

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 second quarter ended 30 June 2015 results announcement (“2Q 2015 results announcement”) released to SGX-ST via SGXNet on 14 August 2015.

The following information is in response to the SGX-ST’s queries dated 18 August 2015:

1) We refer to the Group’s ‘General and administrative expenses’ of RMB 2.585 million for ‘Continuing operations’. Please provide a breakdown and explain the factors for this significant cost incurred in 3 months despite the Company having no business activity.

Company’s reply:

The breakdown of “General and administrative expenses” for continuing operations for 2Q2015 is as follows:

General and administrative expenses (in RMB’000)	Spore’s listco	China subsidiaries	Total	%
Staff costs and related expenses ⁽¹⁾	373	207	580	22.4
Work stoppage expenses-direct and indirect labour costs, electricity ⁽²⁾	-	1,234	1,234	47.8
Directors’ remuneration	216	-	216	8.4
Audit ,secretarial fee, Singapore Exchange Securities and Central Depository charges	314	-	314	12.1
Others administrative expenses	153	88	241	9.3
Total	1,056	1,529	2,585	100.0

Notes:

1. Staff costs and related expenses relates to the accrued salaries for Singapore staff in Singapore’s listco and administrative staff of the plant in Hanshou for 2Q2015.
2. Direct and indirect labour costs, electricity are charged to work stoppage expenses for costs incurred by the plant in Hanshou for 2Q2015.

2) We refer to the Group's 'General and administrative expenses' of RMB 3.279 million for 'Discontinued operations'. Please provide a breakdown and explain the factors for this significant cost incurred in 3 months despite the Company having no business activity.

Company's reply:

The breakdown of "General and administrative expenses" for discontinued operations in 2Q2015 is as follows:

General and administrative expenses	RMB'000	%
Staff costs and related expenses ⁽¹⁾	1,202	36.7
Work stoppage expenses-direct and indirect labour costs ⁽²⁾	1,949	59.4
Others administrative expenses	128	3.9
Total	3,279	100.0

Notes:

- Staff costs and related expenses relates to the accrued salaries of administrative staff in Miluo and Xiangyin plants for 2Q2015.
- Direct and indirect labour costs are charged to work stoppage expenses for the accrual of the workers' salaries in Miluo and Xiangyin plants for 2Q2015.

3) We refer to the Group's 'Other payables' of RMB 21.723 million. Please provide the following information:-

(a) Breakdown of this significant amount and explain the nature of the transaction which resulted in this amount payable

(b) How does the Company expects to meet its short term obligation.

Company's reply:

3(a)

RMB'000	Singapore's Listco	China subsidiaries	Total
Other payables breakdown:			
-loan from former controlling shareholder ⁽¹⁾	5,654	-	5,654
-staff salaries ⁽²⁾	642	3,736	4,378
-provision for social welfare and social security contribution ⁽³⁾	26	5,670	5,696

-directors' fees payable to independent directors	913	-	913
-directors' remuneration payable to executive directors	2,166	-	2,166
-due to professionals (auditors, company secretary, annual report's printer etc)	1,512	-	1,512
-others payable	-	202	202
-amount due to directors for advances	1,202	-	1,202
Total	12,115	9,608	21,723

Notes:

1. Loan from former controlling shareholder pertains to loan from Zhu Cheng Bao. With effect from 16 May 2013, Zhu Cheng Bao has ceased to be the controlling shareholder of the Group.
2. The staff salaries payable was due to the accrual of staff salaries for the workers in the plant in Hanshou and Singapore's listco.
3. The provision for social welfare and social security contribution was provided for the workers in the plant in Hanshou and Singapore's listco.

3(b) We are still in discussion with the share placement placees and convertible loan lender to complete the proposed transactions. We are also in discussions with other investors for other short term fundings.

4) We refer to page 13 of the Results Announcement. We note that as at 30 June 2015, the subsidiary of the Group, Hanshou, has not obtained the title deed of the land use right with net book value of RMB 14.1 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. Please provide the following information:-

- (a) Who the previous owner is

Company's reply:

The previous owner is Zeng Zhi Cheng as per the announcement titled "PROPOSED ACQUISITION OF NEW PRODUCTION FACILITIES" released via SGXNet on 1st October 2010.

- (b) Reason for the problem in transferring the land use right

Company's reply:

The Company does not have the necessary funds to pay the relevant taxes.

- (c) When was amount paid and what is total cost of acquisition

Company's reply:

The total cost of acquisition was RMB74.534 million for land and buildings, plant and equipment and trademark and other intellectual property pertaining to the fertilizer business in Hanshou and we have paid in full.

- (d) How much has been extended/paid towards this acquisition

Company's reply:

As mentioned in (c), the amount of RMB74.534 million was fully paid.

- (e) Provide details of the plan for this acquisition

Company's reply:

Please refers to the announcement titled "PROPOSED ACQUISITION OF NEW PRODUCTION FACILITIES" released via SGXNet on 1st October 2010.

5) We note that the Company's 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 redevelopment of the cities. Please provide details of compensation payable for such land acquisition and status of such payments and negotiations.

Company's reply:

As previously announced on 23 March 2015, we are in the midst of negotiating with the local government regarding the compensation, both to the Company and our workers. The Company will make further announcements to update shareholders as and when appropriate.

BY ORDER OF THE BOARD

Changjiang Fertilizer Holdings Limited

Cai Jian Hua

Executive Chairman and Executive Director

27 August 2015