

CHONGHERR INVESTMENTS LTD

ABN: 52 054 161 821

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2018

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

Directors' Report

Your directors submit their report together with the consolidated interim financial report for the half year ended 30 June 2018.

DIRECTORS

The names of the company's directors in office during the half year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Dehui Liu (Chairman & Managing Director)
Sophia Xiaoqing Kong
Zhen Lu
Shao Liu

ChongHerr's corporate governance statement is publicly available on the company website.

REVIEW AND RESULTS OF OPERATIONS

The ChongHerr Group sales revenue for the half year was \$695,219 (2017: \$487,610), an improvement of 43% from the comparative half year. The consolidated operating result after income tax for the half year is a profit of \$84,183 against the comparison half year's loss of 290,205, which included a write off of previously capitalised exploration and evaluation assets amounting to \$179,566, arising from the expiration and relinquishment of exploration permit EPM 11005 in the previous year.

During the period of review, sandstone blocks represents 28% of the total sales, out of which one third was sold to the domestic market and two thirds were exported. Boulders, random rocks and rubbles form the remaining 72% of the sales. It is forecasted that the demands of sandstone from both overseas and local market remain to be strong in the second half of the financial year.

With the increase in sales and improvement in operating performance, the company cash position had been strengthened substantially. The group has not been relying on any overdraft facilities in operating during the period of review. At balance date, the group has a cash balance of \$74,521. The directors are still taking prudent measures by closely monitoring the company's liquidity and financial performance to ensure going concern of the company. The ability of the Group to continue as a going concern is principally dependent upon:

- The ability of the group to meet its forecast revenue figures;
- The collection of amounts receivable, including amounts past due but not impaired;
- The ability of the group to manage its cashflows to ensure that it is able to meet its debts as they fall due;
- The ability of the group to manage its creditors within the available credit terms; and/ or
- The renewal of Mining Lease 50016 by the Department of Natural Resources and Mines.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- The directors expect that trade receivables will be collected in an agreed timeframe; and
- The directors closely monitor the group's cash flow projections and working capital position and expect to meet the forecasted revenue and cash flow results. The directors believe that these are sufficient to continue to fund the Group's working capital requirements.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

Directors' Report (continued)

SANDSTONE QUARRYING AND PRODUCTION

During the period of review, the quarry produced 2,970 tons and sold 2,767 tons of premier quality boulders and blocks. Most of sandstone blocks are exported to China while some are also sold to the local market for luxury development projects. The sandstone boulders are supplied for the building and construction industry in the local market.

The group sees the need to acquire more facilities to increase production to meet the growing demand from both the local and overseas markets. Arrangement is being made to import a new wire saw machine from China, which shall facilitate to increase production in due course.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

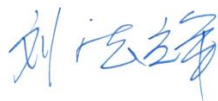
The company will explore more sales opportunities in the local markets and continue to maintain its focus its marketing in China, and production/quarrying efficiencies. Demand for sandstone is expected to remain strong, in both local and overseas markets.

The directors are carefully monitoring ChongHerr's financial performance and cash flow position, and to ensure the business operating be profitable.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 4 and forms part of this directors' report for the half year ended 30 June 2018.

Signed in accordance with a resolution of the directors.



Dehui Liu
Managing Director

3 August 2018

**Lead Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001**

To the Directors of ChongHerr Investments Ltd

As lead auditor for the review of ChongHerr Investments Ltd for the half year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions to the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ChongHerr Investments Ltd and the entities it controlled during the period.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Robertson.

Ann-Marie Robertson
Director

Date: 3 August 2018

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2018

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>30 June 2018</i>	<i>30 June 2017</i>
			\$
Revenue			
Sale of goods		695,219	487,610
Cost of sales		(432,643)	(444,638)
Gross profit		262,576	42,972
Other income	2(i)	41,909	50,897
Selling and distribution expenses		(108,658)	(83,327)
Corporate and administration expenses		(110,895)	(117,271)
Finance costs		(749)	(3,661)
Other expenses	2(ii)	-	(179,815)
Profit/(Loss) before income tax		84,183	(290,205)
Income tax expense		-	-
Profit/(Loss) after income tax		84,183	(290,205)
Profit/(Loss) for the period		84,183	(290,205)
Other comprehensive income		-	-
Total comprehensive profit for the period		84,183	(290,205)
Earnings per share (cents per share)			
– basic earnings/(diluted) per share		0.06	(0.23)
– dividends paid per share	3	-	-

The Consolidated Statement of Profit or Loss and Comprehensive Income is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 9 to 15.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2018

