

CIRCULAR DATED 11 APRIL 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Abundance International Limited (the “**Company**”). If you are in doubt about its contents or as to the action you should take, you should consult your accountant, bank manager, solicitor, stockbroker or other professional adviser immediately.

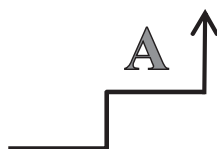
Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the Section entitled “DEFINITIONS”.

If you have sold or transferred all your ordinary shares in the capital of the Company (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, Stamford Corporate Services Pte. Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Ng Joo Khin, at telephone no. (65) 6389 3000; email address jookhin.ng@morganlewis.com.



ABUNDANCE INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 197501572K)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

THE PROPOSED INTERESTED PERSON TRANSACTIONS MANDATE

Independent Financial Adviser to the Non-Interested Directors of the Company with respect to the Proposed Interested Person Transactions Mandate

 **PROVENANCE CAPITAL**
PROVENANCE CAPITAL PTE. LTD.
(Company Registration No.: 200309056E)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form:	23 April 2017 at 11a.m.
Date and time of Extraordinary General Meeting:	26 April 2017 at 11a.m. (or as soon thereafter as the Annual General Meeting of the Company to be held at 10a.m. on the same day and at the same place is concluded or adjourned)
Place of Extraordinary General Meeting :	9 Joo Koon Circle, Singapore 629041

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DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

- “2015 IPT Mandate”** : Has the meaning ascribed to it in section 2 of this Circular
- “2017 Proposed IPT Mandate”** : Has the meaning ascribed to it in section 1.1 of this Circular
- “Associates”** : (a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Audit Committee”** : The Audit Committee of the Company for the time being. As at the Latest Practicable Date, the Audit Committee comprises Mr Francis Yau Thiam Hwa, Mr Chan Cher Boon and Mr Tham Hock Chee
- “Board”** : The board of Directors of the Company
- “Catalist”** : The Catalist Board of the SGX-ST
- “Catalist Rules”** : Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, varied or supplemental from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Chemical Business”** : The proposed new business of chemicals manufacturing, trading, storage and/or the manufacture or trading of equipment, accessories, consumables or peripherals used in the chemical industry and other related business
- “Circular”** : This circular to Shareholders dated 11 April 2017
- “Company”** : Abundance International Limited
- “Companies Act”** : Companies Act (Cap. 50) of Singapore, as amended, modified or supplemented from time to time
- “Constitution”** : The Constitution of the Company as amended from time to time
- “Controlling Shareholder”** : A person who:
- (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or
 - (b) in fact exercises Control over the Company

DEFINITIONS

“Dalian Keduo”	:	Has the meaning ascribed to it in section 2.2.2 of this Circular
“Dalian Zhongke”	:	Has the meaning ascribed to it in section 2.2.2 of this Circular
“Directors”	:	The directors of the Company as at the Latest Practicable Date and each a “Director”
“EAR Group”	:	The “entity-at-risk group” which comprises (i) the Company, (ii) subsidiaries of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange) from time to time, and (3) associated companies of the Company (other than an associated company listed on the SGX-ST or an approved exchange) from time to time over which the Group, or the Group and interested person(s) of the Group has or have control over
“EGM”	:	The extraordinary general meeting to be held on 26 April 2017, Wednesday at 9 Joo Koon Circle Singapore 629041 at 11a.m., (or as soon thereafter as the Annual General Meeting of the Company to be held at 10a.m. on the same day and at the same place is concluded or adjourned)
“Existing Issued Share Capital”	:	The existing issued share capital (excluding treasury shares) of the Company comprising 642,750,000 Shares as at the Latest Practicable Date
“FY2016”	:	The financial year ended 31 December 2016
“Group”	:	The Company and its subsidiaries
“IFA Letter”	:	The letter dated 11 April 2017 from the Independent Financial Adviser to the Non-Interested Directors in relation to the 2017 Proposed IPT Mandate, a copy of which is set out in Appendix of this Circular
“Independent Financial Adviser” or “Provenance Capital”	:	Provenance Capital Pte. Ltd., the independent financial adviser to the Non-Interested Directors in relation to the 2017 Proposed IPT Mandate
“Interested Persons”	:	Interested person(s) of the Company who fall within the 2017 Proposed IPT Mandate, as further described in section 2.2.2 of this Circular
“IPA”	:	Isopropyl Alcohol
“IPTs”	:	Has the meaning ascribed to it in section 2.2.4 of this Circular
“IPT Register”	:	The register of IPTs as defined in section 2.6.3(b) of this Circular, namely, the register of transactions carried out with the Interested Persons pursuant to the 2017 Proposed IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into)
“Jiangsu Feixiang”	:	Has the meaning ascribed to it in section 2.2.2 of this Circular
“Jiangsu Feymer”	:	Has the meaning ascribed to it in section 2.2.2 of this Circular
“Jiangsu Feymer Membrane-Tech”	:	Has the meaning ascribed to it in section 2.2.2 of this Circular
“Jiangsu Fopia”	:	Has the meaning ascribed to it in section 2.2.2 of this Circular
“Kellin Chemicals”	:	Has the meaning ascribed to it in section 2.2.2 of this Circular

