

CHANGJIANG FERTILIZER HOLDINGS LIMITED

(Company Registration No.: 200713878D)

(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF 50.0% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF CHIU TENG 8 PTE. LTD.

1. INTRODUCTION

Unless otherwise expressly defined herein, all capitalised terms in this announcement shall bear the same meanings ascribed to them in the announcements made by the Company on 12 April 2016, 13 April 2016, 15 April 2016 and 25 April 2016 in relation to the Proposed Transactions (the "**Announcements**").

2. THE PROPOSED NEW ACQUISITION AND AMENDMENTS TO THE WBH ACQUISITION AGREEMENT AND COWEALTH ACQUISITION AGREEMENT

The Board wishes to announce that the Company has entered into the following agreements:

- (a) a conditional sale and purchase agreement (the "**CT8 Acquisition Agreement**") with CTE Resources Pte. Ltd. ("**CTE Resources**") to acquire 500,000 ordinary shares of Chiu Teng 8 Pte. Ltd. ("**CT8**"), representing 50.0% of the issued and paid-up share capital of CT8 as at the date of this announcement (the "**CT8 Sale Shares**"), for a total consideration of S\$9,674,288 (the "**CT8 Consideration**") (the "**CT8 Acquisition**"); and
- (b) a supplemental agreement to the WBH Acquisition Agreement with the WBH Vendors, for the amendment of certain terms of the WBH Acquisition Agreement (the "**WBH Supplemental Agreement**").

In relation to the Cowealth Acquisition Agreement, the Company is currently in negotiations with Affluence Resource for the amendment of certain terms of the Cowealth Acquisition Agreement, which are required as a result of the CT8 Acquisition Agreement.

CT8, WBH and Cowealth shall hereinafter be known as the "**Target Companies**". The completion of the CT8 Acquisition is to be conditional upon, and shall take place concurrently with, the completion of the WBH Acquisition and the Cowealth Acquisition (insofar as the Cowealth Acquisition Agreement is still subsisting and has not been terminated as at the completion date of the CT8 Acquisition Agreement). The term "**Proposed Acquisitions**" shall hereinafter refer to the CT8 Acquisition in addition to the WBH Acquisition and the Cowealth Acquisition.

If the Proposed Acquisitions proceed to completion, they will constitute a "Very Substantial Acquisition" or a "Reverse Takeover" as defined under Chapter 10 of the Listing Manual and will be subject to, amongst others, the approval of the Shareholders at an EGM to be convened.

3. INFORMATION ON CT8 AND CTE RESOURCES

3.1 Information on CT8

Following the completion of the CT8 Acquisition, the Company will hold 50.0% of the issued and paid-up share capital of CT8.

CT8 is a private company limited by shares incorporated under the laws of Singapore. As at the date of this announcement, CTE Resources, Affluence Resource and Chiu Teng Construction Co. Pte. Ltd. own 50.0%, 40.0% and 10.0% of the issued and paid-up share capital of CT8, respectively.

In 2011, CT8 acquired a freehold site with a gross site area of approximately 143,310 square feet located along Tagore Industrial Avenue and commenced the development and construction of a light industrial building known as Tagore 8. Tagore 8 received its Certificate of Statutory Completion (CSC) on 2 September 2015.

Tagore 8 is a freehold development and is classified as a B1 light industrial ramp-up property. It is located at 421 Tagore Industrial Avenue, within the Tagore industrial estate off Upper Thomson Road, approximately 2 kilometres from Yio Chu Kang MRT Station and close to the upcoming Springleaf and Lentor MRT stations. Tagore Industrial Avenue is about 20 minutes' drive to the Central Business District through the Leonie flyover, and can be conveniently accessed using the Seletar Expressway, Pan Island Expressway and Central Expressway. Tagore 8 has a gross floor area of 286,620 square feet, comprising a total of 128 units spread over 4 floors. Since Tagore 8 was launched for sale in 2012, 110 units have been sold. As at the date of this announcement, 18 units, amounting to an aggregate gross floor area of 40,591 square feet, are unsold.

CT8 has entered into a sales and marketing agency agreement with various real estate agencies pursuant to which they will, among others, market the available units in Tagore 8 for sale and actively participate in negotiations with potential purchasers.

CT8 does not have any subsidiaries. Save as described above, CT8 currently does not have any other businesses or substantial assets.

3.2 Information on CTE Resources and the other shareholders of CT8

As at the date of this announcement, CTE Resources owns 50.0% of the issued and paid-up share capital of CT8.

CTE Resources is a private company incorporated in Singapore, primarily engaged in the business of property development and real estate investment. As at the date of this announcement, CTE Resources' shareholders are:

- (a) Chiu Teng Enterprises Pte. Ltd. ("**CTE**"), which owns 40.0% of the issued and paid-up share capital of CTE Resources. Please refer to paragraph 2.1 of the Announcement dated 12 April 2016 for more information on CTE;
- (b) Ong & Ong Enterprise Pte. Ltd. ("**OOE**"), which holds 20.0% of the issued and paid-up share capital of CTE Resources. OOE is an investment holding private company incorporated in Singapore which is wholly-owned by Ong & Ong Holdings Pte. Ltd. and

beneficially owned by, amongst others, Mr. Ong Tze Guan and Mr. Ong Tze Boon. Mr. Ong Tze Guan is a trained architect while Mr. Ong Tze Boon, his younger brother, is the Group Executive Chairman of Ong & Ong Group, a Singapore-based integrated architecture and design practice;

- (c) Mdm Serena Lee Chooi Li, who owns 20.0% of the issued and paid-up share capital of CTE Resources. She is a lawyer and one of the directors of CTLC Law Corporation; and
- (d) Mdm Lee Tee Eng, who owns 20.0% of the issued and paid-up share capital of CTE Resources. Mdm Lee Tee Eng and her spouse, Dr. Bailey Wang, are directors of Wang & Lee Investments Pte. Ltd. ("WLI") where each of them owns 50.0% of the issued and paid-up share capital of WLI, one of the WBH Vendors. Please refer to paragraph 2.1 of the Announcement dated 12 April 2016 for more information on WLI.

