

CHANGJIANG FERTILIZER HOLDINGS LIMITED



(Incorporated in Singapore on 30 July 2007)

(Registration Number: 200713878D)

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), 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.

Group				
	Note	1 st Quarter Ended 31/03/2014 RMB'000 Unaudited	1 st Quarter Ended 31/03/2013 RMB'000 Unaudited	Increase/ (Decrease) %
Revenue	1	-	17,695	(100.0)
Cost of sales		-	(15,737)	(100.0)
Gross profit		-	1,958	(100.0)
Other income	2	197	412	(52.2)
Selling and distribution expenses		(59)	(96)	(38.5)
General and administrative expenses		(9,350)	(12,124)	(22.9)
Finance expenses		-	(1,118)	(100.0)
Loss before income tax	3	(9,212)	(10,968)	(16.0)
Income tax expense		(610)	(2,288)	(73.3)
Loss		(9,822)	(13,256)	(25.9)
Attributable to:				
Equity holder of the Company		(9,822)	(13,256)	(25.9)

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 first quarter ended 31 March 2014

	1 st Quarter ended		Increase / (Decrease) %
	31/03/2014 RMB'000 Unaudited	31/03/2013 RMB'000 Unaudited	
Loss for the period, net of tax	(9,822)	(13,256)	(25.9)
Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation	(455)	262	N.M
Total comprehensive loss attributable to equity holders of the Company	(10,277)	(12,994)	(20.9)

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

(1) Revenue

	1 st Quarter ended		Increase / (Decrease) %
	31/03/2014 RMB'000 Unaudited	31/03/2013 RMB'000 Unaudited	
Nitrogenous fertilizer	-	12,092	(100.0)
Ammonia	-	5,236	(100.0)
Methanol	-	367	(100.0)
	<u>-</u>	<u>17,695</u>	<u>(100.0)</u>

(2) Other Income

	1 st Quarter ended		Increase / (Decrease) %
	31/03/2014 RMB'000 Unaudited	31/03/2013 RMB'000 Unaudited	
Interest income	19	165	(88.4)
Government grant	-	216	(100.0)
Others	178	31	474.2
	<u>197</u>	<u>412</u>	<u>(52.2)</u>

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:

	1st Quarter ended		
	31/03/2014	31/03/2013	Increase /
	RMB'000	RMB'000	(Decrease)
	Unaudited	Unaudited	%
Amortisation and depreciation	2,956	6,451	(54.2)
Loss on disposal of plant and equipment	-	56	(100.0)
Changes in inventories	110	1,719	(93.6)
Electricity	138	3,790	(96.4)
Staff costs	5,698	5,571	2.28
Interest expense	-	1,118	(100.0)
Purchase of raw materials and consumables	-	8,575	(100.0)

Notes:

"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	
	31/3/2014	31/12/ 2013	31/3/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Audited	Unaudited	Audited
ASSETS				
Current Assets				
Cash and bank balances	14,549	16,670	258	328
Trade and other receivables	59,984	62,494	80	46
Inventories	4,332	4,443	-	-
	78,865	83,607	338	374
Assets held for sale ⁽¹⁾	99,770	-	-	-
	178,635	83,607	338	374
Non-current Assets				
Investment in subsidiaries	-	-	208,021	208,021
Property, plant and equipment	67,774	136,096	17	22
Intangible assets	14,731	49,136	-	-
	82,505	185,232	208,038	208,043
Total Assets	261,140	268,839	208,376	208,417
LIABILITIES				
Current Liabilities				
Trade and other payables	16,969	15,001	9,380	8,169
Intercompany payable	-	-	18,842	18,842
Income tax payable	33,059	32,449	-	-
Total liabilities	50,028	47,450	28,222	27,011
NET ASSETS	211,112	221,389	180,154	181,406
EQUITY				
Share capital	216,788	216,788	216,788	216,788
Treasury shares	(108)	(108)	(108)	(108)
Statutory reserve	71,998	71,998	-	-
Restructuring reserve	(102,828)	(102,828)	-	-
Currency translation reserve	(1,194)	(739)	(928)	(474)
Retained earnings/ (accumulated losses)	26,456	36,278	(35,598)	(34,800)
TOTAL EQUITY	211,112	221,389	180,154	181,406

Note:

- Assets held for sale as at 31 March 2014 arose from the reclassification of property, plant and equipment and intangible assets held by the Group in Miluo and Xiangyin plants. As mentioned in our previous announcements, 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.