DEFINITIONS

“Latest Practicable Date”	: 20 March 2017, being the latest practicable date prior to the printing of this Circular
“Nantong Boyi”	: Has the meaning ascribed to it in section 2.2.2 of this Circular
“Non-Interested Directors”	: The Directors who are deemed to be independent for the purposes of making a recommendation on the 2017 Proposed IPT Mandate, namely, Mr Sam Kok Yin, Mr Chan Cher Boon, Mr Tham Hock Chee and Mr Francis Yau Thiam Hwa
“Notice of EGM”	: The notice of the EGM which is set out on page 33 of this Circular
“NTA”	: Net tangible assets
“Order Aggregation Model”	: Has the meaning ascribed to it in section 2.2.3(a) of this Circular
“OSC Group”	: Orient-Salt Chemicals Pte Ltd and its subsidiaries Dong Yan Chemical (Shanghai) Co., Ltd and Touen Japan Co., Ltd.
“Qingdao Fusilin”	: Has the meaning ascribed to it in section 2.2.2 of this Circular
“Review Team”	: The financial controller of the Group and one Director (each having no interest, direct or indirect, in the IPT)
“RMB”	: Renminbi
“Securities and Futures Act”	: Securities and Futures Act (Cap. 289) as amended, modified or supplemented from time to time
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shanghai Tiantan “	: Has the meaning ascribed to it in section 2.2.2 of this Circular
“Shareholders”	: Holders of issued Shares, including Depositors whose Shares are deposited with CDP or who have purchased the Shares on the SGX-ST, and “Shareholder” shall be construed accordingly
“Shares”	: Issued and paid-up ordinary shares in the capital of the Company
“Sponsor”	: Stamford Corporate Services Pte. Ltd.
“Suzhou Gelan”	: Has the meaning ascribed to it in section 2.2.2 of this Circular
“S\$” and “cents”	: Singapore dollars and cents respectively, being the lawful currency of Singapore
“Toll Manufacturing Agreement”	: The agreement to be executed between the OSC Group with Kellin Chemicals and/or the relevant Interested Persons for a fixed duration and which will state the applicable Toll Manufacturing Fee per ton for that period
“Toll Manufacturing Fee”	: The toll manufacturing service fee charged by the relevant Interested Persons for each transaction
“Toll Manufacturing Model”	: Has the meaning ascribed to it in section 2.2.3(b) of the Circular
“US\$”	: United States of America dollars
“Yancheng Hengsheng”	: Has the meaning ascribed to it in section 2.2.2 of this Circular
“%” or “per cent.”	: Per centum or percentage

DEFINITIONS

Depositors. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

Subsidiaries and related corporations. The terms “**subsidiaries**” and “**related corporations**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

References. Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

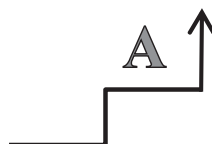
Time and date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Catalist Rules, or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the Catalist Rules, or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS



ABUNDANCE INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 197501572K)

Board of Directors:

Shi Jiangang (*Executive Chairman*)
Sam Kok Yin (*Managing Director*)
Chan Cher Boon (*Lead Independent Director*)
Tham Hock Chee (*Independent Director*)
Francis Yau Thiam Hwa (*Independent Director*)

Registered Office:

9 Joo Koon Circle
Singapore 629041

11 April 2017

To: The Shareholders of Abundance International Limited

Dear Sir/Madam

1. INTRODUCTION

1.1 Extraordinary General Meeting

The Directors are convening an Extraordinary General Meeting of the Company (“EGM”) to be held on 26 April 2017, Wednesday at 11a.m. (or as soon thereafter as the Annual General Meeting of the Company to be held at 10a.m. on the same day and at the same place is concluded or adjourned) at 9 Joo Koon Circle, Singapore 629041 to seek the Shareholders’ approval for the proposed Shareholders’ general mandate pursuant to Chapter 9 of the Catalist Rules permitting companies within the Group, or any of them, to enter into the IPTs as set out in section 2 of this Circular, with the Interested Persons, provided that such transactions are on an arm’s length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders (“**2017 Proposed IPT Mandate**”).

