,590)	(28.9)
Income tax	-	-	-	-	(9,850)	(9,850)	(100.0)
Net loss	(84,212)	(136,675)	(220,887)	(81,146)	(239,294)	(320,440)	(31.1)

(1) Revenue

	4th quarter ended			For the year ended		
	31/12/2014	31/12/2013	Increase /	31/12/2014	31/12/2013	Increase /
	RMB'000	RMB'000	(Decrease)	RMB'000	RMB'000	(Decrease)
	Unaudited	Unaudited	%	Unaudited	Audited	%
Nitrogenous fertilizer	-	-	N.M	-	22,070	(100.0)
Ammonia	-	-	N.M	-	9,834	(100.0)
Methanol	-	-	N.M	-	674	(100.0)
			N.M			
	<u>-</u>	<u>-</u>	<u>N.M</u>	<u>-</u>	<u>32,578</u>	<u>(100.0)</u>

(2) Other Income

	4th quarter ended			For the year ended		
	31/12/2014	31/12/2013	Increase /	31/12/2014	31/12/2013	Increase /
	RMB'000	RMB'000	(Decrease)	RMB'000	RMB'000	(Decrease)
	Unaudited	Unaudited	%	Unaudited	Audited	%
Interest income	4	93	(95.7)	44	456	(90.4)
Government grant ⁽¹⁾	-	11,481	(100.0)	-	12,128	(100.0)
Others	<u>178</u>	<u>178</u>	<u>0.0</u>	<u>782</u>	<u>414</u>	<u>88.9</u>
	<u>182</u>	<u>11,752</u>	<u>(98.5)</u>	<u>826</u>	<u>12,998</u>	<u>(93.6)</u>

Note:

1. Our Jincheng plant received capital grant from the government in FY2011 and FY2012 in relation to the acquisition of energy-saving equipments; ie asset-related grant. The fair value of the grant is recognised as deferred capital grant on the balance sheet and amortised to profit or loss on a straight-line basis over the estimated useful lives of relevant assets. However, due to the valuations exercise for assessment of impairment of property, plant and equipment, most of the relevant assets were written down to scrap value. As there are no clauses stipulated in the grant agreements as to whether the government will retract the grant in any circumstances. As such, the balance of deferred capital grant with carrying amount of RMB 11.3 million as at 31 December 2013 was recognized in profit and loss.

1(a)(ii) Notes to the income statements (cont'd)

(3) Loss before tax

The Group's loss before tax is determined after charging/(crediting) the following:

	4th quarter ended			For the year ended		
	31/12/2014 RMB'000 Unaudited	31/12/2013 RMB'000 Unaudited	Increase / (Decrease) %	31/12/2014 RMB'000 Unaudited	31/12/2013 RMB'000 Audited	Increase / (Decrease) %
Amortisation and depreciation	669	6,497	(89.7)	3,480	25,725	(86.5)
Allowance for impairment of trade receivables	-	2,501	(100.0)	13,377	2,501	434.8
Allowance for impairment of advance to suppliers	-	9,518	(100.0)	22,086	9,518	132.0
Allowance for impairment of deposit paid for property, plant and equipment	22,396	-	100.0	22,396	-	100.0
Property, plant and equipment written off	-	-	N.M	-	54	(100.0)
Allowance for impairment of property, plant and equipment ⁽¹⁾	116,971	228,891	(48.9)	116,971	248,891	(53.0)
Allowance for impairment of intangible assets	6,042	-	100.0	6,042	-	100.0
Inventories written down	-	10,439	(100.0)	4,256	10,439	(59.2)
Electricity	172	132	30.3	592	6,738	(91.2)
Staff costs	7,866	7,137	10.2	24,160	23,312	3.6
Interest expense	-	1,062	(100.0)	-	4,120	(100.0)
Purchase of raw materials and consumables	-	-	N.M	-	15,313	(100.0)

Notes:

1. Demand for our products continued to be persistently weak as there is a growing trend for farmers to prefer compound fertilizers over traditional fertilizers and this trend is most likely to continue. In addition, as mentioned in our previous announcements, Miluo and Xiangyin plants have received notifications from the government to wind-down their operations in the existing factories which are located in urban areas of the city and to relocate the factories. Thus there is an indication of impairment exists in accordance with FRS 36 – Impairment of Asset.