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

The Group does not have any bank borrowings as at 31 March 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.

	1st Quarter ended	
	31/03/2014	31/03/2013
	RMB'000	RMB'000
	Unaudited	Unaudited
Cash flows from operating activities		
Net loss	(9,822)	(13,256)
Adjustments for:		
Amortisation and depreciation	2,956	6,451
Unrealised currency translation differences	(459)	263
Loss on disposal of plant and equipment	-	56
Deferred grant gain recognition	-	(216)
Interest income	(19)	(165)
Interest expense	-	1,118
Income tax expense	610	2,288
	<u>(6,734)</u>	<u>(3,461)</u>
Changes in working capital		
Trade and other receivables	2,510	13,041
Inventories	110	1,719
Trade and other payables	1,970	(4,630)
Cash (used in)/generated from operations	<u>(2,144)</u>	<u>6,669</u>
Interest received	19	165
Interest paid	-	(1,118)
Net cash (used in)/ provided by operating activities	<u>(2,125)</u>	<u>5,716</u>
Cash flows from financing activities		
Repayment of borrowings	-	(35,000)
Withdrawal of short-term bank deposits pledged to banks	-	20,000
Net cash used in financing activities	<u>-</u>	<u>(15,000)</u>
Net decrease in cash and bank balances	(2,125)	(9,284)
Cash and bank balances at beginning of financial period/year	16,670	117,461
Effect of currency translation on cash and bank balances	4	1
Cash and bank balances at end of financial period	<u>14,549</u>	<u>108,178</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 RMB'000	Treasury Shares RMB'000	Statutory Reserve RMB'000	Restructuring Reserve RMB'000	Currency Translation Reserve RMB'000	Retained Earnings RMB'000	Total Equity RMB'000
Group							
2014							
As at	216,788	(108)	71,998	(102,828)	(739)	36,278	221,389
Total comprehensive loss for the period	-	-	-	-	(455)	(9,822)	(10,277)
As at 31/3/2014	<u>216,788</u>	<u>(108)</u>	<u>71,998</u>	<u>(102,828)</u>	<u>(1,194)</u>	<u>26,456</u>	<u>211,112</u>
2013							
As at	216,788	(108)	71,999	(102,828)	(2,218)	356,717	540,350
Total comprehensive income for the period	-	-	-	-	262	(13,256)	(12,994)
As at 31/3/2013	<u>216,788</u>	<u>(108)</u>	<u>71,999</u>	<u>(102,828)</u>	<u>(1,956)</u>	<u>343,461</u>	<u>527,356</u>

	Share Capital RMB'000	Treasury Shares RMB'000	Currency Translation Reserve RMB'000	Accumulated Losses RMB'000	Total Equity RMB'000
Company					
2014					
As at 1/1/2014	216,788	(108)	(474)	(34,800)	181,406
Total comprehensive loss for the period	-	-	(454)	(798)	(1,252)
As at 31/3/2014	<u>216,788</u>	<u>(108)</u>	<u>(928)</u>	<u>(35,598)</u>	<u>180,154</u>
2013					
As at 1/1/2013	216,788	(108)	(1,953)	(29,637)	185,090
Total comprehensive loss for the period	-	-	262	(1,334)	(1,072)
As at 31/3/2013	<u>216,788</u>	<u>(108)</u>	<u>(1,691)</u>	<u>(30,971)</u>	<u>184,018</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 March 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 March 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 March 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.

Save as disclosed in paragraph 5 below, the Group had consistently applied the same accounting policies and methods of computation in the Group's financial statement for the current financial period 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.