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information relating to the above proposals to be tabled at the EGM and to seek the Shareholders’ approval for the same. The notice of EGM is set out on page 33 of this Circular.

1.3 The Singapore Exchange Securities Trading Limited (“SGX-ST”) takes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

2. THE PROPOSED INTERESTED PERSON TRANSACTIONS MANDATE

On 19 August 2015, Shareholders approved, *inter alia*, the following resolutions:

- (i) the diversification of the Company’s business to include, *inter alia*, the Chemical Business (which will initially take the form of a trading and distribution model); and

LETTER TO SHAREHOLDERS

- (ii) granting an interested persons transaction mandate for transactions to be entered into between certain companies owned by Mr Shi Jiangang, the Executive Chairman of the Company, and the Group's new chemicals trading business (the "2015 IPT Mandate").

As at the date of this Circular, the Group conducts its chemical trading business via the OSC Group. For FY2016, the OSC Group achieved revenue of US\$109 million. In view of the increased scale of the Group's chemicals trading activities and new potential transactions between companies owned by Mr Shi Jiangang and the OSC Group which are not covered under the 2015 IPT Mandate, the Company proposes to seek Shareholders' approval for the 2017 Proposed IPT Mandate by an ordinary resolution at the EGM.

2.1 Chapter 9 of the Catalist Rules

2.1.1 Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (which is known as an "entity at risk") proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

2.1.2 Under Chapter 9 of the Catalist Rules, where there is a transaction between an interested person and an entity at risk, and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company's latest audited consolidated NTA), unless the transaction is excluded as described below, the listed company is required to make an immediate announcement for an interested person transaction of a value equal to, or exceeding:

- (a) 3% of the listed company's latest audited consolidated NTA; or
- (b) 3% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as construed under Chapter 9 of the Catalist Rules) during the same financial year.

Shareholders' approval (in addition to an immediate announcement) is required for an interested person transaction of a value equal to, or exceeding:

- (a) 5% of the listed company's latest audited consolidated NTA; or
- (b) 5% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as construed under Chapter 9 of the Catalist Rules) during the same financial year.

These requirements do not apply to transactions that are below S\$100,000 each or certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9.

2.1.3 Based on the latest audited consolidated financial statements of the Company and the Group for the financial year ended 31 December 2016, the consolidated NTA of the Group was US\$18,889,000. Accordingly, in relation to the Group, for the purpose of Chapter 9 of the Catalist Rules, in the current financial year and until such time as the audited consolidated financial statements of the Group for the current financial year are published, Shareholders' approval is required where:

- (a) the IPT is of a value equal to, or more than, approximately US\$944,000, being 5% of the latest audited consolidated NTA of the Group; or
- (b) the IPT, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, approximately US\$944,000.

LETTER TO SHAREHOLDERS

2.1.4 Chapter 9 of the Catalist Rules, however, allows a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not for the purchase or sale of assets, undertakings or businesses) which may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

2.1.5 For the purposes of Chapter 9 of the Catalist Rules:

- (a) an “**approved exchange**” means a stock exchange that has rules which safeguard the interest of shareholders against interested person transactions according to similar principles as Chapter 9;
- (b) an “**associate**” in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (c) a “**chief executive officer**” means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company;
- (d) a “**controlling shareholder**” is a person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the listed company (unless otherwise excepted by the SGX-ST or in fact exercises control over a company);
- (e) an “**entity at risk**” means the issuer, a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange, or an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- (f) an “**interested person**” means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;
- (g) an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (h) a “**transaction**” includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly.

2.2 Overview of the 2017 Proposed IPT Mandate

2.2.1 The Group currently conducts its chemical trading business, which includes wholesale, import and export of chemical materials and products, via the OSC Group.

