

CHANGJIANG FERTILIZER HOLDINGS LIMITED

(Company Registration No.: 200713878D)

(Incorporated in the Republic of Singapore)

(A) PROPOSED ACQUISITION OF VACANT LAND LOCATED IN JOHOR, MALAYSIA; AND

(B) AMENDMENTS TO THE WBH SPA

*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 and 25 July 2017 in relation to the Proposed Transactions (the "**Announcements**").*

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

1. PROPOSED ACQUISITION OF VACANT LAND

Tree Top Realty Sdn. Bhd. ("Tree Top Realty") has on 1 October 2017 entered into a conditional sale and purchase agreement (the "**Kempas Agreement**") with Regal Sapphire Sdn Bhd (the "**Kempas Vendor**") to acquire all of the parcel of vacant free land held under Lot 3037, GRN 80620, Mukim Tebrau, District of Johor Bahru, State of Johor, Malaysia (the "**Kempas Land**").

2. FURTHER INFORMATION RELATING TO THE KEMPAS LAND

The Kempas Land is a vacant freehold plot of land with an area of approximately 2.23 hectares or 239,669 sqft and which is located in Johor Bahru, Malaysia. It is located in central Johor, about 10 minutes from the Johor Customs, Immigration, and Quarantine Complex, close to a future mass rapid transit station, and a meaningful distance away from the sizable number of condominium projects along and close to the coast.

The Company's current intention and preliminary plan is to develop the Kempas Land into fourteen units of 2.5-storey detached light industrial and/or showroom units with total saleable floor area of approximately 147,830 sqft (the "**Kempas Industrial Project**"). Planning permission issued by the Johor Bahru City Council to carry out the development of the Kempas Industrial Project on Kempas Land has already been issued to the Vendor.

3. KEY TERMS OF THE KEMPAS AGREEMENT

3.1 Consideration

Pursuant to the Kempas Agreement, the Kempas Vendor shall sell and Tree Top Realty shall purchase Kempas Land for the Kempas Consideration. The Kempas Consideration shall be satisfied by Tree Top Realty in cash, in the following manner:

- (a) within 30 days from the date the Kempas Agreement, the sum of RM600,000 shall be paid to and retained by the solicitors to the Kempas Vendor who shall give good discharge and receipt for and on behalf of the Kempas Vendor as a deposit towards account of the purchase consideration; and
- (b) on or before the date falling 60 days after the date on which all conditions precedent set out in the Kempas Agreement are satisfied, the balance of the Kempas Consideration being RM11,400,000 shall be paid to the solicitors to the Kempas Vendor, to be released to the Kempas Vendor on the 14th day following the day upon which the documents necessary to enable registration of the transfer of Kempas Land are presented for

registration at the land registry or 21 days from the date of receipt of the documents of title by the solicitors of Tree Top Realty, whichever is the earlier, and legal/vacant possession of Kempas Land having been deemed to be delivered to Tree Top Realty.

The Kempas Consideration was agreed on a willing-buyer and willing-seller basis after arm's length negotiations and is supported by the valuation of Kempas Land as assessed by Knight Frank Malaysia Sdn. Bhd. which was engaged by the Company to provide an independent valuation of Kempas Land.

3.2 Conditions Precedent

The completion of the acquisition of the Kempas Land is conditional upon the following conditions precedent being obtained and/or fulfilled by 31 January 2018:

- (a) issuance of original separate individual issue documents of title by the relevant authority to the Kempas Vendor pursuant to the surrender and re-alienation application submitted by the Kempas Vendor under the provisions of the National Land Code of Malaysia;
- (b) the approval of the relevant authority for the transfer of Kempas Land by the Kempas Vendor to Tree Top Realty having been obtained;
- (c) completion of the Proposed Transactions to be confirmed by Tree Top Realty in writing; and
- (d) the approval of the shareholders of the Company, at an extraordinary general meeting to be convened, for the acquisition of Kempas Land in accordance with the terms and conditions of the Kempas Agreement, if deemed necessary by Tree Top Realty.

The Company intends to seek the approval of its Shareholders for the acquisition of the Kempas Land during the extraordinary general meeting to be convened by the Company to approve, amongst others, the Proposed Transactions. A circular containing further details of the acquisition of the Kempas Land and the Proposed Transactions will be sent to Shareholders in due course.

3.3 Additional Undertakings

Pursuant to the Kempas Agreement, the Kempas Vendor has also irrevocably covenanted and agreed that Tree Top Realty shall be vested and conferred with and granted with all its rights, benefits, interests and obligations in respect of the Kempas Industrial Project, the planning permission granted by the Johor Bahru City Council to the Kempas Vendor in relation to the Kempas Industrial Project, the layout plan approved under the said planning permission, the building plan and any other development order(s), planning permissions, permits, licences, consents and approvals obtained in respect of the Kempas Industrial Project, after the completion of the Kempas Acquisition. The Kempas Vendor shall deliver and sign all documents which is necessary to enable Tree Top Realty to receive and assume conduct and control of the Kempas Industrial Project.