The management has engaged an independent valuer, Hunan Public Assets Appraisal Co., Limited (“湖南公众资产评估有限公司”) to determine the fair value of property, plant and equipment and construction-in-progress as at 31 December 2013 and as at 31 December 2014. The valuation basis is in step with FRS 13 Fair Value Measurements. In accordance with FRS 13, fair value is the amount which is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. The determination of fair value has to be at the best use of the asset. Arising from this valuation assessment, allowance for impairment of property, plant and equipment of RMB248.9 million was provided in FY2013 and RMB117.0 million was provided in FY2014.

2. “N.M.”: denotes not meaningful.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Audited	Unaudited	Audited
ASSETS				
Current Assets				
Cash and bank balances	85	16,670	73	328
Trade and other receivables	187	62,494	43	46
Inventories	-	4,443	-	-
	<u>272</u>	<u>83,607</u>	<u>116</u>	<u>374</u>
Assets of disposal group classified as held for sale	39,364	-	-	-
	<u>39,636</u>	<u>83,607</u>	<u>116</u>	<u>374</u>
Non-current Assets				
Investment in subsidiaries	-	-	22,983	208,021
Property, plant and equipment	5,255	136,096	-	22
Intangible assets	14,120	49,136	-	-
	<u>19,375</u>	<u>185,232</u>	<u>22,983</u>	<u>208,043</u>
Total Assets	<u>59,011</u>	<u>268,839</u>	<u>23,099</u>	<u>208,417</u>
LIABILITIES				
Current Liabilities				
Other payables	16,887	15,001	30,231	27,011
Current income tax liabilities	12,762	32,449	-	-
	<u>29,649</u>	<u>47,450</u>		<u>27,011</u>
Liabilities of disposal group classified as held for sale	27,741	-	-	-
	<u>57,390</u>	<u>47,450</u>	<u>30,231</u>	<u>27,011</u>
Total liabilities	<u>57,390</u>	<u>47,450</u>	<u>30,231</u>	<u>27,011</u>
NET ASSETS/(LIABILITIES)	<u>1,621</u>	<u>221,389</u>	<u>(7,132)</u>	<u>181,406</u>
EQUITY				
Share capital	216,788	216,788	216,788	216,788
Treasury shares	(108)	(108)	(108)	(108)
Statutory reserves	71,998	71,998	-	-
Restructuring reserve	(102,828)	(102,828)	-	-
Currency translation reserve	380	(739)	645	(474)
Retained profits/(accumulated losses)	<u>(184,609)</u>	<u>36,278</u>	<u>(224,457)</u>	<u>(34,800)</u>
TOTAL EQUITY	<u>1,621</u>	<u>221,389</u>	<u>(7,132)</u>	<u>181,406</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

(RMB'000)

As at 31 December 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

The Group does not have any bank borrowings as at 31 December 2014 and 31 December 2013.

Details of any collateral

Nil.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	4th quarter ended		For the year ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	Audited
Cash flows from operating activities				
Net loss	(157,897)	(257,928)	(220,887)	(320,440)
Adjustments for:				
Income tax expense	(1,831)	2,558	-	9,850
Amortisation and depreciation	669	6,497	3,480	25,725
Allowance for impairment of trade receivables	-	2,501	13,377	2,501
Allowance for impairment of advance to suppliers	-	9,518	22,086	9,518
Allowance for impairment of deposit paid for property, plant and equipment	22,396	-	22,396	-
Inventories written down	-	10,439	4,256	10,439
Allowance for impairment of property, plant and equipment	116,971	228,891	116,971	248,891
Allowance for impairment of intangible asset	6,042	-	6,042	-
Property, plant and equipment written off	-	-	-	54
Deferred government grant	-	(11,481)	-	(12,128)
Unrealised currency translation losses	1,141	446	1,122	1,503
Interest income	(4)	(93)	(44)	(456)
Interest expense	-	1,062	-	4,120
	(12,513)	(7,590)	(31,201)	(20,423)
Changes in working capital				
Trade and other receivables	230	4,510	4,448	30,586
Inventories	-	-	187	3,683
Other payables	5,791	(17,711)	9,940	(20,507)
Cash used in operations	(6,492)	(20,791)	(16,626)	(6,661)
Interest received	4	93	44	456
Interest paid	-	(1,062)	-	(4,120)
Income tax paid	-	-	-	-
Net cash used in operating activities	(6,488)	(21,760)	(16,582)	(10,325)
Cash flows from investing activities				
Deposit for potential acquisition of business assets	-	(22,396)	-	(22,396)
Net cash used in investing activities	-	(22,396)	-	(22,396)
Cash flows from financing activities				
Repayment of borrowings	-	(46,450)	-	(88,050)
Bank deposits pledged for borrowings	-	-	-	20,000
Net cash used in financing activities	-	(46,450)	-	(68,050)
Net decrease in cash and bank balances	(6,488)	(90,606)	(16,582)	(100,771)
Cash and bank balances at beginning of financial period/year	6,576	107,296	16,670	117,461
Effect of currency translation on cash and bank balances	(3)	(20)	(3)	(20)
Cash and bank balances at end of financial period/year	85	16,670	85	16,670