The other 50.0% interest in CT8 is held by Affluence Resource and Chiu Teng Construction Co. Pte. Ltd. in the proportions of 40.0% and 10.0%, respectively. Please refer to paragraph 2.2 of the Announcement dated 12 April 2016 for more information on Affluence Resource. Chiu Teng Construction Co. Pte. Ltd. is a private company incorporated in Singapore which is in the business of building and construction. Chiu Teng Construction Co. Pte. Ltd. is majority-owned by Mr. Ng Chee Hwa. Please refer to the Announcement dated 12 April 2016 for other disclosures on the relationship of Mr. Ng Chee Hwa with WBH, Cowealth and Affluence Resource.

3.3 Financial Information on CT8

A summary of the financial performance of CT8 for the financial years ended 31 December 2013, 2014 and 2015, prepared based on the audited financial statements of CT8 for the financial years ended 31 December 2013, 2014 and 2015 is set out below.

	Financial year ended 31 December		
	2013	2014	2015
Summary of profit and loss (S\$'000)	(audited)	(audited)	(unaudited)
Revenue	-	-	169,847
Profit/(loss) before tax	35	(98)	24,725
Profit/(loss) after tax	40	(98)	20,725

A summary of the financial position of CT8 as at 31 December 2015 is set out below.

	As at 31 December 2015
	(unaudited)
Balance sheet summary (S\$'000)	
Total assets	48,003
Total liabilities	25,962

4. KEY TERMS OF THE CT8 ACQUISITION

4.1 Consideration

The CT8 Consideration shall be S\$9,674,288, being the sum agreed between the Company and CTE Resources, subject to adjustments based on the terms of the CT8 Acquisition Agreement.

The CT8 Consideration shall be satisfied as follows:

- (a) on completion of the CT8 Acquisition, S\$2,902,286.40 shall be satisfied through the allotment and issue of 580,457,280 new Shares to CTE Resources or its nominee(s) (the "**CT8 Consideration Shares**") at the Issue Price of S\$0.005 per CT8 Consideration Share; and
- (b) on the date falling no later than 14 days after the date of completion of the CT8 Acquisition, or such other date as CTE Resources and the Company may mutually agree in writing (the "**CT8 Deferred Consideration Date**"), S\$6,772,001.60 (or such sum as may be adjusted based on the terms of the CT8 Acquisition Agreement) shall be paid in cash to CTE Resources (the "**CT8 Deferred Consideration Amount**").

The CT8 Consideration was agreed on a willing-buyer and willing-seller basis after arm's length negotiations. The CT8 Consideration was arrived at and made on the bases set out below:

- (a) the future benefits expected to be created as a result of the CT8 Acquisition as set out in paragraph 6 (Rationale for the CT8 Acquisition);
- (b) CT8 owes Chiu Teng @ Kallang Pte. Ltd. loan(s) amounting to an aggregate sum of S\$3,000,000 only and such loan remains outstanding at the completion of the CT8 Acquisition and has not been repaid by CT8 to Chiu Teng @ Kallang Pte. Ltd.;
- (c) an estimated sum of S\$4,109,054 in taxes, in relation to the 110 units of Tagore 8 which have been sold, is liable to be assessed on CT8 and has not been paid by CT8 by the completion of the CT8 Acquisition;
- (d) an estimated sum of S\$1,022,477 in general expenses incurred by CT8 remains outstanding at the completion of the CT8 Acquisition and has not been paid by CT8; and
- (e) the business and affairs of CT8 (including the incurrence of expenses) shall be managed properly and efficiently in good faith and in a business-like manner and consistent with best practices of companies carrying on similar businesses or owning property of a similar nature.

If prior and up to the CT8 Deferred Consideration Date:

- (a) any of the bases set out in paragraphs (b) to (e) above is in any respect not accurate, complied with, fulfilled and/or satisfied at any time, the Company and CTE Resources shall adjust the CT8 Deferred Consideration Amount by such amounts as may be agreed between them in writing, provided that the adjusted CT8 Deferred Consideration Amount shall be no more than S\$10,837,767.10 (such that the adjusted CT8 Consideration shall be no more than S\$13,740,053.50); and/or

- (b) any of the outstanding amounts in respect of the bases set out in paragraphs (b), (c) and (d) above (the "**CT8 Outstanding Liabilities**") has been fully or partially repaid by CT8 prior and up to the CT8 Deferred Consideration Date, the Company and CTE Resources shall adjust the CT8 Deferred Consideration Amount in accordance with the formula below or in such other manner as may be agreed between the Company and CTE Resource in writing:

$$A = B + 0.5C$$

Where:

- A = The adjusted CT8 Deferred Consideration Amount, which shall be no more than S\$10,837,767.10 (such that the adjusted CT8 Consideration shall be no more than S\$13,740,053.50).
- B = CT8 Deferred Consideration Amount.
- C = The aggregate sum of the CT8 Outstanding Liabilities repaid by CT8.

