

CHANGJIANG FERTILIZER HOLDINGS LIMITED

(Registration Number: 200713878D)

RESPONSE TO QUERIES FROM SGX-ST

The Board of Directors of the Company together with its subsidiaries, (the “Group”) refers to the Group’s Annual Report for the financial year ended 31 December 2016 released to SGX-ST via SGXNet on 7 July 2017.

The following information is in response to the SGX-ST’s queries dated 11 July 2017:

1) The independent auditors of the Company, Nexia TS Public Accounting Corporation (“Nexia”), had issued a disclaimer of opinion and its findings on “Going concern” on pages 22 to 25 of the AR2016. Please provide the following information:

- a. The Board’s opinion if the Company will be able to operate as going concern and the basis for the Board’s view; and**
- b. The Board’s confirmation that all material disclosures have been provided for trading of the Company’s shares to continue.**

Company’s reply 1a:

The Company is currently in the process effecting a reverse take-over (“RTO”) of a cash generative real estate development and investment business. To this end, on 12 April, 25 April and 13 June 2016, the Company announced the proposed acquisitions of WBH Investments Pte Ltd, Cowealth Investments Pte Ltd and a 50% interest in Chiu Teng 8 Pte Ltd. Upon the successful completion of the RTO as well as the divestment of the Company’s defunct subsidiaries (“Disposal”) in the People’s Republic of China (“PRC”), the Board is of the view that the Company will be able to generate adequate cash flow and have sufficient working capital to enable it to operate as a going concern.

Company’s reply 1b:

The Company’s shares have been suspended from trading, and it is the Board’s intention to let the suspension remain until the completion of the RTO and the Disposal.

2) Nexia's findings which were disclosed on page 24 of the AR2016 stated that the "PRC subsidiary corporations do not have a full time team to prepare and maintain a complete and proper set of accounting records", and "Due to the reasons above and the security concerns represented by the PRC subsidiary corporations' management, we were unable to visit and conduct our audit at the premises of the PRC subsidiary corporations".

Please provide the following:

- a. Who prepared the FY2016 accounts for the PRC subsidiary corporations; and
- b. Basis for the Executive Chairman, CEO and CFO's confirmation that for FY2016, the financial records of the Company have been properly maintained, that the Company's financial statements give a true and fair view of the Group's operations and finances, and that an effective risk management system and internal control system has been put in place.

Company's reply 2a:

The Group's PRC Subsidiaries have ceased production and remained dormant since FY2013. The PRC Subsidiaries have been classified as "Discontinued operations" in the financial statements. With the dormancy of the Group's PRC Subsidiaries, the cash and bank balances are negligible and the only remaining asset in the PRC Subsidiaries is an intangible asset being the land use rights. The accounts for FY2016 for the PRC Subsidiaries were presented on the basis that there are no changes other than the accruals for PRC workers' remuneration up to 30th September 2016 as advised by the PRC directors on the Board.

Company's reply 2b:

As mentioned in reply 2a, the Group's PRC Subsidiaries have ceased production and remained dormant since FY2013. The PRC Subsidiaries have been classified as "Discontinued operations" in the financial statements. With the dormancy of the Group's PRC Subsidiaries, the cash and bank balances are negligible and the only remaining asset in the PRC Subsidiaries is an intangible asset being the land use rights. As there is no ongoing production activity, there are no financial or operational risks to be assessed.

Management will continue to proactively engage the PRC directors on the Board to regularly assess the security situation in the PRC Subsidiaries' plants and update the Board accordingly.

The Company's management is based in Singapore ("Singapore Management") and there is currently no active operational activities in the Group. There are also no staff in the defunct PRC Subsidiaries. The Audit Committee is of the view that the current internal controls are adequate and effective for the Company.

- 3) It is noted in the Company's announcement on 22 February 2017 in relation to the Group's unaudited FY2016 results that the Group had recorded a loss before income tax of RMB5.22 million in FY2016 and other payables of RMB19.86 million as at 31 December 2016. In the Group's audited FY2016 financial statements, the Group had recorded a loss before income tax of RMB7.13 million in FY2016 and other payables of RMB21.76 million as at 31 December 2016.**

Pursuant to Listing Rule 704(6), please explain any material adjustments made to the Company's preliminary full-year results made subsequently by the auditors.

Company's reply 3:

The additional RMB1.9 million increase in net loss and other payables is primarily due to the adjustments made by the auditors for accruals of remuneration relating to the PRC Executive Directors, namely Mr. Cai Jian Hua and Mr. Zhu Xue Cheng.

- 4) We refer to the disclosure on "Key Executives' Remuneration" on page 14 of the AR2016. Guideline 9.3 of the Code of Corporate Governance 2012 ("Code") states that "the company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO)."**

Excluding the Company's CEO, Mr Daniel Long Chee Tim, it is noted that only the remuneration of the Company's CFO, Mr Wee Liang Hiam, had been disclosed. Besides Mr Wee, are there any other key management personnel (who are not Directors or the CEO) of the Company? If yes, please provide the remuneration disclosure as per Guideline 9.3 of the Code. Otherwise please explain the reason(s) for the deviation from the recommendation per Guideline 9.3 of the Code.

Company's reply 4:

There are no other key management personnel (who are not Directors or the CEO), other than Mr. Wee, whose remuneration had been disclosed.

- 5) Guideline 9.4 of the Code states that “the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S\$50,000.”**

Please provide the disclosure recommended in Guideline 9.4 of the Code or otherwise provide a negative statement.

Company's reply 5:

There are no employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year.

- 6) Please disclose the auditors of the Company's PRC subsidiary corporations which are set out in Note 13 to the Financial Statements.**

Company's reply 6:

The auditors of the Company's PRC Subsidiaries is Nexia.

- 7) We refer to Note 22 to the Financial Statements in relation to the consultancy fee of RMB0.79 million paid/payable to a key management personnel in FY2016. Please disclose who is the key management personnel and the scope of the consultancy work provided. Please advise if this is an interested person transaction under Chapter 9 of the Listing Rules.**

Company's reply 7:

The key management personnel is Mr. Wee Liang Hiam who had been engaged by the Company on a contract for service as the Chief Financial Officer (“CFO”) of the Group. The Board confirms that this is not an interested person transaction under Chapter 9 of the Listing Rules.

BY ORDER OF THE BOARD

Changjiang Fertilizer Holdings Limited

Cai Jian Hua

Executive Chairman

18 July 2017