2.2.2 As at the Latest Practicable Date, Mr Shi Jiangang, the Executive Chairman of the Company, and his immediate family together (directly or indirectly) have an interest of 30% or more in several chemical manufacturing companies including, without limitation:

LETTER TO SHAREHOLDERS

(a) Jiangsu Feixiang Chemical Co., Ltd (江苏飞翔化工股份有限公司) (“**Jiangsu Feixiang**”) and its subsidiaries and associated companies

(b) Kellin Chemicals (Zhangjiagang) Co., Ltd (凯凌化工 (张家港) 有限公司) (“**Kellin Chemicals**”)

Kellin Chemicals is a private company incorporated in China. As at the Latest Practicable Date, Mr Shi Jiangang holds 97% of shareholding in Feixiang Holdings Pte Ltd which in turn, holds 100% shareholding in Kellin Chemicals.

The Group does not expect to trade with Feixiang Holdings Pte Ltd as an Interested Person as Feixiang Holdings Pte Ltd is a holding company.

(c) Jiangsu Feymer Technology Co., Ltd (江苏富淼科技股份有限公司) (“**Jiangsu Feymer**”)

(i) Nantong Boyi Chemicals Co., Ltd (南通博亿化工有限公司) (“**Nantong Boyi**”);

(ii) Jiangsu Feymer Membrane-Tech Co., Ltd (江苏富淼膜科技有限公司) (“**Jiangsu Feymer Membrane-Tech**”); and

(iii) Suzhou Gelan Resin Materials Technology Co., Ltd (苏州歌蓝树脂材料科技有限公司) (“**Suzhou Gelan**”)

Jiangsu Feymer is a private company incorporated in China. As at the Latest Practicable Date, Mr Shi Jiangang holds 79.6% of the shareholding in Jiangsu Feixiang which in turn, holds 64.89% shareholding in Jiangsu Feymer.

Jiangsu Feymer in turn owns 100% of Nantong Boyi, 80% of Jiangsu Feymer Membrane-Tech and 83.33% of Suzhou Gelan.

(d) Jiangsu Fopia Chemicals Co., Ltd (江苏富比亚化学品有限公司) (“**Jiangsu Fopia**”)

- Qingdao Fusilin Chemical Science and Technology Co., Ltd (青岛富斯林化工科技有限公司) (“**Qingdao Fusilin**”).

Jiangsu Fopia is a private company incorporated in China. As at the Latest Practicable Date, Mr Shi Jiangang holds:

(i) 79.6% of shareholding in Jiangsu Feixiang which in turn, holds 23.83% shareholding in Jiangsu Fopia; and

(ii) 97% of shareholding in Feixiang Holdings Pte Ltd which in turn, holds 76.17% shareholding in Jiangsu Fopia.

Jiangsu Fopia in turn owns 70% of Qingdao Fusilin.

(e) Yancheng Hengsheng Chemicals Co., Ltd (盐城恒盛化工有限公司) (“**Yancheng Hengsheng**”)

Yancheng Hengsheng is a private company incorporated in China. As at the Latest Practicable Date, Mr Shi Jiangang holds:

(i) 79.6% of shareholding in Jiangsu Feixiang which in turn, holds 28.72% shareholding in Yancheng Hengsheng; and

(ii) 97% of shareholding in Feixiang Holdings Pte Ltd which in turn, holds 66.67% shareholding in Yancheng Hengsheng.

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- (iii) Shanghai Tiantan Auxiliaries Co., Ltd (上海天坛助剂有限公司) (“**Shanghai Tiantan**”)

Shanghai Tiantan is a private company incorporated in China. As at the Latest Practicable Date, Mr Shi Jiangang holds 79.6% of shareholding in Jiangsu Feixiang which in turn, holds 44.00% shareholding in Shanghai Tiantan.

- (iv) Dalian Keduo Envirotech Co., Ltd (大连科铎环境科技有限公司) (“**Dalian Keduo**”)

Dalian Keduo is a private company incorporated in China. As at the Latest Practicable Date, Mr Shi Jiangang holds 79.6% of shareholding in Jiangsu Feixiang which in turn, holds 35.00% shareholding in Dalian Keduo.

- (v) Zhongke Catalyst New Technology (Dalian) Co., Ltd (中科催化新技术(大连)股份有限公司) (“**Dalian Zhongke**”)

Dalian Zhongke is a private company incorporated in China. As at the Latest Practicable Date, Mr Shi Jiangang holds 79.6% of shareholding in Jiangsu Feixiang which in turn, holds 80.00% shareholding in Dalian Zhongke.