For the avoidance of doubt, if prior and up to the CT8 Deferred Consideration Date, there is an increase in any of the CT8 Outstanding Liabilities, the Company and CTE Resources shall agree to decrease the CT8 Deferred Consideration Amount by such amounts as may be agreed between them in writing.

The Company will be commissioning an independent valuer to assess the fair market value of the CT8 Sale Shares in due course.

4.2 Conditions Precedent

Completion of the CT8 Acquisition shall be subject to the fulfilment or waiver of, amongst others, the following:

- (a) Shareholders' Approval. The approval of the Shareholders at an EGM for the following matters, and such approval not having been withdrawn or revoked and remaining in full force and effect as at the completion date:
- (i) the CT8 Acquisition;
 - (ii) the allotment and issue of the CT8 Consideration Shares by the Company to CTE Resources or its nominee(s);
 - (iii) the transactions contemplated under the WBH Acquisition Agreement and the Cowealth Acquisition Agreement;
 - (iv) the Rights Issue, such that following its completion and the completion of the Proposed Acquisitions, CTE Resources or its nominee(s) shall hold not less than 19.88% of the enlarged issued and paid-up share capital of the Company (such percentage not taking into account any Shares that will be issued (a) to any of the professional advisers of the Company for the purposes of settling

their fees in respect of the transactions contemplated under this Agreement or (b) in connection with the Compliance Placement (if any));

(v) the Disposal of PRC Assets, if any; and

(vi) the Proposed Transfer;

- (b) Independent Shareholder Approval for Whitewash Resolution. The approval of the Independent Shareholders being obtained at the EGM for the Whitewash Resolution, being a separate resolution of a majority of the Independent Shareholders in a general meeting of the Company to waive their rights to receive a mandatory takeover offer from CTE Resources, the WBH Vendors and/or Affluence Resource and the respective parties acting in concert with CTE Resources, the WBH Vendors and/or Affluence Resource who would incur an obligation to make a mandatory takeover offer under Rule 14 of the Code for all of the Shares not already owned by CTE Resources, the WBH Vendors and/or Affluence Resource and the respective persons acting in concert with CTE Resources, the WBH Vendors and/or Affluence Resource as a result of the transactions contemplated under the WBH Acquisition Agreement, the Cowealth Acquisition Agreement and/or the CT8 Acquisition Agreement, provided that CTE Resources, the WBH Vendors and/or Affluence Resource and any persons not being Independent Shareholders abstain from voting on such resolution;
- (c) SIC Waiver. The grant by SIC of a waiver (such waiver not having been withdrawn or revoked as at the completion date of the CT8 Acquisition) to CTE Resources, the WBH Vendors and/or Affluence Resource and the respective parties acting in concert with CTE Resources, the WBH Vendors and/or Affluence Resource, of their obligation to make a mandatory offer under Rule 14 of the Code for the Shares not held by CTE Resources, the WBH Vendors and/or Affluence Resource and their respective concert parties, and from having to comply with the requirements of Rule 14 of the Code upon completion of the Proposed Acquisitions and the allotment and issue of the CT8 Consideration Shares to CTE Resources, the WBH Consideration Shares to the WBH Vendors and/or the Cowealth Consideration Shares to Affluence Resource, and if such waiver is subject to any condition or restriction imposed by the SIC, such condition and/or restriction being reasonably acceptable to CTE Resources and the Company;
- (d) SGX-ST Approval. The approval of the SGX-ST for the CT8 Acquisition, the Proposed Transfer, the transactions contemplated under the WBH Acquisition Agreement and the Cowealth Acquisition Agreement having been obtained where necessary and such approval not having been withdrawn or revoked and remaining in full force and effect as at the completion date of the CT8 Acquisition, and if such approval is subject to any condition or restriction imposed by the SGX-ST, such condition and/or restriction being reasonably acceptable to CTE Resources and the Company;
- (e) SGX-ST Approval for Listing and Quotation. The approval of the SGX-ST and the issuance of a listing and quotation notice from the SGX-ST for the admission of the CT8 Consideration Shares and such number of new Shares to be allotted and issued (if any) pursuant to the Compliance Placement, and the dealing and quotation of such Shares on the Main Board or Catalist (as the case may be) upon the allotment and issue of such Shares, and such approval not having been withdrawn or revoked and remaining in full force and effect, and if such approval is subject to any condition or restriction imposed by the SGX-ST, such condition and/or restriction being reasonably acceptable to CTE

Resources and the Company;