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital	Treasury Shares	Statutory Reserve	Restructuring Reserve	Currency Translation Reserve	Retained Profits/ (Accumulated losses)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group							
2014							
As at 1 January 2014	216,788	(108)	71,998	(102,828)	(739)	36,278	221,389
Total comprehensive loss for the period from 1/1/2014 – 31/3/2014	-	-	-	-	(455)	(9,822)	(10,277)
As at 31 March 2014	216,788	(108)	71,998	(102,828)	(1,194)	26,456	211,112
Total comprehensive loss for the period from 1/4/2014 – 30/6/2014	-	-	-	-	(165)	(5,562)	(5,727)
As at 30 June 2014	216,788	(108)	71,998	(102,828)	(1,359)	20,894	205,385
Total comprehensive loss for the period from 1/7/2014 – 30/9/2014	-	-	-	-	600	(47,606)	(47,006)
As at 30 September 2014	216,788	(108)	71,998	(102,828)	(759)	(26,712)	158,379
Total comprehensive loss for the period from 1/10/2014 – 31/12/2014	-	-	-	-	1,139	(157,897)	(156,758)
As at 31 December 2014	<u>216,788</u>	<u>(108)</u>	<u>71,998</u>	<u>(102,828)</u>	<u>380</u>	<u>(184,609)</u>	<u>1,621</u>
2013							
As at 1 January 2013	216,788	(108)	71,998	(102,828)	(2,218)	356,718	540,350
Total comprehensive loss for the period from 1/1/2013 – 31/3/2013	-	-	-	-	262	(13,256)	(12,994)
As at 31 March 2013	216,788	(108)	71,998	(102,828)	(1,956)	343,460	527,356
Total comprehensive loss for the period from 1/4/2013 – 30/6/2013	-	-	-	-	881	(13,122)	(12,241)
As at 30 June 2013	216,788	(108)	71,998	(102,828)	(1,075)	330,340	515,115
Total comprehensive loss for the period from 1/7/2013 – 30/9/2013	-	-	-	-	(91)	(36,134)	(36,225)
As at 30 September 2013	216,788	(108)	71,998	(102,828)	(1,166)	294,206	478,890
Total comprehensive loss for the period from 1/10/2013 – 31/12/2013	-	-	-	-	427	(257,928)	(257,501)
As at 31 December 2013	<u>216,788</u>	<u>(108)</u>	<u>71,998</u>	<u>(102,828)</u>	<u>(739)</u>	<u>36,278</u>	<u>221,389</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital	Treasury Shares	Currency Translation Reserve	Accumulated Losses	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Company					
2014					
As at 1 January 2014	216,788	(108)	(474)	(34,800)	181,406
Total comprehensive loss for the period 1/1/2014 - 31/3/2014	-	-	(454)	(798)	(1,252)
As at 31 March 2014	216,788	(108)	(928)	(35,598)	180,154
Total comprehensive loss for the period 1/4/2014– 30/6/2014	-	-	(165)	(1,050)	(1,215)
As at 30 June 2014	216,788	(108)	(1,093)	(36,648)	178,939
Total comprehensive loss for the period 1/7/2014– 30/9/2014	-	-	599	(1,384)	(785)
As at 30 September 2014	216,788	(108)	(494)	(38,032)	178,154
Total comprehensive loss for the period 1/10/2014 – 31/12/2014	-	-	1,139	(186,425)	(185,286)
As at 31 December 2014	<u>216,788</u>	<u>(108)</u>	<u>645</u>	<u>(224,457)</u>	<u>(7,132)</u>
2013					
As at 1 January 2013	216,788	(108)	(1,953)	(29,637)	185,090
Total comprehensive loss for the period 1/1/2013 - 31/3/2013	-	-	262	(1,334)	(1,072)
As at 31 March 2013	216,788	(108)	(1,691)	(30,971)	184,018
Total comprehensive loss for the period 1/4/2013– 30/6/2013	-	-	881	(1,705)	(824)
As at 30 June 2013	216,788	(108)	(810)	(32,676)	183,194
Total comprehensive loss for the period 1/7/2013– 30/9/2013	-	-	(90)	(1,210)	(1,300)
As at 30 September 2013	216,788	(108)	(900)	(33,886)	181,894
Total comprehensive loss for the period 1/10/2013 – 31/12/2013	-	-	426	(914)	(488)
As at 31 December 2013	<u>216,788</u>	<u>(108)</u>	<u>(474)</u>	<u>(34,800)</u>	<u>181,406</u>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of Shares	Issued and paid-up share capital S\$
Total issued share capital as at 31 March 2010	360,000,000	44,371,772
Treasury shares arising from share buyback in 2Q2010	(100,000)	(22,500)
Total issued share capital excluding treasury shares as at 31 December 2014 and 31 December 2013	359,900,000	44,349,272