These companies, and other chemical companies in which Mr Shi has, or may acquire in the future, an equity interest of above 30% are therefore Associates of Mr Shi Jiangang, and accordingly are interested persons pursuant to Chapter 9 of the Catalyst Rules (the “**Interested Persons**”). These Interested Persons are expected to have transactions with the EAR Group, which comprises, *inter alia*, the OSC Group.

Transactions with Kellin Chemicals, in particular, are expected to be significant. Kellin Chemicals produces ethanol and isopropyl alcohol (“**IPA**”), which are chemicals that the OSC Group typically purchases to sell to its customers. In addition, on a regular basis, Kellin Chemicals purchases acetone in significant quantities as raw material for its operations. The OSC Group too purchases acetone for sale to its customers.

Categories of Interested Person Transactions

2.2.3 It is envisaged that, as part of the Chemical Business:

- (a) the OSC Group may aggregate orders (the “**Order Aggregation Model**”) from Kellin Chemicals or other Interested Persons to place a bigger order with its suppliers in the name of the OSC Group. **Before** any aggregated order is placed with its suppliers, the OSC Group shall require Kellin Chemicals or the relevant Interested Persons to sign a binding back-to-back contract to purchase the relevant quantity of the items at the same price, and with the same payment terms. In addition, the OSC Group will charge a small administrative fee to Kellin Chemicals or the relevant Interested Persons of RMB10 per ton (or higher if subsequently agreed by the parties involved);
- (b) the OSC Group may engage Kellin Chemicals or other Interested Persons as a toll manufacturer (the “**Toll Manufacturing Model**”). In such arrangements, the OSC Group will supply the main raw materials to Kellin Chemicals or other Interested Persons to be made into other chemical products which the OSC Group will then sell to its customers. In each such transaction, the OSC Group will **simultaneously** sign a supply agreement for the raw materials and a purchase agreement for the end product, with Kellin Chemicals or the relevant Interested Persons. The excess amount of the purchase agreement over the supply agreement is the toll manufacturing service fee charged by the relevant Interested Persons for each transaction (the “**Toll Manufacturing Fee**”). The OSC Group will sign a toll manufacturing agreement (the “**Toll Manufacturing Agreement**”) for a fixed duration with Kellin Chemicals or the relevant Interested Persons which will state the applicable Toll Manufacturing Fee per ton for that period;

LETTER TO SHAREHOLDERS

(c) other than as set out in sections 2.2.3(a) and (b) above, the OSC Group may purchase products related to the Chemical Business for resale and distribution to third parties, from the Interested Persons. It is also envisaged that the EAR Group may sell products related to the Chemical Business sourced from third parties to the Interested Persons.

2.2.4 The transactions in 2.2.3 above will constitute interested person transactions pursuant to Chapter 9 of the Catalist Rules (the “**IPTs**”). The Company therefore wishes to seek the approval of Shareholders (which shall exclude Shareholders who are required to abstain from voting pursuant to Rule 920(1)(b)(viii) of the Catalist Rules) for the adoption of the 2017 Proposed IPT Mandate in respect of future transactions that the EAR Group may enter into with the Interested Persons.

2.3 Rationale for the 2017 Proposed IPT Mandate and Benefit to the Group

2.3.1 It is envisaged that the EAR Group, in the ordinary course of business, will have transactions with the Interested Persons from time to time. Such transactions would include, but are not limited to, the transactions set out in section 2.2.3 above.

The Order Aggregation Model is of high strategic importance to the OSC Group because it allows the OSC Group to place bigger and more frequent orders. This will greatly improve the bargaining power of the OSC Group and also enhance its ability to secure supplies. Moreover, suppliers typically prefer to sell to end users rather than traders because the orders are recurring and more stable.

The Toll Manufacturing Model allows the OSC Group flexibility to take advantage of situations where the selling price of the end product sufficiently exceeds that of the raw materials. The OSC Group can operate like a manufacturer in such situations and earn a higher margin without having to invest huge capital expenditure in building a chemical manufacturing plant.