- (f) Governmental Approvals for Company. The licences, authorisations, orders, grants, confirmations, permissions, registrations, waivers, exemptions and other approvals necessary or desirable for or in respect of the CT8 Acquisition, the allotment and issue of the CT8 Consideration Shares to CTE Resources or its nominee(s) and the transactions contemplated under the CT8 Acquisition Agreement, having been obtained from the appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms reasonably satisfactory to the Company and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals continuing to remain in full force and effect up to and including the completion date of the CT8 Acquisition, and if such approval is subject to any condition or restriction, such condition and/or restriction being reasonably acceptable to CTE Resources and the Company;
- (g) Governmental Approvals for CTE Resources. The licences, authorisations, orders, grants, confirmations, permissions, registrations, waivers, exemptions and other approvals necessary or desirable for or in respect of the sale of the CT8 Sale Shares by CTE Resources to the Company and the transactions contemplated under the CT8 Acquisition Agreement, having been obtained from the appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms reasonably satisfactory to CTE Resources and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals continuing to remain in full force and effect up to and including the completion date of the CT8 Acquisition, and if such approval is subject to any condition or restriction, such condition and/or restriction being reasonably acceptable to CTE Resources and the Company;
- (h) Change in Control Approval. Where the terms of any agreement or arrangement to which CT8 is a party or is bound by and which is of material importance to the business, affairs, operations, assets, profits or financial condition of CT8 contain any restrictions or prohibition on the change in control of the shareholdings or the board of directors of CT8 or include any right to terminate exercisable prior to or as a result of any matter contemplated by the CT8 Acquisition Agreement including but not limited to the sale and transfer of the CT8 Sale Shares from CTE Resources to the Company, receipt by the Company of a written confirmation in a form and on terms (if any) satisfactory to the Company by the counterparts thereto, of the waiver of such restrictions or prohibition in relation to any such change arising from the transactions contemplated under the CT8 Acquisition Agreement or of any such right to terminate;
- (i) All Other Consents and Approvals. The Company and CTE Resources having obtained all necessary bank consents and other necessary consents, approvals and waivers from all relevant third parties and/or authorities for the sale and transfer of the CT8 Sale Shares from CTE Resources to the Company, the allotment and issue of the CT8 Consideration Shares to CTE Resources or its nominee(s) and the transactions contemplated under the CT8 Acquisition Agreement, and such consents, approvals and waivers not having been amended or revoked and remaining in full force and effect up to and including the completion date, and if such approval is subject to any condition or restriction, such condition and/or restriction being reasonably acceptable to CTE Resources or the Company (as the case may be);
- (j) Irrevocable Undertakings. The receipt by CTE Resources of the irrevocable undertakings from Equinox Investment Group Limited and/or any shareholder(s) of the

Company, as may be determined by the Company in its sole discretion and notified to CTE Resources in writing, to vote at the EGM in favour of the resolutions set out in paragraph 4.2(a) above;

- (k) Company's Due Diligence. The results of a due diligence exercise by the Company and/or its representatives over the business, affairs, operations, assets, financial condition, prospects and records of CT8 being reasonably satisfactory to the Company;
- (l) No Breach. The CT8 Acquisition, the allotment and issue of the CT8 Consideration Shares by the Company to CTE Resources or its nominee(s) and the transactions contemplated under the CT8 Acquisition Agreement not being prohibited by and not resulting in a breach of any statute, order, rule, regulation, directive, guideline or request promulgated by, or any judgment or decree of, any legislative, executive, judicial or regulatory body or authority in Singapore or any other jurisdiction affecting the Company, CT8 or CTE Resources;
- (m) No Delisting. The Shares not having been delisted from the Main Board or Catalist (as the case may be);
- (n) No Material Adverse Change. There being no changes to the business, financial condition or operations of the Changjiang Group (save for the Disposal of PRC Assets) or CT8 since the date of the CT8 Acquisition Agreement that would in the reasonable opinion of CTE Resources or the Company (as the case may be) be likely to have a material adverse effect;
- (o) Completion of the Disposal of PRC Assets. The completion of the Disposal of PRC Assets on the terms and subject to the conditions of the Disposal Agreement by the parties to the Disposal Agreement;
- (p) WBH Acquisition Agreement. The WBH Acquisition Agreement having been entered into and coming into effect in accordance with its terms, the conditions precedent contained therein being satisfied or waived in accordance with its terms (except with respect to the unconditionality of the CT8 Acquisition Agreement) and such agreement not having been terminated in accordance with its terms;
- (q) Rights Issue. The completion of the Rights Issue, if any;
- (r) Financial Assistance Whitewash. All necessary consents, approvals, waivers, solvency statements and resolutions for the provision of financial assistance within the meaning of Section 76 of the Companies Act in connection with the acquisition of the CT8 Sale Shares by the Company (the "**Financial Assistance**") having been obtained and all procedures and requirements of the Companies Act in relation to the Financial Assistance having been complied with; and
- (s) New Loan: (i) In respect of the mortgage loan to be obtained by CT8 and/or the Company, all necessary consents, approvals and waivers which have not been amended or revoked having been obtained and remaining in full force and effect up to and including the completion date of the CT8 Acquisition, (ii) the necessary definitive agreements, deeds and/or instruments in respect of such loan having been entered into such that the loan shall be made available to CT8 and/or the Company (as the case may be) prior to or on the CT8 Deferred Consideration Date, and (iii) all necessary consents, approvals, undertakings, deeds and waivers having been obtained such that all of the monies

advanced under the loan shall be made available to the Company by no later than the CT8 Deferred Consideration Date.

4.3 Other terms

4.3.1 Status of the CT8 Consideration Shares

The CT8 Consideration Shares, when allotted and issued to CTE Resources or its nominee(s), shall be free from encumbrances, credited as fully paid and shall rank *pari passu* in all respects with the existing Shares as at the date of issuance of the CT8 Consideration Shares.

4.3.2 Issue Price

The Issue Price represents a discount of approximately 72.2% from the last transacted price of the Shares of S\$0.018 on the SGX-ST on 13 April 2015.