In the current financial period, the Group adopted the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on or after 1 January 2014. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

- FRS 27 (Revised 2011) – Separate Financial Statements
- FRS 28 (Revised 2011) – Investment in Associates and Joint Ventures
- Amendments to FRS 32 – Financial Instruments: Offsetting of Financial Liabilities and Assets
- Amendments to FRS 36 – Recoverable Amount Disclosures for Non- Financial Assets
- Amendments to FRS 39 – Novation of Derivatives and Continuation of Hedge Accounting
- FRS 110 – Consolidated Financial Statements
- FRS 111 – Joint Arrangements
- FRS 112 – Disclosure of Interests in Other Entities
- Amendments to FRS 110, FRS 111, FRS 112, FRS 27 (2011) and FRS 28 (2011) – Mandatory Effective Date
- Amendments to FRS 110, FRS 111 and FRS 112 – Transition Guidance
- Amendments to FRS110, FRS 112 and FRS 27 – Investment Entities

The adoption of the above did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

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.

	1 st Quarter ended	
	31/03/2014	31/03/2013
	Unaudited	Unaudited
Net loss attributable to equity holders of the Company (RMB'000)	(9,822)	(13,256)
Earnings per share for		
– Basic ⁽¹⁾ (RMB cents) and	(2.73)	(3.68)
– On a fully dilutive basis ⁽¹⁾ (RMB cents)	(2.73)	(3.68)

Notes:

- (1) Basic earnings per share of the Group for the 1st quarter ended 31 March 2014 was calculated by dividing the Group's net loss attributable to shareholders of approximately RMB9,822,000 (1Q2013: RMB13,256,000) by the weighted average number of ordinary shares outstanding during the period of 359,900,000 (1Q2013: 359,900,000).

For the 1st quarter ended 31 March 2014 and 2013, the basic and diluted loss per share of the Group were the same as there were no potential diluting ordinary shares outstanding as at 31 March 2014 and 31 March 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	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
NAV per ordinary share ⁽¹⁾ (RMB cents)	58.66	61.51	50.06	50.40

Note:

- (1) NAV per ordinary share was calculated based on the number of ordinary shares excluding treasury shares which was 359,900,000 as at 31 March 2014 and 31 December 2013.

- 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 first Quarter ended 31 March 2014 ("1Q2014") compared to the first Quarter ended 31 March 2013 ("1Q2013")

Revenue**Revenue - 1Q2014 compared to 1Q2013**

As there is a growing trend for farmers to prefer compound fertilizers over traditional fertilizers, demand for our Group's product continued to be persistently weak in 1Q2014. Thus, the production activities in all our 3 plants continued to be temporary halted for the whole of the first quarter of 2014 with no sales revenue generated as the weak demand could not satisfy the minimum threshold levels required for production to justify the operational costs incurred.

Revenue by products	1 st Quarter ended			
	31/03/2014		31/03/2013	
	RMB'000	%	RMB'000	%
Nitrogenous fertilizer	-		12,092	(100.0)
Ammonia ⁽¹⁾	-		5,236	(100.0)
Methanol	-		367	(100.0)
Total	-		17,695	(100.0)

Note:-

(1) Ammonia comprises ammonia solution and liquid ammonia.

Average selling prices of our products were as follows:

RMB per ton	1 st Quarter ended		
	31/03/2014	31/03/2013	%
Nitrogenous fertilizer	-	671	(100.0)
Liquid ammonia	-	2,416	(100.0)
Ammonia solution	-	512	(100.0)
Methanol	-	2,066	(100.0)

For 1Q2014 as compared to 1Q2013, comparison of the average selling prices was not meaningful. As mentioned above, no sales revenue was generated in 1Q 2014.

Sales volume of our products was as follows:

Sales Volume ton	1 st Quarter ended		
	31/03/2014	31/03/2013	%
Nitrogenous fertilizer	-	18,030	(100.0)
Liquid ammonia	-	1,223	(100.0)
Ammonia solution	-	4,454	(100.0)
Methanol	-	178	(100.0)

For 1Q2014 as compared to 1Q2013, 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 the first quarter.

Cost of sales, gross profit and gross profit margin

For 1Q2014 as compared to 1Q2013, our cost of sales decreased by 100.0%, as there was no production activities in the first quarter.

