

**CHONGHERR INVESTMENTS LTD**

**ABN: 52 054 161 821**

**INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED 30 JUNE 2016**

# **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 2016.

### **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 \$529,726 (2015: \$449,694), an increase of 18% from the comparative half year. The consolidated operating result after income tax for the half year turned around to a profit of \$73,144, from the loss of \$82,636 over the previous corresponding half year, representing an improvement of \$155,780 or 189%.

The upturn of the group's performance was led by the growth in domestic sales, an increase of 36% from the same period in 2015, which is more than sufficient to absorb the decline in export. During the period of review, export sales slipped to 6% of the total sales against the corresponding comparison period of 18%. Another factor that is contributing to the improvement of the operating result is the cut in selling and distribution expenses, a reduction of 59% over the previous comparison period.

Sales have picked up since the re-opening of Montgomery Quarry in November 2014.

The company's cash position remains tight and directors are closely monitoring the company's liquidity and financial performance. 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; and/ or
- The ability of the group to manage its creditors within the available credit terms.

These conditions give rise to material uncertainty which may cast significant doubt over the group's ability to continue as a going concern.

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**

ChongHerr saw the improvement in its quality control and operational efficiency, an achievement of a milestone planned since its transformation in 2015.

During the period of review, the quarry had produced more than 1,600 tons of premier quality boulders and blocks. The quality improvement had driven sales through customers' satisfaction. While improvement in quality and efficiency of operation continues under the current operational technology, the group is also exploring the application of new equipment and technology for a leap.

With continual good monitoring and management, the growth in production is expected to continue, meeting both the local and overseas markets in the second half year.

Production generated through the company's sub-contractor declined marginally comparable to the corresponding period in 2015.

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

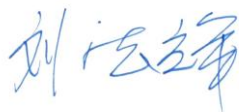
The directors are carefully monitoring ChongHerr's financial performance and position. Additionally, in the coming year the company will maintain its focus on sales opportunities in China and South East Asia, and production/quarrying efficiencies. Demand for sandstone is expected to remain strong, although current world economic conditions make forecasts very difficult.

The company will also continue to conduct its business so that profitability can be enhanced and the balance sheet strengthened.

### **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 2016.

Signed in accordance with a resolution of the directors.



Dehui Liu  
Managing Director

31 August 2016

**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 2016, 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**

*Nigel Bamford*

**N D Bamford**  
Director

Date: 31 August 2016

# CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2016

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>30 June 2016</i>	<i>30 June 2015</i>
		\$	
<b>Revenue</b>			
Sale of goods		529,724	449,694
Cost of sales		(306,634)	(267,519)
<b>Gross profit</b>		223,090	182,175
Other income	2(i)	37,890	20,700
Selling and distribution expenses		(64,522)	(157,680)
Corporate and administration expenses		(111,422)	(107,070)
Finance costs & other expenses		(11,892)	(20,761)
<b>Profit before income tax</b>		73,144	(82,636)
Income tax expense		-	-
<b>Profit/(Loss) after income tax</b>		73,144	(82,636)
<b>Profit/(Loss) for the period</b>		73,144	(82,636)
Other comprehensive income		-	-
<b>Total comprehensive profit/(loss) for the period</b>		73,144	(82,636)
Earnings per share (cents per share)			
– basic /(diluted) earnings per share		0.06	(0.06)
– 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 2016

	<i>Issued Capital \$</i>	<i>CONSOLIDATED Accumulated Losses \$</i>	<i>Total equity \$</i>
<b>At 1 January 2015</b>	18,373,250	(15,985,185)	2,388,065
Loss for the period	-	(82,636)	(82,636)
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>18,373,250</b>	<b>(16,067,821)</b>	<b>2,305,429</b>
Transactions with owners in their capacity as owners	-	-	-
<b>At 30 June 2015</b>	<b>18,373,250</b>	<b>(16,067,821)</b>	<b>2,305,429</b>
<b>At 1 January 2016</b>	18,373,250	(15,957,478)	2,415,772
Profit for the period	-	73,144	73,144
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>18,373,250</b>	<b>(15,884,334)</b>	<b>2,488,916</b>
Transactions with owners in their capacity as owners	-	-	-
<b>At 30 June 2016</b>	<b>18,373,250</b>	<b>(15,884,334)</b>	<b>2,488,916</b>

At 30 June 2016 ChongHerr Investments Limited has 130,207,396 ordinary shares on issue (2015:130,207,396).