4.3.3 Moratorium

CTE Resources has undertaken to comply, and procure that its associates shall comply, with any applicable moratorium requirements imposed by the SGX-ST (including, without limitation, such undertakings not to sell, transfer, dispose, realise, deal and/or create any encumbrance over Shares held directly or indirectly by each of them for such periods as may be required by the Listing Rules or the Catalist Rules, as the case may be) unless such applicable moratorium requirements have been waived by the SGX-ST.

4.3.4 Long-Stop Date

If any of the conditions precedent is not satisfied or waived by the Company and/or CTE Resources (as the case may be) on or before 23 September 2016, the obligations of the Company and CTE Resources under the CT8 Acquisition Agreement (as defined below) shall terminate, save for certain surviving clauses which relate to, amongst others, confidentiality and costs, and in that event, the Company and CTE Resources shall be released and discharged from their respective obligations under the CT8 Acquisition Agreement and such release and discharge shall be without prejudice to the right of the Company or CTE Resources to claim against one another for any antecedent breach of any obligations and liabilities under the CT8 Acquisition Agreement.

4.3.5 Date of Completion

The completion of the CT8 Acquisition shall take place on a date falling no later than 1 October 2016 or such other date as mutually agreed by the Company and CTE Resources in writing.

5. THE WBH SUPPLEMENTAL AGREEMENT

In conjunction with the CT8 Acquisition Agreement, the Company has also agreed with the WBH Vendors to amend certain terms set out in the WBH Acquisition Agreement as a result of the CT8 Acquisition Agreement. In particular, amendments were made such that:

- (a) following the completion of the rights issue to be undertaken by the Company and the completion of the Proposed Acquisitions, the WBH Vendors (and/or their nominee(s)) will hold not less than 33.19% of the enlarged issued and paid-up share capital of the Company (such percentage not taking into account any Shares that will be issued (i) to any of the professional advisers of the Company for the purposes of settling their fees

in respect of the Proposed Acquisitions or (ii) in connection with the Compliance Placement (if any));

- (b) following the restructuring of WBH prior to the completion of the WBH Acquisition, CTE will be the legal and beneficial owner of 70.0% of the issued and paid up share capital of WBH and WLI will be the legal and beneficial owner of 30.0% of the issued and paid up share capital of WBH; and
- (c) the conditions precedent set out in the WBH Acquisition Agreement shall be satisfied or waived on or before 23 September 2016, failing which the obligations of the parties under the respective agreements shall terminate in accordance with the terms of the relevant agreement.

The Company is currently negotiating with Affluence Resource on the amendments to the Cowealth SPA which are required as a result of the CT8 Acquisition Agreement. The Company will make the necessary announcements when there are further developments.

6. RATIONALE FOR THE CT8 ACQUISITION

CT8 has a track record in real estate development and is profitable. In addition, it is expected that the Company will be obtaining the CT8 Sale Shares at good value as the CT8 Consideration factors in a discount of approximately 20.0% to the average selling price of comparable units sold in Tagore 8.

The Board believes that the CT8 Acquisition and the Company's foray into the real estate development business will allow the Company to have better prospects of profitability and ensure long-term growth. The revenue from the sale of the remaining Tagore 8 units and the rental income from the rental of the OCW1 Units and OCW2 Units will provide the Company with a steady stream of income while the Company pursues new real estate development opportunities.

The Board believes for the reasons set out above, and in paragraph 4 of the Announcement dated 12 April 2016 in relation to the WBH Acquisition and the Cowealth Acquisition, that the Proposed Acquisitions will be beneficial to and is in the best interests of the Company and its Shareholders.

7. SOURCE OF FUNDS

The Company proposes to pay the CT8 Deferred Consideration Amount using a bank loan secured by the mortgage over the unsold Tagore 8 units. CTE Resources has agreed to and shall procure the loan to be made available to the Company by no later than the CT8 Deferred Consideration Date.

Unless otherwise agreed in writing, CTE Resources has agreed to bear all legal and other costs and expenses of and incidental to the negotiation, preparation, execution and performance of, and the transactions contemplated under, the CT8 Acquisition Agreement, including all stamp duty (if any) payable in connection with the transfer of the CT8 Sale Shares from CTE Resources to the Company and the costs and expenses incurred by CT8 in connection with the transactions contemplated under the CT8 Acquisition Agreement.

8. THE PROPOSED ACQUISITIONS AS A VERY SUBSTANTIAL ACQUISITION OR A REVERSE TAKEOVER

The relative figures of the CT8 Acquisition, as well as the relative figures of the WBH Acquisition and the Cowealth Acquisition which were first stated in the Announcement dated 12 April 2016, computed on the bases set out in Rules 1006(a) to (e) of the Listing Manual, are set out in the table below.

Based on the relative figures set out below, and that control of the Company will change upon the issuance of the CT8 Consideration Shares, the WBH Consideration Shares and the Cowealth Consideration Shares, the Proposed Acquisitions are considered a "Very Substantial Acquisition" or a "Reverse Takeover" under Rule 1015 of the Listing Manual.

