

ABUNDANCE INTERNATIONAL LIMITED

(Incorporated in Singapore)

(Company Registration Number 197501572K)

DISPOSAL OF REMAINING SHARES IN 江苏索普化工股份有限公司 (JIANGSU SOPO CHEMICAL CO., LTD.)

1. INTRODUCTION

The Board of Directors (the “**Board**” and each, a “**Director**”) of Abundance International Limited (the “**Company**”, and together with our subsidiaries, the “**Group**”) refers to:

- (a) the Company’s earlier announcement dated 15 April 2021 in relation to the subscription for 3,610,108 new shares at an issue price of RMB8.31 each (collectively, the “**Investment Shares**”) in 江苏索普化工股份有限公司 (Jiangsu Sopo Chemical Co., Ltd.) (the “**Target Company**”) by the Company’s wholly-owned subsidiary, Orient-Salt Chemicals (Shanghai) Co., Ltd’s (“**OSC Shanghai**”) (the “**Subscription**”); and
- (b) the Company’s earlier announcement dated 15 October 2021 in relation to the disposal of 2,400,000 Investment Shares in the Target Company by OSC Shanghai,

and wishes to announce that OSC Shanghai has further sold the remaining 1,210,108 Investment Shares (the “**Disposal Shares**”) on the open market at an average price of approximately RMB16.51 per Disposal Share on 21 October 2021 (the “**Disposal**”). On completion of the Disposal, OSC Shanghai no longer holds any interests in the Target Company.

The aggregate purchase price received by OSC Shanghai for the Disposal is RMB19.98 million (the “**Consideration**”), which was satisfied in cash. The closing price per share of the Target Company as at 20 October 2021 was RMB16.45. As such, the sale price of RMB16.51 per Disposal Share is at a premium to the closing price per share of the Target Company as at 20 October 2021.

2. USE OF PROCEEDS

The Company received gross proceeds of approximately S\$4,195,000 (before deducting transaction fees and stamp duty of approximately S\$5,000 in aggregate and estimated income tax of S\$447,000) from the Disposal. The Company intends to utilise the net proceeds of S\$3,743,000 for the general working capital requirements of the Group.

Pending the deployment of the unutilised proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

3. AGGREGATE COST OF INVESTMENT

As required under Catalist Rule 704(17)(b) relating to the sale of quoted securities, the Board wishes to announce the: (i) Group's aggregate cost of investment in quoted securities before and after the Disposal, and such amounts as a percentage of the latest audited consolidated net tangible assets of Group; (ii) the total market value of the Group's investment in quoted securities before and after the Disposal; and (iii) the amount of any provision for diminution in value of investment in quoted securities, as follows:

		Before the Disposal	After the Disposal
(i)	Aggregate cost of the Group's investment in quoted securities (S\$'000)	2,253	141
	Audited consolidated net tangible assets of the Group as at 31 December 2020 (S\$'000)	25,057	25,057
	Aggregate cost of the Group's investment in quoted securities as a percentage of the latest audited consolidated net tangible assets of the Group as at 31 December 2020 (%)	8.99	0.56
(ii)	Total market value of the Group's investment in quoted securities (S\$'000)	4,475	140
(iii)	Amount of any provision for diminution in value of investment in quoted securities (S\$'000)	0	0

4. INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in the People's Republic of China (the "PRC") and is listed on the Shanghai Stock Exchange. It is a major producer of acetic acid, ethyl acetate, ADC foaming agent and sulfuric acid. The Target Company is currently a major supplier of acetic acid to our Group. No introduction fees will be paid to any party in relation to the Disposal.

The closing price per share of the Target Company on 20 October 2021 was RMB16.45, and the market capitalisation of the Target Company was approximately RMB19.21 billion.

5. RATIONALE FOR AND BENEFITS OF THE DISPOSAL

The Board believes that the Disposal is in the best interests of the Group and the shareholders of the Company, as it will enable the Group to realise the value of the Investment Shares. The Disposal will result in a positive net cash inflow of approximately S\$3,743,000, thereby improving the liquidity and working capital position of the Group.

6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006

Under Chapter 10 of the Catalist Rules, a disposal will be classified as a “major transaction” if any of the relative figures calculated on the bases set out in Rule 1006 of the Catalist Rules exceeds 50% and if so, shareholders’ approval must be obtained for the “major transaction”.

The relative figures computed on the relevant bases set out in Rule 1006 of the Catalist Rules in respect of the Disposal would be as follows:

Rule 1006	Base	Relative figure computed in accordance with the bases set out in Rule 1006
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value	2.41% ⁽¹⁾
(b)	The net profits attributable to the assets disposed of, compared with the Group’s net profits	3.76% ⁽²⁾
(c)	The aggregate value of the consideration received, compared with the issuer’s market capitalisation based on the total number of issued shares excluding treasury shares	8.75% ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration for an disposal, compared with the number of equity securities previously in issue	Not applicable

Notes:

- (1) Based on the unaudited consolidated financial statements of our Group for the six-month financial period ended 30 June 2021 (“1H2021”), the net asset value of the Group was approximately US\$33,846,000 (about S\$45,692,000, using an exchange rate of US\$1 to S\$1.35). Based on the latest unaudited financial statements of the Target Company for the same financial period, the net asset value of the Target Company was approximately RMB5,239,790,000 (about S\$1,100,356,000, using an exchange rate of 1 RMB to S\$0.21). As the Group had disposed of 0.10% of the existing share capital of the Target Company, the net asset value attributable to the Disposal Shares would be approximately S\$1,100,000.
- (2) Based on the unaudited consolidated financial statements of our Group for 1H2021, the net profit of the Group was approximately US\$7,313,000 (about S\$9,873,000, using an exchange rate of US\$1 to S\$1.35). Based on the latest unaudited financial statements of the Target Company for the same financial period, the net profit attributable to the Target Company was approximately RMB1,769,861,000 (about S\$371,671,000, using an exchange rate of 1 RMB to S\$0.21). As the Company had disposed 0.10% of the existing share capital of the Target Company, the net profit attributable to the Disposal Shares would be S\$372,000.
- (3) The consideration of RMB19.98 million (approximately S\$4.20 million, using an exchange rate of 1 RMB to S\$0.21) is compared against our Company’s market capitalisation of S\$47.94 million, which is computed based on 1,281,688,706 issued shares of the Company in issue (“Shares”) and the weighted average price of S\$0.0374 per Share transacted on 20 October 2021, being the market day preceding the date of the Disposal.

As the relative figure computed under Rule 1006(c) of the Catalist Rules exceeds 5% but does not exceed 50%, the Disposal constitutes a "Discloseable Transaction" as defined under Rule 1010 of the Catalist Rules.

7. FINANCIAL EFFECTS OF THE DISPOSAL

The *pro forma* financial effects of the Disposal, based on (i) the audited consolidated financial statements of our Company and our Group for the financial period ended 31 December 2020 ("FY2020"), and (ii) the latest available audited financial statements of the Target Company for FY2020, and assuming the completion of the Disposal, are set out below. The *pro forma* financial effects are only presented for illustration purposes, and are not intended to reflect the actual future financial situation of our Company or our Group after the Disposal.

7.1 Net Tangible Assets

Assuming that the Disposal had been completed on 31 December 2020, the effect on the net tangible asset ("NTA") per Share of our Company as at 31 December 2020 would be as follows:

	<i>As at 31 December 2020</i>	<i>Immediately before the Disposal</i>	<i>After the Disposal</i>
Consolidated NTA attributable to the shareholders (S\$'000)	25,057	46,061 ⁽¹⁾	46,353
Consolidated NTA per share attributable to the shareholders (Singapore cents)	3.90	3.59 ⁽²⁾	3.62 ⁽²⁾

Notes:

⁽¹⁾ Based on the amount disclosed in the "After the Disposal" column as set out in the Company's earlier announcement dated 15 October 2021.

⁽²⁾ The number of Shares increased from 642,750,000 to 1,281,689,000 in January 2021 pursuant to the exercise of warrants.

7.2 Earnings per Share

Assuming that the Disposal had been completed on 1 January 2020, the effect on the earnings per Share of our Company for FY2020 would be as follows:

	<i>Before the Disposal</i>	<i>After the Disposal</i>
Consolidated (loss)/ profit attributable to shareholders (net of tax) (S\$'000) ⁽¹⁾	(3,469)	1,155
Weighted average number of shares ('000)	642,750	642,750
(Loss)/ Profit per share attributable to shareholders (Singapore cents)	(0.54)	0.18

8. VALUE OF THE DISPOSAL SHARES

8.1 Value of the Disposal Shares

Based on the unaudited consolidated financial statements of our Group for 1H2021, the book value of the Disposal Shares is approximately S\$3.90 million.

As at 30 June 2021, the unaudited NTA value of the Disposal Shares is approximately S\$1.05 million (or RMB5.00 million).

The weighted average price of the Target Company's shares as at 20 October 2021 (being the market day preceding the Disposal) is RMB16.49.

No valuation was conducted on the Disposal Shares.

8.2 Excess of Proceeds over Book Value

The Consideration represents an excess of S\$297,000 over the book value of the Disposal Shares.

8.3 Net Profit Attributable to the Disposal Shares and Gain on Disposal

Based on the unaudited consolidated financial statements of our Group for 1H2021, the fair value gains attributable to the Disposal Shares was approximately S\$1.79 million and there will be an estimated gain of S\$297,000 on the Disposal.

9. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Company's directors or controlling shareholders, or their respective associates, has any interest, direct or indirect, in the Disposal, other than through their respective shareholdings in the Company.

10. SERVICE AGREEMENTS

As at the date of this announcement, no person is proposed to be appointed as a Director of our Company pursuant to the Disposal.

11. CAUTION IN TRADING

Shareholders are advised to exercise caution in dealings with the shares, to read this announcement and any further update announcement(s) released by the Company carefully and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

12. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Disposal, our Company and its subsidiaries, and the Target Company, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where any information has been extracted from published or publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement in its proper form and context.

By Order of the Board

Sam Kok Yin
Managing Director

21 October 2021

Note:

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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