	<i>Issued Capital \$</i>	<i>CONSOLIDATED Accumulated Losses \$</i>	<i>Total equity \$</i>
At 1 January 2017	18,373,250	(15,713,066)	2,660,184
(Loss) for the period	-	(290,205)	(290,205)
Other comprehensive income	-	-	-
Total comprehensive income for the period	18,373,250	(16,003,271)	2,369,979
Transactions with owners in their capacity as owners	-	-	-
At 30 June 2017	18,373,250	(16,003,271)	2,369,979
At 1 January 2018	18,373,250	(16,759,591)	1,613,659
Profit for the period	-	84,183	84,183
Other comprehensive income	-	-	-
Total comprehensive income for the period	18,373,250	(16,675,408)	1,697,842
Transactions with owners in their capacity as owners	-	-	-
At 30 June 2018	18,373,250	(16,675,408)	1,697,842

At 30 June 2018 ChongHerr Investments Limited has 130,207,396 ordinary shares on issue (2017: 130,207,396).

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 9 to 15.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

<i>CONSOLIDATED</i>			
	<i>Notes</i>	<i>As at 30 June 2018 \$</i>	<i>As at 31 December 2017 \$</i>
ASSETS			
Current Assets			
Cash and cash equivalents	4	74,521	70,659
Trade and other receivables	5	511,486	426,987
Inventories		83,537	57,886
Prepayments		17,708	35,921
Total Current Assets		687,252	591,453
Non-current Assets			
Other financial assets		75,216	74,907
Property, plant and equipment	6	374,209	406,576
Quarry and reserves	7	1,063,415	1,084,628
Exploration & evaluation assets		14,611	14,611
Total Non-current Assets		1,527,451	1,580,722
TOTAL ASSETS		2,214,703	2,172,175
LIABILITIES			
Current Liabilities			
Trade and other payables		291,978	315,270
Loans and borrowings	4	4,117	28,238
Provisions		58,907	54,951
Total Current Liabilities		355,002	398,459
Non-current Liabilities			
Loans and borrowings		-	-
Provisions		161,859	160,057
Total Non-current Liabilities		161,859	160,057
TOTAL LIABILITIES		516,861	558,516
NET ASSETS		1,697,842	1,613,659
EQUITY			
Issued capital		18,373,250	18,373,250
Accumulated losses		(16,675,408)	(16,759,591)
TOTAL EQUITY		1,697,842	1,613,659

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 9 to 15.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2018

<i>CONSOLIDATED</i>		
	<i>30 June</i>	<i>30 June</i>
<i>Notes</i>	<i>2018</i>	<i>2017</i>
	\$	\$
Cash flows from operating activities		
Receipts from customers	663,194	526,402
Payments to suppliers and employees	(675,250)	(590,691)
Interest received	385	-
Other finance costs	(748)	(3,660)
Receipts from worker compensation	-	4,995
Receipts from fuel credit refund	41,526	44,628
Net cash flows generated/ (used)from operating activities	29,107	(18,326)
Cash flows from investing activities		
Interest reinvested in other financial assets	(309)	(469)
Payments for plant and equipment	(815)	(25,000)
Payments for quarry	-	(183)
Net cash flows used in investing activities	(1,124)	(25,652)
Cash flows from financing activities		
Repayment of lease liabilities	(24,121)	(25,636)
Net cash flows used in financing activities	(24,121)	(25,636)
Net increase/(decrease) in cash and cash equivalents	3,862	(69,614)
Cash and cash equivalents at beginning of period	70,659	(39,942)
Cash and cash equivalents at end of period	4 74,521	(29,672)

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 9 to 15.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2018

1 BASIS OF PREPARATION

The consolidated interim financial statements cover the consolidated entity of ChongHerr Investments Ltd and its controlled entity (the “ChongHerr Group”). ChongHerr Investments Ltd is a listed public company incorporated and domiciled in Australia.

The consolidated financial statements of the Group as at and for the year end 31 December 2017 are available upon request from the Company’s secretary by calling Tel: +617 3711 2088, emailing: info@chongherr.com.au or mailing to P O Box 3584, Sunnybank South 4109, Queensland.

These financial statements were authorised for issue by the Board of Directors on 3 August 2018.

(a) Statement of compliance

These general purpose interim financial statements for the half-year reporting period ended 30 June 2018 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of ChongHerr Investments Ltd. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2017, together with any public announcements made during the following half-year.

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The impacts of accounting standard issued but not yet effective is not considered to be material except in relation to some of the matters discussed at Note 1(c) below.