	Bases under Rule 1006	Notes	CT8 Acquisition	WBH Acquisition	Cowealth Acquisition	Aggregate
(a)	The net asset value of the asset to be disposed of, compared with Changjiang Group's net asset value	(1)	Not applicable	Not applicable	Not applicable	Not applicable
(b)	The net profit attributable to the assets acquired or disposed of, compared with Changjiang Group's net profit	(2)	Not meaningful	Not meaningful	Not meaningful	Not meaningful
(c)	Aggregate value of the consideration to be given or received compared with the Company's market capitalisation (excluding treasury shares)	(3)	149.3%	213.7%	213.7%	576.8% ⁽⁶⁾
(d)	The number of equity securities issued by the Company as consideration compared with the number of Shares previously in issue	(4)	161.3%	269.3%	230.8%	661.4%
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of Changjiang Group's proved and probable reserves	(5)	Not applicable	Not applicable	Not applicable	Not applicable

Notes:

- (1) Rule 1006(a) is not applicable to an acquisition of assets.
- (2) "Net profit" means profit or loss before income tax, minority interests and extraordinary items as defined under Rule 1002(3). The relative figures under Rule 1006(b) are not meaningful as Changjiang Group is loss-making while the assets to be acquired pursuant to the Proposed Acquisitions are profitable.

The net profit attributable to the CT8 Acquisition is approximately S\$24,725,000 for FY2015.

Further to the Announcement dated 12 April 2016, the Company wishes to clarify that the net profit attributable to the WBH Acquisition is approximately S\$161,000 for FY2015. The net profit attributable to the Cowealth Acquisition is approximately S\$761,000 for FY2015.

Changjiang Group's loss for FY2015 is approximately RMB24.2 million or approximately S\$5.3 million based on the currency exchange rate of S\$1:RMB4.5909 as at 31 December 2015.

- (3) Based on the CT8 Consideration, WBH Consideration and Cowealth Consideration, assuming that no adjustments are made pursuant to the terms of the CT8 Acquisition Agreement, the WBH Acquisition Agreement and the Cowealth Acquisition Agreement, respectively, and assuming the total consideration for the Proposed Acquisitions is S\$37,363,088. The Company's market capitalisation of approximately S\$6.5 million is determined by multiplying 359,900,000 Shares (excluding treasury shares) in issue by the volume weighted average price of the Shares of S\$0.018 last transacted on 13 April 2015.

In computation of the relative figure of CT8 Acquisition, the CT8 Consideration is assumed to be S\$9,674,288. Please refer to paragraph 4.1 of this announcement for more information on the CT8 Consideration.

- (4) Based on (i) the aggregate of 2,380,229,280 CT8 Consideration Shares, WBH Consideration Shares and Cowealth Consideration Shares to be issued by the Company (without taking into account the effect of the share consolidation to be carried out by the Company and the Professional Advisers' Shares); and (ii) the Company's issued and paid-up share capital of 359,900,000 Shares (excluding treasury shares) as at the date of this announcement.
- (5) Rule 1006(e) is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company and is not applicable to Proposed Transactions.
- (6) The discrepancy between the total and the listed amounts is due to rounding.

9. PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET COMPANIES AND FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS

Please refer to **Appendix A** of this announcement for the pro forma consolidated financial information of the Target Companies and certain financial effects of the Proposed Acquisitions.

10. WHITEWASH WAIVER

Upon the completion of the allotment and issue of the CT8 Consideration Shares pursuant to the CT8 Acquisition Agreement, the WBH Consideration Shares pursuant to the WBH Acquisition Agreement and the Cowealth Consideration Shares pursuant to the Cowealth Acquisition Agreement, the shareholdings of CTE Resources, the WBH Vendors and Affluence Resource in the enlarged issued share capital of the Company will be as set out in paragraph 12 below.

Pursuant to Rule 14 of the Code, CTE Resources, the WBH Vendors and/or Affluence Resource and the respective parties acting in concert with CTE Resources, the WBH Vendors and/or Affluence Resource (as may be applicable) will be required to make a mandatory general offer for the Shares not held by CTE Resources, the WBH Vendors and/or Affluence Resource and their respective concert parties (as may be applicable) except where the SIC grants them a waiver of their obligation to make a mandatory general offer under Rule 14 of the Code.

An application will be made to the SIC for the waiver of the obligations of CTE Resources, the WBH Vendors and/or Affluence Resource and their respective concert parties (as may be applicable) to make a mandatory general offer under Rule 14 of the Code as a result of

the acquisition of the WBH Consideration Shares by the WBH Vendors and/or the Cowealth Consideration Shares by Affluence Resource.

11. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement and the Announcements:

- (a) none of the directors has any interest, direct or indirect, in the Proposed Acquisitions, save through his shareholding in the Company (if any); and
- (b) to the best of the knowledge of the directors, none of the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisitions, save through such Shareholders' shareholding in the Company.

12. SHAREHOLDING EFFECTS

It is envisaged that immediately after the completion of the Proposed Acquisitions, assuming that (i) the Company does not issue any Shares to any of the professional advisers of the Company for the purposes of settling their fees; and (ii) the Company does not undertake the Rights Issue and the Compliance Placement, the shareholding structure of the Company shall be as follows:

Shareholder	Before the Proposed Acquisitions ⁽¹⁾	After the Proposed Acquisitions ⁽²⁾	
	Direct Interest (%)	Direct Interest (%)	Deemed Interest (%)
Existing Shareholders	100.0	13.1	-
CTE Resources or its nominees ⁽³⁾	-	21.2	-
Affluence Resource ⁽⁴⁾	-	30.3	-
Mr. Ng Teng Yeng ⁽⁴⁾	-	-	30.3
CTE ⁽³⁾ ⁽⁵⁾	-	24.8	21.2
Mr. Ng Chee Beng ⁽⁵⁾	-	-	45.9
WLI ⁽⁶⁾	-	10.6	-
Dr. Bailey Wang ⁽⁶⁾	-	-	10.6
Mdm Lee Tee Eng ⁽³⁾⁽⁶⁾	-	-	31.8
OOE ⁽³⁾⁽⁷⁾	-	-	21.2