Save as disclosed above, the Company has no outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31 December 2014	As at 31 December 2013
Total number of issued shares excluding treasury shares	359,900,000	359,900,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There are no sales, transfers, disposal, cancellation and/or use of treasury shares as at end of 31 December 2014.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group had consistently applied the same accounting policies and methods of computation in the Group's financial statement for the current financial year as those applied for the most recently audited consolidated financial statements for the financial year ended 31 December 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	4th quarter ended		For the year ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	Unaudited	Unaudited	Unaudited	Audited
Net loss attributable to equity holders of the Company (RMB'000)				
-continuing operations	(65,296)	(68,066)	(84,212)	(81,146)
-discontinued operations	(92,601)	(189,862)	(136,675)	(239,294)
	(157,897)	(257,928)	(220,887)	(320,440)
Loss per share for				
- Basic and on a fully dilutive basis ⁽¹⁾ (RMB cents)				
-continuing operations	(18.14)	(18.91)	(23.40)	(22.55)
-discontinued operations	(25.73)	(52.76)	(37.97)	(66.49)
	(43.87)	(71.67)	(61.37)	(89.04)

Notes:

(1) Loss per share of the Group for the year ended 31 December 2014 is calculated by dividing the Group's net loss attributable to shareholders of approximately RMB220,887,000 (FY2013: RMB320,440,000) by the weighted average number of ordinary shares outstanding during the year of 359,900,000 (FY2013: 359,900,000).

For the year ended 31 December 2014 and 2013, the basic and diluted loss per share of the Group were the same as there were no potential dilutive ordinary shares outstanding as at 31 December 2014 and 2013.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

Net asset value ("NAV")

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
NAV per ordinary share ⁽¹⁾ (RMB cents)	0.45	61.51	(1.98)	50.40

Note:

(1) NAV per ordinary share as at 31 December 2014 and 31 December 2013 was calculated based on the number of ordinary shares excluding treasury shares as at the end of the financial year. As at 31 December 2014, the number of ordinary shares (excluding treasury shares) was 359,900,000. (As at 31/12/2013: 359,900,000).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of income statement of the Group for the financial year ended 31 December 2014 ("FY2014") as compared to the financial year ended 31 December 2013 ("FY2013")

Revenue

The demand for our Group's product continued to be persistently weak in FY2014. In addition, Miluo and Xiangyin plants have received notifications from the government to wind-down their operations. Therefore there was no production in all of our 3 plants for FY2014.

Revenue by Products	4th quarter ended				For the year ended			
	31/12/2014		31/12/2013		31/12/2014		31/12/2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Nitrogenous fertilizer	-	N.M	-	N.M	-	N.M	22,070	67.7
Ammonia ⁽¹⁾	-	N.M	-	N.M	-	N.M	9,834	30.2
Methanol	-	N.M	-	N.M	-	N.M	674	2.1
Total	-	N.M	-	N.M	-	N.M	32,578	100.0

Note:

(1) Ammonia comprises ammonia solution and liquid ammonia.

Average selling prices of our products were as follows:

RMB per ton	4th quarter ended			For the year ended		
	31/12/2013	31/12/2013	Increase / (decrease) %	31/12/2014	31/12/2013	Increase / (decrease) %
Nitrogenous fertilizer	-	-	N.M	-	674	(100.0)
Liquid ammonia	-	-	N.M	-	2,444	(100.0)
Ammonia solution	-	-	N.M	-	525	(100.0)
Methanol	-	-	N.M	-	2,019	(100.0)

For both FY2014 as compared to FY2013 and 4Q2014 as compared to 4Q2013, comparison of the average selling prices was not meaningful. As mentioned above, no revenue was generated in FY2014.