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 2016

<i>CONSOLIDATED</i>			
	<i>Notes</i>	<i>As at 30 June 2016 \$</i>	<i>As at 31 December 2015 \$</i>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	4	-	-
Trade and other receivables	5	233,345	212,673
Inventories		324,004	255,514
Prepayments		17,438	19,808
Total Current Assets		574,787	487,995
Non-current Assets			
Other financial assets		92,507	92,065
Property, plant and equipment	6	530,440	588,467
Quarry and reserves	7	1,855,826	1,871,204
Exploration & evaluation assets		181,444	157,278
Total Non-current Assets		2,660,217	2,709,014
<b>TOTAL ASSETS</b>		3,235,004	3,197,009
<b>LIABILITIES</b>			
Current Liabilities			
Trade and other payables		294,639	302,585
Loans and borrowings	4	220,407	230,513
Provisions		23,471	17,358
Total Current Liabilities		538,517	550,456
Non-current Liabilities			
Loans and borrowings		51,397	77,031
Provisions		156,174	153,750
Total Non-current Liabilities		207,571	230,781
<b>TOTAL LIABILITIES</b>		746,088	781,237
<b>NET ASSETS</b>		2,488,916	2,415,772
<b>EQUITY</b>			
Issued capital		18,373,250	18,373,250
Accumulated losses		(15,884,334)	(15,957,478)
<b>TOTAL EQUITY</b>		2,488,916	2,415,772

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 2016

CONSOLIDATED			
	Notes	30 June 2016 \$	30 June 2015 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		571,200	576,816
Payments to suppliers and employees		(524,867)	(520,469)
Interest received		478	-
Other finance costs		(11,892)	(20,517)
Refund of fuel tax credit		25,467	15,789
<b>Net cash flows generated from operating activities</b>		60,386	51,619
<b>Cash flows from investing activities</b>			
Interest reinvested in other financial assets		(478)	(876)
Payments for quarry		(24,166)	(9,745)
<b>Net cash flows used in investing activities</b>		(24,644)	(10,621)
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		(50,010)	(81,851)
<b>Net cash flows used in financing activities</b>		(50,010)	(81,851)
<b>Net decrease in cash and cash equivalents</b>		(14,268)	(40,853)
Cash and cash equivalents at beginning of period		(154,271)	(176,785))
<b>Cash and cash equivalents at end of period</b>	4	(168,539)	(217,638)

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 2016

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### 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 nature of the operations and principal activities of the ChongHerr Group are described in Note 8.

The consolidated financial statements of the Group as at and for the year end 31 December 2015 are available upon request from the Company’s secretary by calling Tel: +617 3711 2088, emailing: [info@chongherr.com.au](mailto:info@chongherr.com.au) or mailing to P O Box 3584, Sunnybank South 4109, Queensland.

#### (a) Statement of compliance

These general purpose interim financial statements for the half-year reporting period ended 30 June 2016 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 2015, 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 2016

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#### (d) Going Concern

The Group made a net profit of \$73,144 for the half-year ended 30 June 2016. As at 30 June 2016 the Group has a net cash reserve of -\$168,539 (overdraft), net current assets of \$32,670 and net assets of \$2,488,916

Included in current assets are some trade receivables (totaling \$44,785) past due normal trading terms of 90 days. The Directors closely monitor trading and the collection of 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; and/ or
- The ability of the group to manage its creditors within the available credit terms.

These conditions give rise to material uncertainty which may cast significant doubt over the group's ability to continue as a going concern.

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 2016

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<i>CONSOLIDATED</i>	
<i>30 June</i>	<i>30 June</i>
<i>2016</i>	<i>2015</i>
\$	\$

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### 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

441	823
37,449	19,877
37,890	20,700

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#### (ii) Specific expense items

Depreciation

Amortisation of quarry and reserves

Employee benefits

58,027	82,044
15,378	9,738
228,737	308,747

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### 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

-	-
-	-
-	-

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# CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

		<i>CONSOLIDATED</i>	
		<i>As at 30 June 2016 \$</i>	<i>As at 31 December 2015 \$</i>
<b>4 CASH AND CASH EQUIVALENTS</b>			
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		-	-
Bank overdraft		(168,539)	(154,271)
		<u>(168,539)</u>	<u>(154,271)</u>
Loans and borrowings comprises			
Bank overdraft		168,539	154,271
Lease liabilities (current)		51,868	76,242
		<u>220,407</u>	<u>230,513</u>
Lease liabilities (non-current)		51,397	77,031
		<u>51,397</u>	<u>77,031</u>
<b>5 TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Trade receivables (a)		300,706	304,733
Provision for impairment		(100,013)	(100,013)
		<u>200,693</u>	<u>204,720</u>
Other receivables		32,652	7,953
		<u>233,345</u>	<u>212,673</u>