4. THE WBH SUPPLEMENTAL AGREEMENT

The Company has also agreed with the WBH Vendors to amend certain terms set out in the WBH Acquisition Agreement. In particular, amendments were made such that the bases for the CT8 Consideration was clarified to include the assignment of existing loans owing by WBH to the WBH Vendors to the Company;

5. RATIONALE FOR THE ACQUISITION OF THE KEMPAS LAND

The Board believes in the long-term growth of the Malaysian real estate market and is of the view that the Kempas Acquisition is strategic to the Company's foray into the real estate development business. It is currently intended that the Kempas Industrial Project will be the first and immediate property development project that the Group will undertake following the completion of the Proposed Acquisitions

6. SOURCE OF FUNDS

It is the Company's current expectation that the purchase consideration for Kempas Land of RM\$12.0 million (approximately S\$3.9 million) will be funded through internal resources and more specifically, the proceeds from the sale of units at Tagore 8. As with the case for development projects in Malaysia and elsewhere, the entire construction cost for the Kempas Industrial Project will be financed through bank loans to mitigate the risk of foreign currency exposure.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the acquisition of the Kempas land 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, the acquisition of the Kempas Land is considered a "Very Substantial Acquisition" under Rule 1015 of the Listing Manual.

	Bases under Rule 1006	Notes	Acquisition of Kempas Land
(a)	The net asset value of the asset to be disposed of, compared with Changjiang Group's net asset value	(1)	Not applicable
(b)	The net profit attributable to the assets acquired or disposed of, compared with Changjiang Group's net profit	(2)	Not applicable
(c)	Aggregate value of the consideration to be given or received compared with the Company's market capitalisation (excluding treasury shares)	(3)	59.75%
(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 Changjiang Group's proved and probable reserves	(5)	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 Kempas Land is not operational and has no revenue or expenses.
- (3) Based on 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\$0.0018 transacted on 13 April 2015.

8. FINANCIAL EFFECTS

Please refer to **Appendix A** of this announcement for certain financial effects of the proposed acquisition of the Kempas Land.

9. 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 acquisition of the Kempas Land, 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 acquisition of the Kempas Land, save through such Shareholders' shareholding in the Company

10. FURTHER ANNOUNCEMENTS

The Company will make the necessary announcements when there are further developments on the Proposed Transactions, the proposed acquisition of the Kempas Land and other matters contemplated by this announcement.

11. CAUTIONARY STATEMENT

The Board would like to advise Shareholders that the completion of the Proposed Transactions and the acquisition of the Kempas Land remains subject to the fulfillment of the various conditions precedent as set out under the WBH Acquisition Agreement, as amended by the WBH Supplemental Agreement and the WBH Supplemental Agreements, the CT8 Acquisition Agreement, as amended by the CT8 Supplemental Agreements, the Second Tranche CT8 Acquisition Agreement and/or the Kempas Agreement, 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
2 October 2017

Appendix A

PRO FORMA FINANCIAL EFFECTS

The pro forma financial effects of the proposed acquisition of the Kempas Land are set out below.

A. Bases and assumptions

The pro forma financial effects of the proposed acquisition of the Kempas Land 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;

For the purposes of illustrating the financial effects of the proposed acquisition of the Kempas Land, the financial effects have been prepared based on, amongst others, the following assumptions:-

- (i) the financial effects of the proposed acquisition of the Kempas Land on the earnings and earnings per share ("**EPS**")/loss per Share ("**LPS**") of the Group are computed assuming that it was completed on 1 January 2016;
- (ii) the financial effects of the proposed acquisition of the Kempas Land on net tangible assets ("**NTA**")/net tangible liabilities ("**NTL**") of the Group are computed assuming that it was completed on 31 December 2016;
- (iii) the fair value adjustments on the net assets of the Group and positive or negative goodwill arising from the proposed acquisition of the Kempas Land, if any, have not been considered for the purpose of computing the financial effects of the proposed acquisition of the Kempas Land and will be determined on the date of completion of the proposed acquisition of the Kempas Land. Any goodwill arising thereon from the proposed acquisition of the Kempas Land will be accounted for in accordance with the accounting policies of the Company;
- (iv) expenses in connection with the proposed acquisition of the Kempas Land are disregarded for the purpose of calculating the financial effects; and
- (v) no Shares are issued.

B. Share Capital

Not applicable as there will be no change to the share capital of the Company as a result of the proposed acquisition of the Kempas Land.

C. LPS

Not applicable, as the Kempas Land is not operational and has no revenue or expenses.

D. NTL

	Before the proposed acquisition of the Kempas Land	After the proposed acquisition of the Kempas Land
NTL of the Company as at 31 December 2016 (S\$'000)	4,529	4,529
Number of issued Shares (excluding treasury shares)	359,900,000	2,217,949,252

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NTA per Share (S\$ cents)	(1.26)	(1.26)
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5. Gearing⁽¹⁾

	Before the proposed acquisition of the Kempas Land	After the proposed acquisition of the Kempas Land
Net debts as at 31 December 2016 (S\$'000)	-	-
Shareholders' equity as at 31 December 2016 (S\$'000)	(4,529)	(4,529)
Gearing (%)	Not Applicable	Not Applicable

Note:

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