Mdm Serena Lee Chooi Li ⁽³⁾	-	-	21.2
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Notes:

- (1) Based on a total number of 359,900,000 Shares (excluding treasury shares) in issue as at the date of this announcement.
- (2) Assuming that (i) 580,457,280 CT8 Consideration Shares, 969,108,000 WBH Consideration Shares and 830,664,000 Cowealth Consideration Shares are issued by the Company pursuant to the Proposed Acquisitions, (ii) the Company does not issue the up to 156,000,000 Professional Advisers' Shares; and (iii) the Company does not undertake the Rights Issue and the Compliance Placement.
- (3) Under the terms of the CT8 Acquisition Agreement, CTE Resources may designate nominees to receive and hold the CT8 Consideration Shares. Details of the allocation of the CT8 Consideration Shares and the final shareholdings in the Company after the completion of the Proposed Acquisitions will be set out in the circular to be issued to Shareholders. In the presentation of the shareholding effects, it is assumed the CT8 Consideration Shares are issued to CTE Resources.

CTE, OOE, Mdm Serena Lee Chooi Li and Mdm Lee Tee Eng are deemed interested in the Shares held by CTE Resources by virtue of their respective shareholding interests in CTE Resources.
- (4) Mr. Ng Teng Yeng is deemed interested in the Shares held by Affluence Resource by virtue of his 60.0% shareholding in Affluence Resource.
- (5) Mr. Ng Chee Beng is deemed interested in the Shares held by CTE by virtue of his 90.0% shareholding in CTE.
- (6) Dr. Bailey Wang and Mdm Lee Tee Eng are deemed interested in the Shares held by WLI by virtue of their respective 50.0% shareholding in WLI.
- (7) Ong & Ong Holdings Pte. Ltd., which owns the entire issued and paid-up share capital of OOE, is deemed interested in the Shares held by CTE Resources. Mr. Ong Tze Boon is deemed interested in the Shares held by CTE Resources by virtue of his interests in Ong & Ong Holdings Pte. Ltd.

13. RECONSTITUTION OF THE BOARD AND SERVICE CONTRACTS

As at the date of this announcement, the Company has not entered into any service contract with any person proposed to be appointed as director in connection with the Proposed Acquisitions.

The details of any such appointments and service contracts will be set out in the circular to be despatched to Shareholders in due course.

14. CIRCULAR

A circular containing, amongst others, the notice of the EGM in relation to the Proposed Acquisitions will be despatched to Shareholders in due course.

15. DOCUMENT FOR INSPECTION

A copy of the CT8 Acquisition Agreement is available for inspection during normal business hours at the Company's registered office at 10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315 for a period of three (3) months from the date of this announcement.

16. FURTHER ANNOUNCEMENTS

The Company will make the necessary announcements when there are further developments on the Proposed Transactions and other matters contemplated by the Announcements and this announcement.

17. CAUTIONARY STATEMENT

The Board would like to advise Shareholders that the completion of the Proposed Acquisitions remains subject to the fulfilment of the various conditions precedent as set out under the CT8 Acquisition Agreement, the WBH Acquisition Agreement and the Cowealth Acquisition Agreement (if relevant), and no legally binding agreement has been entered into in relation to the Disposal of PRC Assets.

BY ORDER OF THE BOARD

Long Chee Tim, Daniel
Acting Chief Executive Officer
and Executive Director
13 June 2016

Appendix A

1. PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET COMPANIES

A summary of the unaudited pro forma consolidated financial information of the Target Companies for the financial years ended 31 December 2013, 2014 and 2015 is set out below. The unaudited pro forma consolidated financial information of the Target Companies has been prepared for illustrative purposes only, and, because of its nature, may not give a true picture of the Target Companies' actual results and financial position following the completion of the Proposed Acquisitions.

Consolidated Income Statement

	Financial year ended 31 December		
	2013	2014	2015
Summary of profit and loss (S\$'000)	(unaudited)	(unaudited)	(unaudited)
Revenue	2,288	2,375	171,979
Profit before tax	144	150	24,686
Profit /(loss) after tax	(57)	(62)	20,465
Profit/(loss) after tax and minority interest ⁽¹⁾	(77)	(13)	10,103

Consolidated Balance Sheet

	As at 31 December		
	2013	2014	2015
Balance sheet summary (S\$'000)	(unaudited)	(unaudited)	(unaudited)
Total assets	121,063	127,866	69,420
Total liabilities	120,790	126,701	46,828
Minority interest ⁽¹⁾	707	658	11,020

Shareholders should note that the statutory financial year adopted by WBH is 30 June, which is different from the financial year end of 31 December adopted by the Company, CT8 and Cowealth. The figures set out above may vary from the final unaudited pro forma financial information of the Company, CT8, WBH and Cowealth (collectively, the "**Enlarged Group**") due to changes in the basis of preparation, assumptions and adjustments that may arise. The pro forma financial information of the Enlarged Group will be reviewed by the Company's reporting accountants, and will be set out in the circular to be sent to Shareholders.

Note:

- (1) Minority interest arises from the remaining 50.0% of the issued and paid-up share capital of CT8 which will not be acquired by the Company.

2. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS

The pro forma financial effects of the Proposed Acquisitions are set out below.