2.3.2 In view of the time-sensitive and recurrent nature of commercial transactions, obtaining the 2017 Proposed IPT Mandate pursuant to Chapter 9 of the Catalist Rules will enable the EAR Group, in the ordinary course of business, to enter into the categories of transactions set out in section 2.5 of this Circular, with the specified classes of the Company’s interested persons as set out in section 2.2.2 of this Circular, without being separately subject to Rule 905 and Rule 906 of the Catalist Rules, provided such IPTs are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

2.3.3 The 2017 Proposed IPT Mandate will also enhance the Group’s ability to pursue business opportunities which are time-sensitive in nature, as it will eliminate the need for the Company to announce and convene separate general meetings on each occasion to seek Shareholders’ prior approval for the entry by the relevant entity in the EAR Group into such IPTs. As such IPTs are also carried out by the EAR Group in its ordinary course of business and/or which are necessary for its day-to-day operations (but not in respect of the purchase or sale of assets, undertakings or businesses), the 2017 Proposed IPT Mandate will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficiency considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives without compromising existing corporate objectives and adversely affecting the business opportunities available to the Company owing to the time-sensitive nature of commercial transactions.

2.3.4 The 2017 Proposed IPT Mandate is intended to facilitate the IPTs in the day-to-day operations of the EAR Group that may be transacted from time to time with the Interested Person, provided that they are carried out on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

2.4 Classes of Interested Persons

The 2017 Proposed IPT Mandate will apply to the IPTs that are carried out between the EAR Group and the Interested Persons in relation to the Chemical Business as set out in section 2.2 above.

LETTER TO SHAREHOLDERS

2.5 Nature and Scope of the 2017 Proposed IPT Mandate

- 2.5.1 The 2017 Proposed IPT Mandate will cover the IPTs, in the ordinary course of business, in relation to the transactions stated in section 2.2.3 above, with any of the Interested Persons by the EAR Group.
- 2.5.2 The IPTs are recurrent transactions of a revenue or trading nature, entered into in the ordinary course of business, and are necessary for the Group's day-to-day operations.
- 2.5.3 For the avoidance of doubt, any sale or purchase of assets, undertakings or businesses will not fall within the ambit of the 2017 Proposed IPT Mandate.
- 2.5.4 The 2017 Proposed IPT Mandate will not cover:
- (a) any transaction with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions; or
 - (b) any transaction that is equal to or exceeds S\$100,000 in value, but qualifies as an exempted transaction for the purposes of Chapter 9 of the Catalist Rules and is thus exempted from the threshold and aggregation requirements contained in Chapter 9 of the Catalist Rules.
- 2.5.5 Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the 2017 Proposed IPT Mandate will be subject to the requirements of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

2.6 Guidelines and Review Procedures for the IPTs

2.6.1 Review Procedures

To ensure that the IPTs are carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company has put in place the following procedures for the review and approval of the IPTs under the 2017 Proposed IPT Mandate:

Transactions under the Order Aggregation Model

As the relevant Interested Person will provide a binding back-to-back contract to purchase the relevant quantity of the items at the same price, and with the same payment terms, there would be no amount at risk to the EAR Group. Such transactions will be carried out so long as the Review Team reviews each transaction to ensure that:

- (a) before the EAR Group signs a contract to purchase from its supplier, the back-to-back contract to purchase the relevant quantity is already executed by the relevant Interested Person; and
- (b) the sale price and payment terms in the back-to-back contract is identical to those which the EAR Group obtains from its supplier.

Transactions under the Toll Manufacturing Model

Before signing a Toll Manufacturing Agreement with the relevant Interested Persons, the Review Team shall review quotations obtained from the Interested Person and at least two other quotes from unrelated third parties for the Toll Manufacturing Fee.

The EAR Group will only enter into transactions with such Interested Person provided the quotation offered by the Interested Person, after taking into consideration various factors including, *inter alia*, the nature of service required, quantity of service, availability of the service, credit terms, delivery requirements, transportation costs, storage costs, are no less favourable than that offered by the unrelated third parties.

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Purchase and sale of chemical products

Purchase of Chemical Products

The Review Team shall review quotations obtained from the Interested Person and:

- (i) at least two other quotes from unrelated third parties; or
- (ii) publicly quoted prices by reputable independent third parties' websites such as:
 - (a) www.chem99.com
 - (b) www.chemease.com
 - (c) www.icis.com

The EAR Group will only enter into transactions with such Interested Person provided the quotation offered by the Interested Person, after taking into consideration various factors including, *inter alia*, the nature of chemical products, quantity of the chemical products, availability of the chemical product, credit terms, the delivery requirements, transportation costs and storage costs, are no less favourable than that offered by the unrelated third parties or quoted publicly.