Sales volume of our products were as follows:

Sales Volume ton	4th quarter ended			For the year ended		
	31/12/2014	31/12/2013	Increase / (Decrease) %	31/12/2014	31/12/2013	Increase / (Decrease) %
Nitrogenous fertilizer	-	-	N.M	-	32,769	(100.0)
Liquid ammonia	-	-	N.M	-	2,224	(100.0)
Ammonia solution	-	-	N.M	-	8,385	(100.0)
Methanol	-	-	N.M	-	334	(100.0)

For FY2014 as compared to FY2013, sales volume of all of our products has decreased in the range of 100.0%. The decrease in sales volume of all of our products was due to no production activities in FY2014.

Cost of sales, gross profit and gross profit margin

For FY2014 as compared to FY2013, our cost of sales decreased by 100.0%, as there was no production activities in FY2014.

Cost of Sales RMB'000	4th quarter ended			For the year ended		
	31/12/2014	31/12/2013	Increase / (decrease) %	31/12/2014	31/12/2013	Increase / (decrease) %
Coal	-	-	N.M	-	16,216	(100.0)
Electricity	-	-	N.M	-	5,678	(100.0)
Direct labour	-	-	N.M	-	1,163	(100.0)
Depreciation	-	-	N.M	-	3,015	(100.0)
Other	-	-	N.M	-	13,586	(100.0)
Total	-	-	N.M	-	39,658	(100.0)

Coal 煤

	4th quarter ended			For the year ended		
	31/12/2014	31/12/2013	Increase / (decrease) %	31/12/2014	31/12/2013	Increase / (decrease) %
Coal consumption (ton)	-	-	N.M	-	22,233	(100.0)
Average coal purchase price (RMB/ton)	-	-	N.M	-	729	(100.0)
Coal consumption (RMB'000)	-	-	N.M	-	16,216	(100.0)

For FY2014, the decrease in coal consumption decreased by 100.0% as compared to FY2013 was due to no production activities in FY2014.

Electricity

	4th quarter ended			For the year ended		
	31/12/2014	31/12/2013	Increase / (decrease) %	31/12/2014	31/12/2013	Increase / (decrease) %
Electricity consumption ('000 KWh)	-	-	N.M	-	13,350	(100.0)
Average price (RMB/KWh)	-	-	N.M	-	0.425	(100.0)
Electricity consumption (RMB'000)	-	-	N.M	-	5,678	(100.0)

For FY2014, the decrease in electricity consumption of 100.0% as compared to FY2013 was due to no production activities in FY2014.

Direct labour

For FY2014, the decrease in direct labour of 100.0% as compared to FY2013 was due to no production activities in FY2014.

Depreciation

For FY2014 as compared to FY2013, depreciation decreased by 100.0%. This was due to no production activities in FY2014.

Other

For FY2014 as compared to FY2013, other overheads decreased by 100.0%. This was due to no production activities in FY2014.

Gross profit

For FY2014 as compared to FY2013, our gross profit decreased by 100.0%. This was due to no revenue generated in FY2014.

Other income

The decrease in other income by RMB12.2 million for FY2014 as compared to FY2013 was mainly due to recognition of government grant of RMB12.1 million in FY2013.

For 4Q2014 as compared to 4Q2013, the decrease in other income by RMB11.6 million was mainly due to recognition of government grant of RMB11.5 million in 4Q2013.

Selling and distribution expenses

For FY2014 and 4Q2014 as compared to FY2013 and 4Q2013, our selling and distribution expenses decreased by 27.0% and 6.9% respectively. This was in line no revenue generated in FY2014.

General and administrative expenses

For FY2014 as compared to FY2013, our general and administrative expenses decreased by RMB101.0 million or 31.3%. The decrease was mainly due to the lower impairment provision of RMB117.0 million on property, plant and equipment based on independent valuer's assessment performed at year end as compared to the impairment provision of RMB248.9 million provided in FY2013. The breakdown of the various impairment provisions and expenses were as follows:

(In RMB' 000)	FY2014	FY2013	Increase/ (Decrease)
Allowance for impairment of property, plant and equipment	116,971	248,891	(131,920)
Allowance for impairment of intangible assets	6,042	-	6,042
Allowance for impairment of trade receivables	13,377	2,501	10,876
Allowance for impairment of advances to suppliers	22,086	9,518	12,568
Allowance for impairment of deposit paid for property, plant and equipment	22,396	-	22,396
Inventories written down	4,256	10,439	(6,183)
Total	185,128	271,349	(86,221)

Demand for our products continued to be persistently weak as there is a growing trend for farmers to prefer compound fertilizers over traditional fertilizers. In addition, Miluo and Xiangyin plants have received notifications from the government to wind-down their operations in the existing factories

which are located in urban areas of the city and to relocate the factories. Thus there is an indication of existence of impairment in accordance with FRS 36 – Impairment of Asset. The management has engaged an independent valuer, Hunan Public Assets Appraisal Co., Limited (“湖南公众资产评估有限公司”) to determine the fair value of property, plant and equipment, construction-in-progress and intangible assets as at 31 December 2013 and as at 31 December 2014. The valuation basis is in step with FRS 13 Fair Value Measurements. In accordance with FRS 13, fair value is the amount which is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. The determination of fair value has to be at the best use of the asset. As a result from this assessment conducted in FY2013 and FY2014, impairment of RMB248.9 million on property, plant and equipment was provided in FY2013 and a further impairment of RMB117.0 million on property, plant and equipment and impairment of RMB6.0 million on intangible assets was provided in FY2014.