Cost of Sales RMB'000	1st Quarter ended		
	31/03/2014	31/03/2013	%
Coal	-	9,135	(100.0)
Electricity	-	3,030	(100.0)
Direct labour	-	582	(100.0)
Depreciation	-	1,508	(100.0)
Other	-	1,482	(100.0)
Total	-	15,737	(100.0)

Coal

	1st Quarter ended		
	31/03/2014	31/03/2013	%
Coal consumption (ton)	-	12,483	(100.0)
Average coal purchase price (RMB/ton)	-	732	(100.0)
Coal consumption (RMB'000)	-	9,135	(100.0)

For 1Q2014 as compared to 1Q2013, our coal consumption decreased by 100.0%, as there was no production activities in the first quarter.

Electricity

	1st Quarter ended		
	31/03/2014	31/03/2013	%
Electricity consumption ('000 KWh)	-	7,470	(100.0)
Average price (RMB/KWh)	-	0.406	(100.0)
Electricity consumption (RMB'000)	-	3,030	(100.0)

The decrease in electricity consumption of 100.0% for 1Q2014 as compared to 1Q2013 was due to no production activities in the first quarter.

For 1Q2014, the decrease in direct labour of 100.0% compared to 1Q2013 was due to no production activities in the first quarter.

Depreciation

For 1Q2014 compared to 1Q2013, depreciation decreased by 100.0%. This was due to no production activities in the first quarter.

Others

For 1Q2014 compared to 1Q2013, other overheads decreased by 100.0%. This was due to no production activities in the first quarter.

Gross profit

For 1Q2014 as compared to 1Q2013, our gross profit decreased by 100.0%. This was due to no sales revenue generated in the first quarter.

Other income

The decrease in other income for 1Q2014 as compared to 1Q2013 by RMB0.2 million was due mainly to the government grant of RMB0.2 million received in 1Q2013.

Selling and distribution expenses

For 1Q2014, our selling and distribution expenses decreased by approximately 38.5% as compared to 1Q2013. This was in line with the decrease in sales.

General and administrative expenses

For 1Q2014 as compared to 1Q2013, our general and administrative expenses decreased by RMB2.8 million or 22.9%. The decrease was due mainly to the lower work stoppage costs incurred in 1Q2014, arising mainly from lower depreciation charges of RMB2.0 million on lower fixed assets base due to the impairment charge provided last year. Work stoppage costs which consisted of mainly depreciation and labour costs incurred by the plants during the plants' shut down was charged to general and administrative expenses.

Finance expenses

In 1Q2014, our finance expenses decreased by approximately RMB1.1 million or 100.0%. This was due to no bank borrowings in 1Q2014.

Loss before income tax

Our loss before income tax decreased by RMB1.8 million or 16.0% for 1Q2014 compared to 1Q2013. The decrease was due mainly to the lower general and administrative expenses and finance expenses as explained above.

Income tax expense

Lower income tax expense was recorded for 1Q2014 as compared to 1Q2013. This was due mainly to nil tax provision for our subsidiary in Miluo City for 1Q2014. 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 1Q2013, pro-rated tax provision of RMB1.8 million was provided whereas for 1Q2014, as it was in a loss position, no tax provision was provided.

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

Current assets

As at 31 March 2014, our total current assets were RMB178.6 million as compared to RMB83.6 million as at 31 December 2013. The increase was mainly due to RMB99.8 million in assets held for sale as at 31 March 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. The increase in current assets was partially offset by the decrease in cash and bank balances of RMB2.1 million and decrease in trade and other receivables of RMB2.5 million .

As at 31 March 2014, trade and other receivables comprise mainly trade receivables amounting to RMB14.6 million, advances paid to our suppliers amounting to RMB22.1 million and advance payment for property, plant and equipment amounting to RMB22.4 million. Compared to 31 December 2013, the decrease in trade and other receivables was due mainly to the decrease in trade receivables of RMB2.3 million due to collections received.

