

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 1st quarter ended 31st March 2017 (“1Q2017”) and the 2nd quarter ended 30th June 2017 (“2Q2017”) results announcements released to SGX-ST via SGXNet on 7th July 2017.

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

1) We refer to Note 1 on page 2 of the 2Q2017 and 1Q2017 results announcements dated 7 July 2017. Production activities for the three plants in Miluo, Xiangyin and Hanshou have halted since FY2013. The Company had since 2013 announced that the Miluo and Xiangyin plants had received notifications from the government to cease their operations for the purposes of re-development of the cities which the existing factories are located in. The Company had also previously announced that it is in negotiations with the government on the compensation to the Company and its workers and that management has plans to dispose of the three subsidiaries over the next 12 months.

Please provide a status update on the Company’s negotiations with the government regarding the compensation.

Company’s reply for 1:

The Group has three production plants located in the PRC operated by its wholly-owned PRC Subsidiary Corporations, namely Miluo Jincheng Shiye Co., Ltd (“JC Miluo”), Changjiang Huafei (Hunan) Co., Ltd (“Changjiang Huafei”), and Hunan Changjiang Huafei Hanshou Co., Ltd (“Huafei Hanshou”). JC Miluo and Changjiang Huafei 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. The 3 production plants ceased production in FY2013 and have not recommenced production since. The Company, pursuant to the proposed plans for the proposed reverse take-over of a real estate development and investment business, announced on 12 April 2016 its intention to dispose of the PRC Subsidiary Corporations by way of a public auction.

In view of the above, the entire assets and liabilities related to the PRC Subsidiary Corporations are classified as a disposal group held-for-sale on the balance sheet, and the entire results are presented separately on the statement of comprehensive income as “Discontinued operations”. As of now, production activities in the three plants have not recommenced, plant and equipment are in a state of disrepair and the Company is in the process of preparing the groundwork for the disposal of the PRC Subsidiary Corporations by way of a public auction in the PRC with a view to ring-fencing the Company from further risk and liabilities.

2) Please provide a breakdown of the “general & administrative expenses” of RMB1,099,000 and RMB782,000 in 2Q2017 and 1Q2017 respectively, and explain the material components.

Company’s reply for 2:

The breakdown of the general & administrative expenses for 2Q2017 and 1Q2017 are as follows:

	<i>1Q2017</i>	<i>2Q2017</i>
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Legal & Professional fees</i>	<i>45.27</i>	<i>138.81</i>
<i>SGX charges</i>	<i>0.00</i>	<i>91.62</i>
<i>CDP charges</i>	<i>0.00</i>	<i>23.56</i>
<i>Audit fee</i>	<i>121.52</i>	<i>122.33</i>
<i>Director Fees</i>	<i>176.20</i>	<i>177.37</i>
<i>Salaries</i>	<i>437.46</i>	<i>440.37</i>
<i>Printing & stationery</i>	<i>0.00</i>	<i>97.86</i>

The material components of the general & administrative expenses for 1Q2017 and 2Q2017 were mainly salaries of the Singapore-based management team, Independent Directors’ fees, audit fees and legal and professional expenses incurred with respect to the proposed reversed takeover of a real estate development and investment business, announced on 12 April 2016.

3) Please provide a breakdown of “Assets of disposal group classified as held for sale” of RMB28,469,000 as at 30 June 2017 and 31 March 2017.

Company's reply for 3:

	<u>Group</u>	
	As at	As at
	30/6/2017	31/3/2017
	RMB'000	RMB'000
<i>Cash and cash equivalent</i>	5	5
<i>Intangible assets – Land use rights</i>	28,464	28,464
<i>Total</i>	<u>28,469</u>	<u>28,469</u>

4) Please provide a breakdown of “Other payables” of RMB24,175,000 as at 30 June 2017 and explain the material components.

Company's reply for 4:

The breakdown for other payables is as follows:

<i>Other Payables</i>	<i>RMB'000</i>
<i>Accrued Operating Expenses</i>	8,107
<i>Due to Professional Parties</i>	6,775
<i>Due to Shareholders</i>	9,293
	24,175

The amount due to shareholders refers to loans provided by shareholders to finance the operations of the holding company and the continuing operational expenses for the holding company. The amount due to professional parties refers to amounts owing to the management, directors of the holding company and to various professional parties.

5) It was mentioned that the increase of RMB2.4 million (or 11.1%) in other payables from RMB21.8 million as at 31 December 2016 to RMB24.2 million as at 30 June 2017 was due mainly to the accrual of staff costs and professional expenses under the Company. Please clarify this statement, as it was noted that the Company had discontinued the accruals for its PRC's workers' salaries in 1Q2017 and 2Q2017.

Company's reply for 5:

The accruals of staff costs relates to the management staff based in Singapore, and professional expenses refers to the professional expenses for the proposed reversed takeover as mentioned in the earlier sections.

6) We noted that the Company had discontinued the accruals for workers' compensation in its PRC subsidiaries beginning from 1Q2017. Please explain the reason(s) for the discontinuation of such provisions as it is noted that such provisions were deemed necessary by the Company previously.

Company's reply for 6:

The Company's production activities at its PRC Subsidiary Corporations have ceased and there are no production staff working at the production plants since 2013. Furthermore, the PRC Subsidiary Corporations are being readied for sale by way of public auction and a critical term of the proposed sale shall be the fact that the proposed buyer must purchase the PRC Subsidiary Corporations in their entirety, including all the current and future liabilities. Whilst the Group had also been providing for the accruals for workers' compensation for the past few years, the board has deemed it not necessary to continue to accrue these expenses in view of the expectation that the auction of the PRC Subsidiary Corporations on the above-mentioned terms will complete.

7) The realisation and the actual amounts which may be recovered from the assets of the disposal group classified as held-for-sale will depend on the outcome of the public auction. Excluding the carrying value of these assets, the Group is in a negative working capital position of RMB24,172,000 as at 30 June 2017. Please explain if the Company is able to meet its short-term obligations as and when it falls due.

Company's reply for 7:

Excluding the carrying value of these assets, the Company is in a negative net worth position, it is also unlikely that the Company would be able to meets it short-term obligations if the proposed reversed takeover as mentioned in the earlier sections is not successfully completed.

8) Please disclose if there were any subsidiary holdings as at the end of 2Q2017 and 1Q2017, and as at the end of the corresponding periods of the immediately preceding financial years.

Company's reply for 8:

The Group wholly-owned Subsidiary Corporations as at end of 2Q2017, 1Q2017, 2Q2016 and 1Q2016 are:

1. *Miluo Jincheng Shiye Co., Ltd ("JC Miluo"),*
2. *Changjiang Huafei (Hunan) Co., Ltd ("Changjiang Huafei"), a*
3. *Hunan Changjiang Huafei Hanshou Co., Ltd ("Huafei Hanshou").*
4. *Tangjia Electric Technology (Shenzhen) Co., Ltd ("Tangjia Electric")*

9) If there were any subsidiary holdings, please disclose a statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Company's reply for 9:

There were no sales, transfers, cancellation of subsidiary holdings as at the end of 2Q2017.

BY ORDER OF THE BOARD

CHANGJIANG FERTILIZER HOLDINGS LIMITED

Daniel Long Chee Tim

Acting Chief Executive Officer and Executive Director

14th July 2017