1. Bases and assumptions

The pro forma financial effects of the Proposed Acquisitions the Company set out below are for illustrative purposes only. The pro forma financial effects have been prepared based on:

- (i) the unaudited financial statements of the Company for the financial year ended 31 December 2015;
- (ii) the unaudited financial information of CT8 for the financial year ended 31 December 2015;
- (iii) the audited financial information of WBH for the financial year ended 30 June 2015 which has been adjusted to present the financial information of WBH as if its financial year end was 31 December 2015; and
- (iv) the unaudited financial information of Cowealth for the financial year ended 31 December 2015.

The pro forma financial effects of the Proposed Acquisitions do not necessarily reflect the actual results and financial position of the Enlarged Group immediately following the completion of the Proposed Acquisitions (for the purpose of this announcement as if such group structure has been in existence since 1 January 2015) following completion of the Proposed Acquisitions.

For the purposes of illustrating the financial effects of the Proposed Acquisitions, the financial effects have been prepared based on, amongst others, the following assumptions:

- (i) the financial effects of the Proposed Acquisitions on the earnings and earnings per share ("**EPS**")/loss per Share ("**LPS**") of the Enlarged Group are computed assuming that the Proposed Acquisitions were completed on 1 January 2015;
- (ii) the financial effects of the Proposed Acquisitions on net tangible assets ("**NTA**")/net tangible liabilities ("**NTL**") of the Enlarged Group are computed assuming that the Proposed Acquisitions were completed on 31 December 2015;
- (iii) the fair value adjustments on the net assets of the Group and positive or negative goodwill arising from the Proposed Acquisitions, if any, have not been considered for the purpose of computing the financial effects of the Proposed Acquisitions and will be determined on the date of completion of the Proposed Acquisitions when the shareholders of WBH and Cowealth have effectively obtained control of the Company. As the final goodwill will have to be determined at completion, the actual goodwill could be materially different from the aforementioned assumption. Any goodwill arising thereon from the Proposed Acquisitions will be accounted for in accordance with the accounting policies of the Company;

- (iv) the WBH Consideration of S\$13,844,400 shall be satisfied by (a) the allotment and issue of 969,108,000 WBH Consideration Shares at the Issue Price of S\$0.005 per WBH Consideration Share, and (b) the payment of S\$8,998,860 in cash;
- (v) Cowealth Consideration of S\$13,844,400 shall be satisfied by (a) the allotment and issue of 830,664,000 Cowealth Consideration Shares at the Issue Price of S\$0.005 per Cowealth Consideration Share, and (b) the payment of S\$9,691,080 in cash;
- (vi) the CT8 Consideration of S\$9,674,288 shall be satisfied by (a) the allotment and issue of 580,457,280 CT8 Consideration Shares at the Issue Price of S\$0.005 per CT8 Consideration Share, and (b) the payment of S\$6,772,001.60 in cash. Please refer to the paragraph 4.1 of this announcement for more information on the CT8 Consideration;
- (vii) based on the above assumptions, and assuming the total consideration for the Proposed Acquisitions is S\$37,363,088, an aggregate of 2,380,229,280 CT8 Consideration Shares, WBH Consideration Shares and Cowealth Consideration Shares were issued at the Issue Price on 31 December 2015 for the purpose of calculating the financial effects of the Proposed Acquisitions on the NTA/NTL per share of the Company and on 1 January 2015 for the purpose of calculating the financial effects of the Proposed Acquisitions on the EPS/LPS of the Company;
- (viii) effects of the Rights Issue (if any), the Compliance Placement (if required), the share consolidation and the Disposal of PRC Assets are disregarded for the purpose of illustration under this appendix as their details and terms have not been confirmed;
- (ix) expenses in connection with the Proposed Acquisitions are disregarded for the purpose of calculating the financial effects; and
- (x) no Professional Advisers' Shares are issued to the professional advisers as payment for services rendered in connection with the Proposed Transactions.

2. Share Capital

	No. of Shares	S\$ ('000)
Issued and paid-up share capital as at 31 December 2015	359,900,000	44,372
Add: CT8 Consideration Shares, WBH Consideration Shares and Cowealth Consideration Shares	2,380,229,280	11,901
After completion of the Proposed Acquisitions	2,740,129,280	56,273

3. EPS/LPS

	Before the Proposed Acquisitions	After the Proposed Acquisitions
Profit/(loss) attributable to Shareholders (S\$'000) for FY2015	(5,300)	5,789
Number of issued Shares (excluding treasury shares)	359,900,000	2,740,129,280
Earnings/(loss) per share (S\$ cents)	(1.47)	0.21

4. NTA/NTL

	Before the Proposed Acquisitions	After the Proposed Acquisitions
NTA/(NTL) of the Company as at 31 December 2015 (S\$'000)	(2,430)	10,300
Number of issued Shares (excluding treasury shares)	359,900,000	2,740,129,280
NTA/(NTL) per Share (S\$ cents)	(0.68)	0.38

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5. Gearing⁽¹⁾

	Before the Proposed Acquisitions	After the Proposed Acquisitions
Net debts as at 31 December 2015 (S\$'000)	-	24,765
Shareholders' equity as at 31 December 2015 (S\$'000)	(2,430)	10,300
Gearing (%)	Not Applicable	240.4%

Note:

- (1) Gearing is determined based on net debt divided by shareholders' equity. Net debt is calculated as borrowings less cash and cash equivalent.