(c) New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2018

(d) Going Concern

The Group made a profit of \$84,183 for the half-year ended 30 June 2018. As at 30 June 2018 the Group has a net cash reserve of \$74,521, net current assets of \$ 332,250 and net assets of \$1,697,842

Included in current assets, there are some trade receivables (totalling \$256,948) past due normal trading terms of 90 days and not impaired. The Directors closely monitor trading and the collection of those amounts owing.

The ability of the Group to continue as a going concern is principally dependent upon:

- The ability of the group to meet its forecast revenue figures;
- The collection of amounts receivable, including amounts past due but not impaired;
- The ability of the group to manage its cashflows to ensure that it is able to meet its liabilities as they fall due;
- The ability of the group to manage its creditors within the available credit terms; and/ or
- The renewal of Mining Lease 50016 by the Department of Natural Resources and Mines.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- The directors expect that trade receivables will be collected in an agreed timeframe; and
- The directors closely monitor the group's cash flow projections and working capital position and expect to meet the forecasted revenue and cash flow results. The directors believe that these are sufficient to continue to fund the Group's working capital requirements.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2018

CONSOLIDATED
30 June 30 June
2018 2017
\$ \$

2 REVENUE AND EXPENSES

The result before income tax expense includes the following specific revenues and expenses:

(i) Other income

Finance income:

Interest income

Other income

383	473
41,526	50,424
41,909	50,897

(ii) Specific expense items

Depreciation

Amortisation of quarry and reserves

Other expenses- write off capitalised exploration expenses (Note 8)

Employee benefits

33,182	41,400
21,212	9,980
-	179,566
283,042	283,442

3 DIVIDENDS PAID AND PROPOSED

Equity dividends on ordinary shares:

(a) Dividends paid during the half year

(b) Dividends proposed and not recognised as a liability

-	-
-	-
-	-

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2018

		<i>CONSOLIDATED</i>	
		<i>As at 30 June 2018 \$</i>	<i>As at 31 December 2017 \$</i>
4 CASH AND CASH EQUIVALENTS			
Cash at the end of financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:			
Cash at bank and in hand		74,521	70,659
Bank overdraft			-
		<u>74,521</u>	<u>70,659</u>
Loans and borrowings comprises			
Bank overdraft		-	-
Lease liabilities (current)		4,117	28,238
		<u>4,117</u>	<u>28,238</u>
Lease liabilities (non-current)		-	-
		<u>-</u>	<u>-</u>
5 TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables (a)		625,828	541,582
Provision for impairment		(114,596)	(114,596)
		<u>511,232</u>	<u>426,987</u>
Other receivables		254	-
		<u>511,486</u>	<u>426,897</u>

- (a) At 30 June 2018, there is a substantial trade receivable amounting to \$252,720 (2017: 236,713), representing 49% of the unimpaired total balance of trade receivables, arising from sales in the current and previous period. While the amount being past due, the directors are confident that the debts will be fully recovered. The other substantial trade receivables previously reported had reduced the its payable balance to \$4,229 at 30 June 2018 from \$75,245 at 31 December 2017.

CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2018

		<i>CONSOLIDATED</i>	
		<i>As at</i>	<i>As at</i>
		<i>30 June</i>	<i>31 December</i>
		<i>2018</i>	<i>2017</i>
		<i>\$</i>	<i>\$</i>
6	PROPERTY, PLANT & EQUIPMENT		
	Quarry land	141,042	141,042
		<u>141,042</u>	<u>141,042</u>
	Owned plant & equipment	3,298,377	3,297,562
	Accumulated depreciation and impairment	<u>(3,097,938)</u>	<u>(3,070,532)</u>
		<u>200,439</u>	<u>227,030</u>
	Leased plant & equipment	185,000	185,000
	Accumulated amortisation	<u>(152,272)</u>	<u>(146,496)</u>
		<u>32,728</u>	<u>38,504</u>
		<u>374,209</u>	<u>406,576</u>
	Acquisitions and disposals		
	During the six months ended 30 June, the company acquired a HP laptop.		
7	QUARRY AND RESERVES		
	Capitalised expenditure on acquisition, evaluation and development - at cost	4,836,999	4,836,999
		<u>4,836,999</u>	<u>4,836,999</u>
	Accumulated amortisation	(1,399,227)	(1,378,014)
	Provision for impairment	<u>(2,374,357)</u>	<u>(2,374,357)</u>
		<u>1,063,415</u>	<u>1,084,628</u>
8	EXPLORATION AND EVALUATION ASSETS		
	Capitalised expenditure on acquisition, evaluation and development - at cost	14,611	14,611
		<u>14,611</u>	<u>14,611</u>

CHONGHERR INVESTMENT LTD – INTERIM FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2018

9 SEGMENT REPORTING

The ChongHerr Group operates solely within the sandstone quarrying industry in Queensland. South-east Asia (especially China) and Australia are the key markets for the company's product. The Group manages its business on a geographical basis which reflects the strategic, financial and operational needs of the group. The South-east Asia segment reflects sales and marketing activities; the Australia segment reflects sales, marketing, production and corporate activities. The South-east Asia segment is closely integrated with the Australian segment, as it draws its product from Australia.