In addition, management also conducted an assessment of the recoverability of the trade receivables, advances to suppliers and deposit paid for property, plant and equipment. Arising from the management assessment, RMB13.4 million was provided for impairment of trade receivables and RMB22.1 million was provided for impairment on advances to suppliers as these amounts have been outstanding for more than one year. In December 2013, RMB22.4 million was paid as deposit to acquire certain business assets from Yueyang City Xinsheng Fuhefei Co., Ltd for the production of compound fertilizers. After the completion of the internal feasibility study on the acquisition, the management decided that the company would not proceed with the acquisition and thus the RMB22.4 million impairment was provided for the deposit paid.

For 4Q2014 as compared to 4Q2013, our general and administrative expenses decreased by RMB106.1 million or 39.9%. This was due to the same reasons as mentioned above.

Finance expenses

For FY2014 as compared to FY2013, our finance expenses decreased by RMB4.1 million or 100.0%. This was due to no bank borrowings in FY2014.

Loss before income tax

Our loss before income tax decreased by RMB89.7 million or 28.9% for FY2014 compared to FY2013. The decrease was due mainly to the lower general and administrative expenses as explained above.

Income tax expense

Higher income tax expense of RMB9.9 million was recorded for FY2013 as compared to RMB nil for FY2014. This was due mainly to nil tax provision for our subsidiary in Miluo City for FY2014. Our subsidiary in Miluo City, under a preferential tax policy, was required to pay a minimum of RMB2.1 million to cover all taxes for FY2008 (including VAT, stamp duty, land use tax and urban real estate tax), with an increase of 40% in each subsequent year until FY2013. Thus for FY2013, RMB7.9 million was provided for our subsidiary in Miluo City whereas for FY2014, as it was in a loss position, no tax provision was provided.

Review of financial position of the Group as at 31 December 2014

Current assets

As at 31 December 2014, our total current assets were RMB39.6 million as compared to RMB83.6 million as at 31 December 2013. The decrease was mainly due to the decrease of RMB62.3 million in trade and receivables and the decrease of RMB16.6 million in cash and bank balances.

The decrease was partially offset by the increase in RMB39.4 million in assets held for sale as at 31 December 2014. It arose from the reclassification of property, plant and equipment and intangible assets held by the Group in Miluo and Xiangyin plants. Miluo and Xiangyin plants have received notifications from the government to cease their operations in the existing factories which are located in urban areas of the cities for the purposes of the re-development of the cities. As such, the property, plant and equipment and intangible assets located in these two plants were reclassified from non-current assets to “Assets held for sale” under current assets.

As at 31 December 2014, trade and other receivables comprise mainly other receivables amounting to RMB0.2 million. Compared to 31 December 2013, the decrease in trade and other receivables was mainly due to the allowance for impairment charges totalling RMB57.9 million provided on trade receivables, advances to suppliers and deposit paid for property, plant and equipment. The reasons for the impairment provision was explained under “general and administrative expenses” section above.

Non-current assets

Non-current assets include land use rights with net book value of approximately RMB14.1 million as at 31 December 2014 as compared to RMB49.1 million as at 31 December 2013, and property, plant and equipment with net book value of approximately RMB5.2 million as at 31 December 2014 as compared to RMB136.1 million as at 31 December 2013. The decrease in non-current assets from RMB185.2 million as at 31 December 2013 to RMB19.4 million as at 31 December 2014 was mainly due to:

- i) RMB117.0 million of impairment on property, plant and equipment and RMB6.0 of impairment on intangible assets arising from the valuation assessment by the independent valuer;
- ii) RMB39.4 million of reclassification of property, plant and equipment and intangible assets located in our Miluo and Xiangyin plants to “Assets held for sale” under current assets and;
- iii) amortisation of land use rights and depreciation of property, plant and equipment.

