

CHANGJIANG FERTILIZER HOLDINGS LIMITED

(Company Registration No.: 200713878D)

(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ALL OF THE COMPANY'S SUBSIDIARIES INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPOSED DISPOSAL")

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, 25 April 2016, 13 June 2016, 26 September 2016, 9 October 2016, 12 October 2016, 3 May 2017, 15 May 2017, 25 July 2017 and 2 October 2017 in relation to the Proposed Transactions (the "Announcements").

Further to the Announcements, the Board wishes to announce the following:

1. PROPOSED DISPOSAL

On 12 April 2016, the Company announced that it had put its assets located in the PRC, comprising its shareholding interests in the PRC Subsidiaries, up for sale.

On 18 September 2017, the Company appointed Hunan Pingzheng Auction Co., Ltd. (湖南平正拍卖有限公司) and Hunan Chengyang Auction Co., Ltd. (湖南晟扬拍卖有限公司) (collectively, the "**Auction Companies**") to jointly sell the Company's entire interests in the PRC Subsidiaries by way of a public auction.

The public auction closed on 9 October 2017, and the Company has since entered into a sale and purchase agreement relating to the Proposed Disposal with Mr Wu Meng (吴檬) who was the successful bidder (the "**Bidder**"). The Bidder is not related to any of the Company's directors or controlling shareholders.

Subsequent to the Proposed Disposal, each of JC Miluo, Changjiang Huafei, Huafei Hanshou and Tangjia Electric will cease to be a subsidiary of the Company.

2. KEY TERMS OF THE PROPOSED DISPOSAL

2.1 Consideration

The consideration for the Proposed Disposal at the close of the public auction is RMB1.00 (the "**Consideration**").

2.2 Conditions Precedent

The completion of the Proposed Disposal is subject to the satisfaction of the following conditions precedent:

- (a) the receipt by the Company of the approval of the shareholders of the Company for the Proposed Disposal (the "**Shareholders' Approval**") at an extraordinary general meeting to be convened; and

- (b) the issuance by the Auction Companies of an auction confirmation letter after the receipt of the Shareholders' Approval. The Proposed Disposal is to be completed through full payment of the Consideration within two (2) working days from the issuance of such auction confirmation letter.

2.3 Additional Terms

The Bidder has agreed, amongst others, that:

- (a) it will have no recourse to the Company in the event that the Shareholders' Approval is not obtained; and
- (b) it will acquire the PRC Subsidiaries on an "as-is-where-is" basis and assume all liabilities associated with the PRC Subsidiaries with no recourse to the Company.

3 RATIONALE FOR THE PROPOSED DISPOSAL

Based on the latest available management accounts as at 31 December 2016 where the Net Realisable Value ("**NRV**") of the PRC Subsidiaries is estimated to be zero, the Company expects that, over time, the potential and contingent liabilities will be in excess of the above-stated NRV. The Company appointed Roma Appraisal Limited (the "**Independent Valuer (PRC Subsidiaries)**") to provide an independent valuation of the PRC Subsidiaries. The Independent Valuer (PRC Subsidiaries) has determined in its valuation letter that the group's equity interests in the PRC Subsidiaries have no commercial value as at 31 August 2017.

Based on the foregoing, and for the reasons set out in paragraph 4 of the announcement dated 12 April 2016, the Company has decided to undertake the Proposed Disposal.

4 RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

For the purposes of Chapter 10 of the Listing Manual, the relative figures of the Proposed Disposal computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual are as follows:

	Bases under Rule 1006	Notes	Proposed Disposal
(a)	The negative net asset value of the asset to be disposed of, compared with CJFH Group's negative net asset value	(1)	71.53%
(b)	The net loss attributable to the assets acquired or disposed of, compared with CJFH Group's net loss	(2)	65.75%
(c)	Aggregate value of the consideration to be given or received compared with the Company's market capitalisation (excluding treasury shares)	(3)	Not material
(d)	The number of equity securities issued by the Company as consideration compared with the number of Shares previously in issue	(4)	Not applicable

(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of CJFH Group's proved and probable reserves	(5)	Not applicable
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Notes:

- (1) The negative net asset value attributable to the PRC Subsidiaries and the CJFH Group based on the CJFH Group's audited financial statement for FY2016 was RMB54.66 million and RMB76.42 million respectively.
- (2) "Net loss" means loss before income tax, minority interests and extraordinary items as defined under Rule 1002(3). The net loss attributable to the PRC Subsidiaries and the CJFH Group, based on the CJFH Group's audited financial statement for FY2016, was RMB13.7 million and RMB20.8 million respectively.
- (3) The consideration for the Proposed Disposal is RMB1.00 (or approximately S\$0.20). 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.
- (4) Not applicable to a disposal of assets.
- (5) Not applicable as the Company is not a mineral, oil and gas company.

As the relative figures computed under Rule 1006(a), (b) and (c), exceed 50.0%, the Proposed Disposal is a major transaction and is subject to the approval of Shareholders. A circular containing further information about the Proposed Disposal will be circulated to Shareholders in due course.

5. FINANCIAL EFFECTS

Please refer to **Appendix A** of this announcement for certain financial effects of the Proposed Disposal.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement:

- (a) none of the directors has any interest, direct or indirect, in the Proposed Disposal, 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 has any interest, direct or indirect, in the Proposed Disposal, save through such Shareholders' shareholding in the Company

7. DOCUMENTS FOR INSPECTION

A copy of the sale and purchase agreement in relation to the Proposed Disposal and the valuation letter issued by the Independent Valuer (PRC Subsidiaries) is available for inspection during normal business hours at 114 Lavender Street #06-01 CT HUB2, Singapore 338729 for a period of three (3) months from the date of this announcement.

8. FURTHER ANNOUNCEMENTS

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

9. CAUTIONARY STATEMENT

The Board would like to advise Shareholders that the completion of the Proposed Disposal remains subject to the fulfillment of the various conditions precedent as set out under the sale and purchase agreement.

BY ORDER OF THE BOARD

Long Chee Tim, Daniel
Acting Chief Executive Officer
and Executive Director
10 October 2017

Appendix A

PRO FORMA FINANCIAL EFFECTS

The pro forma financial effects of the proposed acquisition of the Proposed Disposal are set out below.

A. Bases and assumptions

The pro forma financial effects of the Proposed Disposal set out below are for illustrative purposes only. The pro forma financial effects have been prepared based on the audited financial statements of the Company for the financial year ended 31 December 2016;

B. Share Capital

Not applicable as there will be no change to the share capital of the Company as a result of the Proposed Disposal.

C. LPS

Not applicable, as the PRC Subsidiaries are not operational and has no revenue or expenses.

D. NTL

	Before the Proposed Disposal	After the Proposed Disposal
NTL of the Company as at 31 December 2016 (S\$'000)	(15,908)	(4,529)
Number of issued Shares (excluding treasury shares)	359,900,000	359,900,000
NTL per Share (S\$ cents)	(4.42)	(1.26)

E. Gearing⁽¹⁾

	Before the Proposed Disposal	After the Proposed Disposal
Net debts as at 31 December 2016 (S\$'000)	0	0
Shareholders' equity as at 31 December 2016 (S\$'000)	(15,908)	(4,529)
Gearing (%)	N.A.	N.A.

Note:

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