Group performance is monitored through segment performance, as this is most relevant to the Group structure. The following table presents financial information regarding geographical segments.

	<i>South-east Asia</i> \$	<i>Australia</i> \$	<i>Total</i> \$
30 June 2018 (six month period)			
External revenue	124,696	612,048	736,744
Interest income	-	383	383
Interest expense	-	(749)	(749)
Capitalised exploration expenses written off	-	-	-
Depreciation and Amortisation	-	(54,394)	(54,394)
Reportable segment profit before income tax	47,053	230,587	277,640
Unallocated Employees Benefits			(150,727)
Unallocated other costs			(42,730)
Consolidated profit before income tax			84,183
30 June 2017 (six month period)			
External revenue	-	538,034	538,034
Interest income	-	473	473
Interest expense	-	(3,660)	(3,660)
Capitalised exploration expenses written off	-	(179,566)	(179,566)
Depreciation and Amortisation	-	(51,379)	(51,379)
Reportable segment (loss) before income tax	-	(90,058)	(90,058)
Unallocated Employees Benefits			(128,663)
Unallocated other costs			(71,484)
Consolidated (loss) before income tax			(290,205)

Segment result represents the profit/(loss) earned by each segment without allocation of corporate/administration cost and finance costs.

The revenue reported above represents revenue generated from external customers on the basis of geographical location of customer.

CHONGHERR INVESTMENT LTD – INTERIM FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2018

9 SEGMENT REPORTING (continued)

	<i>South-east Asia</i> \$	<i>Australia</i> \$	<i>Total</i> \$
30 June 2018			
Segment assets	313,355	1,901,348	2,214,703
Unallocated assets			-
Total assets			2,214,703
Segment liabilities	-	516,861	516,861
Unallocated liabilities			-
Total liabilities			516,861
Other material non-cash item			
Impairment loss	-	-	-
Capitalised exploration expenses written off	-	-	-
Capital expenditure	-	815	815
31 December 2017			
Segment assets	219,343	2,787,516	3,006,859
Unallocated assets			-
Total assets			3,006,859
Segment liabilities	2,190	634,690	636,880
Unallocated liabilities			-
Total liabilities			636,880
Other material non-cash items			
Impairment loss	-	(179,566)	(179,566)
Capitalised exploration expenses written off	-	-	-
Capital expenditure	-	25,000	25,000

All assets and liabilities are allocated to reportable segments on the basis of geographical location.

10 EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the ChongHerr Group, the results of those operations, or the state of affairs of the ChongHerr Group in subsequent financial periods.

11 COMMITMENTS & CONTINGENCIES

At 30 June 2018, the ChongHerr Group had no commitments to purchase capital equipment and no contingent assets or contingent liabilities.

CHONGHERR INVESTMENTS LTD– INTERIM FINANCIAL REPORT

Directors' Declaration

The directors of ChongHerr Investments Ltd (“the Company”) declare that:

- a) the financial statements and notes set out on pages 5 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB 134 “Interim Financial Reporting”; and
 - (ii) giving a true and fair view of the Group’s financial position as at 30 June 2018 and of its performance for the six months ended on that date; and
- b) In the directors’ opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors

Dated this 3rd day of August 2018.



Dehui Liu
Managing Director

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CHONGHERR INVESTMENTS LTD*****Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of ChongHerr Investments Ltd (the company), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year-ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ChongHerr Investments Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of ChongHerr Investments Ltd as attached to the directors' report, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Nexia Brisbane Audit Pty Ltd

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CHONGHERR INVESTMENTS LTD (continued)*****Conclusion***

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ChongHerr Investments Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
- (b) complying with AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1(d) in the half year financial report, which indicates that the ability of the company and the consolidated entity to continue as a going concern is principally dependent upon meeting forecast revenue figures, the collection of receivables, the ability to manage cashflows and the renewal of mining lease 50016. These matters, along with other issues as set out in Note 1(d), indicate the existence of a material uncertainty that may cast significant doubt about the ability to continue as a going concern so that it may not be able to realise its assets and discharge its liabilities in the normal course of business.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Robertson.

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3 August, 2018