As at 31 December 2014, the subsidiary of the Group, Hanshou, has not obtained the title deed of the land use right with net book value of RMB14.1 million (2013: RMB14.9 million) as the management is still engaged in on-going negotiation with local authority to transfer the title deed of the land use right from previous owner to the Group.

Current liabilities

Our current liabilities comprised other payables and income tax payable. As at 31 December 2014, total current liabilities were RMB57.4million. The increase in current liabilities of RMB9.9 million or 20.9% from RMB47.5 million as at 31 December 2013 to RMB57.4 million as at 31 December 2014 was mainly due to the increase in trade and other payables.

Miluo and Xiangyin plants have received notifications from the government to cease their operations in the existing factories which are located in urban areas of the cities for the purposes of the re-development of the cities. As such, the liabilities of these two subsidiaries operating in the 2 plants were reclassified from current liabilities to “liabilities of disposal group classified as held for sale”.

As at 31 December 2014, trade and other payables comprised mainly accrual and other payables amounting to RMB10.8 million, and amount due to shareholders of RMB6.1 million. The increase was due to timing differences in payments made to the other creditors and advances from shareholders.

As at 31 December 2014, provision for tax amounted to RMB12.7 million. The decrease in provision for tax of RMB19.7 million was mainly due to the classification of the tax provisions of Miluo and Xiangyin plants to “liabilities of disposal group classified as held for sale”.

Total shareholders' equity

Total shareholders' equity as at 31 December 2014 amounted to approximately RMB1.6 million and comprised mainly share capital of RMB216.8 million and statutory reserve of RMB72.0 million and currency translation reserve of RMB0.4 million, partially offset by restructuring reserve of RMB102.8 million and accumulated losses of RMB184.6 million.

Review of cash flow statement for the year ended 31 December 2014

For FY2014, the Group has a net cash outflow of RMB16.6 million due to net cash used in operating activities amounting to RMB16.6million.

For 4Q2014, the Group has a net cash outflow of RMB6.5 million due to net cash used in operating activities amounting to RMB6.5 million.

Net cash used in operating activities

The increase of RMB6.3 million in net cash used in operating activities for FY2014 as compared to FY2013 was mainly due to the increase in loss for FY2014 as compared to FY2013 after adding back the non-cash adjustments.

The decrease of RMB15.3 million in net cash used in operating activities for 4Q2014 as compared to 4Q2013 was due mainly to the increase of RMB5.8 million in trade and other payables for 4Q2014 as compared to the decrease of RMB17.7 million in trade and other payables for 4Q2013.

Net cash flows used in financing activities

There was no cash inflow or outflow from financing activities for FY2014 as compared to RMB68.1 million used in financing activities for FY2013 as there were no financing activities in FY2014.

There was no cash inflow or outflow from financing activities for 4Q2014 and 4Q2013 as there were no financing activities in 4Q2014 and 4Q2013.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Farmers continue to prefer compound fertilizers over traditional fertilizers and this continue to affect the demand for our products. This trend is most likely to persist and will adversely affect our business outlook for the rest of the year.

As previously announced, the local governments of Miluo and Xiangying have notified us that our plants in Jincheng and Xiangyin are required to cease operations for the purposes of the re-development of the cities. As a result, the Company is in the midst of reviewing its business continuity plans as well as continuing with the respective local governments on related compensations.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared or recommended for the year ended 31 December 2014.

13. Interested person transactions

There were no interested person transactions entered for the year ended 31 December 2014 and for the year ended 31 December 2013. The Group is not required to have a general mandate from shareholders for IPTs under Rule 920(1)(a)(ii).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative**

For the year ended 31 December 2014, two out of the Group's three plants have received notifications from the government to wind-down their operations. There was no production in all of our 3 plants for FY2014 and hence no sales revenue was generated in FY2014. As such, Management was of the view that it was not meaningful to present segmented revenue and results for both the business and geographical segments. The management also considered not meaningful to segment operating assets according to the business segments as most of the assets can be used for any of the reportable business segments and their usage cannot be attributable to a reportable business segment solely as they served common purposes for all the reportable segments. Segmented revenue, results and assets for FY2014 are presented for comparative purpose only.

We have determined the operating segments that are used to make strategic decisions. Currently, the business segments operate only in the People's Republic of China and they are nitrogenous fertilizer, ammonia and methanol segments.

Certain property, plant and equipment, additions to property, plant and equipment, land use rights and their depreciation and amortisation charges are not allocated to any of the three reportable business segments, as these property, plant and equipment, land use rights can be used for any of the reportable segments and their usage cannot be attributable to a reportable business segment solely as they served common purposes for all the reportable segments. As a result, they are included in the "Common and all other segments" column.

