

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 third quarter ended 30 September 2016 results announcement (“3Q 2016 results announcement”) released to SGX-ST via SGXNet on 11 November 2016.

The following information is in response to the SGX-ST’s queries dated 22 November 2016:

1) We refer to page 5 of the Results Announcement and note ‘Assets of disposal group classified as held for sale’ of RMB28.469 million and ‘Liabilities directly associated with disposal group classified as held for sale’ of RMB88.133 million. Please provide the following details:-

- (a) Provide status update of this operation
- (b) Provide breakdown of these amounts
- (c) Explain how are the operations of this being funded currently

Company’s reply for 1(a):

The Group has three production plants located in PRC operated by its wholly-owned 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, as part of the conditions for the proposed reverse take-over of a real estate development and investment business, announced on 12 April 2016 their 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 with a view to ring-fencing the Company from further risk and liabilities.

Company's reply for 1(b):

Details of the assets in disposal group classified as held-for-sale are as follows:

	<u>Group</u>	
	As at	As at
	30/9/2016	31/12/2015
	RMB'000	RMB'000
Cash and cash equivalent	5	5
Intangible assets – Land use rights	28,464	28,464
Total	<u>28,469</u>	<u>28,469</u>

Details of the liabilities directly associated with disposal group classified as held-for-sale are as follows:

	<u>Group</u>	
	As at	As at
	30/9/2016	31/12/2015
	RMB'000	RMB'000
Other payables		
- Accruals for expenses, mainly employee compensation	48,011	34,330
- Amounts due to directors	232	232
Current income tax liabilities	<u>34,890</u>	<u>34,890</u>
Total	<u>83,133</u>	<u>69,452</u>

Company's reply for 1(c):

Currently, the production activities have ceased and there are no production staff working at the production plants. As such, no funding is required for the discontinued operations. There were no cash outflows in relation to the expenses for the nine months ended 30 September 2016 for the discontinued operations, as the expenses were for the accrual of the workers' living expenses as their labour contracts have not yet been terminated. The Company's management and PRC executive directors have deemed it necessary to continue to accrue these expenses.

2) We refer to page 13, paragraph 9 of the Results Announcement. Please note that this is applicable and comment on whether the current results are in line with the Company's commentary on prospects or previous quarter outlook in paragraph 10 of its previous quarterly results announcement and if there is a variance, to explain why.

Company's reply:

The Company's performance for 3Q2016 and 9M2016 is in line with the commentary detailed in item 10 of the Company's 2Q2016 and 1H2016 results announcement dated 23 July 2016.

BY ORDER OF THE BOARD

CHANGJIANG FERTILIZER HOLDINGS LIMITED

Daniel Long Chee Tim

Acting Chief Executive Officer and Executive Director

25 November 2016