(a) At 31 December 2015, there was a concentration of credit risk with two customers, totalling \$90,190, with these amounts also being past due (but not impaired). Credit risk has now been significantly reduced and at the balance date, the unimpaired long outstanding balance due from the two major customers: Yunfu City Zhongherr Stone Materials Co and Shenzhen Helidon Sandstone Industries stood at \$8,284 and \$20,417 respectively. The directors are confident the debts will be fully recovered.

At 30 June 2016, there is a concentration of credit risk of \$58,187 with a local customer.

# CHONGHERR INVESTMENTS LTD – INTERIM FINANCIAL REPORT

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

	<i>CONSOLIDATED</i>	
	<i>As at 30 June 2016 \$</i>	<i>As at 31 December 2015 \$</i>
<b>6 PROPERTY, PLANT &amp; EQUIPMENT</b>		
Quarry land	141,042	141,042
	<u>141,042</u>	<u>141,042</u>
Owned plant & equipment	2,076,983	2,076,983
Accumulated depreciation and impairment	<u>(1,879,308)</u>	<u>(1,853,717)</u>
	<u>197,675</u>	<u>223,266</u>
Leased plant & equipment	1,707,038	1,707,038
Accumulated amortisation	<u>(1,515,315)</u>	<u>(1,482,879)</u>
	<u>191,723</u>	<u>224,159</u>
	<u>530,440</u>	<u>588,467</u>

### Acquisitions and disposals

During the six months ended 30 June there were no additions or disposals.

## 7 QUARRY AND RESERVES

Capitalised expenditure on acquisition, evaluation and development - at cost	4,836,999	4,836,999
Accumulated amortisation	(1,346,388)	(1,331,010)
Provision for impairment	<u>(1,634,785)</u>	<u>(1,634,785)</u>
	<u>1,855,826</u>	<u>1,871,204</u>

The ChongHerr Group also holds exploration permits which are recorded as exploration and evaluation assets.

# CHONGHERR INVESTMENT LTD – INTERIM FINANCIAL REPORT

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

### 8 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>
	<i>\$</i>	<i>\$</i>	<i>\$</i>
<b>30 June 2016 (six month period)</b>			
External revenue	29,308	537,865	567,173
Interest income	-	441	441
Interest expense	-	(11,892)	(11,892)
Depreciation and Amortisation	-	58,027	58,027
Reportable segment profit before income tax	12,618	225,603	238,221
Unallocated Employees Benefits			(114,091)
Unallocated other costs			(50,986)
Consolidated profit before income tax			73,144
<b>30 June 2015 (six month period)</b>			
External revenue	85,325	384,246	469,571
Interest income	-	823	823
Interest expense	-	(20,517)	(20,517)
Depreciation and Amortisation	-	91,782	91,782
Reportable segment profit/(loss) before income tax	34,325	147,790	182,115
Unallocated Employees Benefits			(212,827)
Unallocated other costs			(51,924)
Consolidated loss before income tax			(82,636)

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 2016

#### 8 SEGMENT REPORTING (continued)

	<i>South-east Asia</i>	<i>Australia</i>	<i>Total</i>
	\$	\$	\$
<b>30 June 2016</b>			
Segment assets	47,727	3,187,277	3, 235,004
Unallocated assets			-
Total assets			3,235,004
Segment liabilities	21,216	724,872	746,088
Unallocated liabilities			-
Total liabilities			746,088
Capital expenditure	-	24,166	24,166
<b>31 December 2015</b>			
Segment assets	90,190	3,106,819	3,197,009
Unallocated assets			-
Total assets			3,197,009
Segment liabilities	21,216	760,021	781,237
Unallocated liabilities			-
Total liabilities			781,237
Capital expenditure	-	19,798	19,798

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

#### 9 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.

#### 10 CAPITAL COMMITMENTS

At 30 June 2016, the ChongHerr Group had no commitments to purchase capital equipment.

## 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 2016 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 31st day of August 2016.



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 2016, 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 2016 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.

**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 2016 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, and the ability to manage cashflows. These matters, along with other issues as set out in Note 1, 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**



**N D Bamford**  
Director

Level 28, 10 Eagle Street,  
Brisbane, QLD, 4000

Date: 31 August 2016