Other service included in investment holding, which is not included within the reportable operating segments, as this is not included in the reports provided to the Board of Directors. The result of this operation, if any, is included in the "all other segments" column.

Primary reporting format – business segments

	Nitrogenous fertilizer RMB'000	Ammonia RMB'000	Methanol RMB'000	Common and all other segments RMB'000	Total RMB'000
<u>Group</u>					
2014					
Sales to external parties	-	-	-	-	-
Gross profit	-	-	-	-	-
Other income					826
Selling and distribution expenses					(227)
Administrative expense					(221,486)
Loss before income tax					(220,887)
Income tax expense					-
Net loss					(220,887)
Net loss includes:					
- Depreciation	-	-	-	2,970	2,970
- Amortisation	-	-	-	509	509
- Allowance for impairment of trade receivables ⁽¹⁾	9,676	3,421	280	-	13,377
Total assets	1,076	255	472	,208	59,011

Total liabilities	-	-	-	57,390	57,390
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Note:

(1) Impairment of trade receivables of RMB13,377,000 arises from discontinued operations.

Group	Nitrogenous fertilizer RMB'000	Ammonia RMB'000	Methanol RMB'000	Common and all other segments RMB'000	Total
2013					
Sales to external parties	22,070	9,834	674	-	32,578
Gross profit/(loss)	2,876	766	(353)	(10,369)	(7,080)
Other income					12,998
Selling and distribution expenses					(311)
Administrative expenses					(312,077)
Finance expense					(4,120)
Loss before income tax					(310,590)
Income tax expense					(9,850)
Net loss					(320,440)
Net loss includes:					
- Depreciation	1,819	2,565	1,764	18,226	24,374
- Amortisation	-	-	-	1,351	1,351
-Property, plant and equipment written off	-	-	-	54	54
-Allowance for impairment of trade receivables ⁽¹⁾	1,896	569	36	-	2,501
Total assets	22,914	11,436	8,240	226,249	268,839
Total assets includes:					
Disposals to property, plant and equipment	-	-	-	(54)	(54)
Total liabilities	-	-	-	47,450	47,450

Note:

(1) Impairment of trade receivables of RMB2,501,000 arises from discontinued operations.

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The management assesses the performance of the operating segments based on gross profits. Selling and distribution expense, general and administrative expense, finance expense and other income are not allocated to segments as these expenses are driven by the Group corporate activities. This measurement basis excludes the effects of expenditure from the operating segments such as allowances from impairment of property, plant and equipment, inventories written off and allowances for impairment of advances to suppliers.

A reconciliation of gross loss to loss before tax is provided as follows:

	2014 RMB'000	2013 RMB'000
Gross loss	-	(7,080)
Selling and distribution expense	(227)	(311)
General and administrative expense	(221,486)	(312,077)
Finance expense	-	(4,120)
Other income	826	12,998
Loss before income tax	(220,887)	(310,590)

Reportable segments' assets are reconciled to total assets as follows:

For the purposes of monitoring segment performance and allocating resources between segments, the management monitors the property, plant and equipment, inventories and receivables attributable to each segment. All assets are allocated to reportable segments other than cash and bank balances, advances paid to suppliers, other receivables, deposits for property, plant and equipment, common property, plant and equipment and intangible assets.

	2014 RMB'000	2013 RMB'000
Segment assets for reportable segments	1,803	42,590
Unallocated:		
Cash and bank balances	85	16,670
Advances to suppliers	-	22,086
Other receivables	187	23,496
Inventories	-	4,443
Assets of disposal group classified as held for sale	39,364	-
Property, plant and equipment	3,452	110,419
Intangible asset	14,120	49,135
	59,011	268,839

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to note 8 for factors leading to material changes in turnover and earnings by business segments.

17. A breakdown of sales and loss after tax

	Group		
	FY2014	FY2013	Increase/ (decrease)
	RMB'000	RMB'000	%
(a) Sales reported for first half year	-	32,578	(100.0)
(b) Operating loss after tax before deducting minority interests reported for first half	(15,385)	(26,378)	(41.7)
(c) Sales reported for second half year	-	-	N.M
(d) Operating loss after tax before deducting minority interests reported for second half year	(205,502)	(294,062)	(30.1)

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties , and the year the position was	Details of changes in duties and position held, if any, during the year
Peng Liang	50	The brother-in-law of Zhu Xue Cheng	He is our Head of Operations. He joined our Group in 2002, where he was mainly in charge of procurement of machinery and facility parts.	Not applicable

BY ORDER OF THE BOARD

Ng Joo Khin
Company Secretary

28 February 2015