Non-current assets

Non-current assets include land use rights with net book value of approximately RMB14.7 million as at 31 March 2014 as compared to RMB49.1 million as at 31 December 2013, and property, plant and equipment with net book value of approximately RMB67.8 million as at 31 March 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 RMB82.5 million as at 31 March 2014 was due mainly to the RMB99.8 million 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 amortization of land use rights and depreciation of property, plant and equipment.

As at 31 March 2014, the subsidiary of the Group, Hanshou, has not obtained the title deed of the land use right with net book value of RMB14.7 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 trade and other payables and income tax payable. As at 31 March 2014, total current liabilities were RMB50.0 million. The increase in current liabilities of RMB2.6 million or 5.4% from RMB47.5 million as at 31 December 2013 to RMB50.0 million as at 31 March 2014 was due mainly to the increase of RMB2.0 million in trade and other payables and increase of RMB0.6 million in income tax payable.

As at 31 March 2014, trade and other payables comprised mainly accrual and other payables amounting to RMB10.6 million, and amount due to shareholders of RMB6.4 million. The increase in accrual and other payables of RMB1.6 million and the increase in amount due to shareholders of RM0.4 million were due to timing differences in payments made to the other creditors and advances from shareholders.

Total shareholders' equity

Total shareholders' equity as at 31 March 2014 amounted to approximately RMB211.1 million and comprised mainly retained earnings of approximately RMB26.5 million, share capital of RMB216.8 million and statutory reserve of RMB72.0 million, partially offset by restructuring reserve of RMB102.8 million and currency translation reserve of RMB1.2 million.

Review of cash flow statement for 1Q2014

For 1Q2014, the Group has a net cash outflow of RMB2.1 million due to net cash used in operating activities amounting to RMB2.1 million.

Net cash (used in)/provided by operating activities

The decrease of RMB7.8 million in net cash provided by operating activities for 1Q2014 as compared to 1Q2013 was due mainly to the decrease in cash flows from changes in working capital amounting to RMB5.5 million. This was mainly due to the RMB8.0 million decrease in advances to suppliers in 1Q2013 as compared to advances to suppliers remaining unchanged in 1Q2014.

Net cash flows used in financing activities

There was no cash inflow or outflow from financing activities for 1Q2014 as compared to RMB15 million used in financing activities for 1Q2013 as there were no financing activities in 1Q2014.

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.

There is a growing trend for farmers to prefer compound fertilizers over traditional fertilizers. This has significantly affected the demand for our products and this trend is most likely to persist in the foreseeable future and will adversely affect our business outlook for this year.

Consequently, the Company is actively exploring the available options for the Group to acquire a compound fertilizer business. On 27 December 2013 the Company, through its wholly-owned subsidiary Changjiang Huafei (Hunan) Co., Ltd, has entered into a memorandum of understanding (the "MOU") with Yueyang City Xinsheng Fuhefei Co., Ltd (the "Vendor"), in relation to a potential acquisition of the Vendor's business assets involving, inter alia, the production of compound fertilizers (please refer to our announcement dated 27 December 2013 for more details). Currently, the Company together with its industry consultant is in the process of performing technical evaluation as well as project feasibility study.

Further, as the local governments of Miluo and Xiangying have indicated that our Jincheng and Xiangying plants are required to cease operation for the purposes of the re-development of the cities. As a pro-active step, and in view of the fact that the two factories are currently not in operation due to lower demand for our products, the Company has started looking at business continuity plans including entering into negotiations 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.

13. Interested person transactions

There were no interested person transactions entered for 1Q2014 and 1Q2013. The Group does not obtain a general mandate from shareholders for IPTs under Rule 920(1)(a)(ii).

BY ORDER OF THE BOARD

Ng Joo Khin
Company Secretary

30 April 2014

CONFIRMATION BY THE BOARD

We, Cai Jian Hua and Zhu Xue Cheng, being two Directors of Changjiang Fertilizer Holdings Limited (“the Company”), do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the 1ST Quarter ended 31 March 2014 to be false or misleading in any material respect.

On behalf of the Board of Directors

CAI JIAN HUA

Executive Chairman and Chief Executive Officer

ZHU XUE CHENG

Executive Director

30 April 2014