Sale of Chemical Products

The Review Team shall review quotations given to Interested Persons and ensure that at least two other quotes given to unrelated third parties will be used as comparison, wherever possible, to ensure that the interests of the Group and/or the minority Shareholders are not disadvantaged.

The EAR Group will only enter into transactions with such Interested Person provided the quotation offered to the Interested Person, after taking into consideration various factors including, *inter alia*, the nature of the chemical products, quantity of the chemical products, availability of the chemical products, credit terms, delivery requirements, transportation costs and storage costs, are not more favourable than compared to those extended to unrelated third parties or quoted publicly.

Non-availability of quotes from third parties or publicly quoted prices

Where it is not possible or practical to compare the terms of a IPT against the terms of other transactions with unrelated third parties or publicly quoted prices, the Review Team will consider whether the pricing of the IPTs is in accordance with the EAR Group's usual business practices and pricing policies, and consistent with the usual unit costs (i.e. the unit costs chargeable by third parties at market rate for similar products supplied by them) to be obtained for the same or substantially similar types of products, to determine whether the relevant transaction is carried out at arm's length and on normal commercial terms. In determining the transaction price, the Review Team will consider whether factors including without limitation the nature of the chemical products, quantity of the chemical products, availability of the chemical product, credit terms, delivery requirements, transportation costs, storage costs and track record or otherwise are in accordance with industry norms.

2.6.2 *Approval by Directors and Audit Committee*

In addition to the guidelines and review procedures set out above, the following approval procedures will be implemented to supplement existing internal control procedures and ensure that the IPTs carried out under the 2017 Proposed IPT Mandate are undertaken on an arms' length basis and on normal commercial terms:

- (a) the review and approval of the Review Team is required for any IPT where the amount at risk is equivalent to or greater than S\$100,000 but below 8% of the Group's latest audited NTA;

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- (b) the review and approval of the financial controller and two Directors is required for any IPT where the amount at risk is equal to or above 8% but below 15% of the Group's latest audited NTA; and
- (c) the review and approval of the Audit Committee is required for any IPT where the amount at risk is equal to or above 15% of the Group's latest audited NTA. The Audit Committee may at its discretion obtain independent advice or valuations from external or professional sources.

The approval thresholds set out above will be adopted by the Company taking into account, *inter alia*, the nature, volume, recurrent frequency and size of the IPTs, as well as the EAR Group's day-to-day operations, administration and businesses. The threshold limits are arrived at as a result of a balancing exercise after considering the operational efficiency for the day-to-day business operations of the Group and the internal controls for interested person transactions. In particular, the Company has considered that the chemicals trading business is characteristically a high volume and low margin business. As such, the transaction amounts and frequencies of the transactions may be very high even though the profit margins derived from these transactions are low.

In addition, the above review includes the examination of the IPT and its supporting documents or such other data deemed necessary by the Director or the Audit Committee. The financial controller will prepare the relevant information to assist the Director or the Audit Committee in its review. The Director or the Audit Committee shall, when it deems fit, have the right to require the appointment of independent advisers and/or valuers to provide additional information or review of controls and its implementation pertaining to the IPTs under review.

2.6.3 *Periodic Review Procedures*

The EAR Group has also implemented the following procedures for the identification of Interested Persons and the record of all Interested Person Transactions:

- (a) The financial controller will maintain a list of the Interested Persons and their Associates (which is to be updated immediately if there are any changes) to enable identification of the Interested Persons. The list of Interested Persons shall be reviewed half-yearly by the Group's financial controller and subject to such verifications or declarations as required by the Audit Committee from time to time or for such period as determined by them. This list of the Interested Persons shall be disseminated to all staff of the Group that the financial controller considers relevant for the purpose of entering into transactions that fall under the 2017 Proposed IPT Mandate.
- (b) The financial controller will maintain a register of transactions carried out with the Interested Persons pursuant to the 2017 Proposed IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into) (the "**IPT Register**"). Any discrepancies or significant variances (as determined by the Audit Committee) from the Group's usual business practices and pricing policies will be highlighted to the Audit Committee. The IPT Register will also record any transaction with an Interested Person that is below S\$100,000 in value, though such transactions are not covered under the 2017 Proposed IPT Mandate.
- (c) The Audit Committee shall periodically, at least on a half-yearly basis, review the IPT Register to ensure that the IPTs are carried out on normal commercial terms and in accordance with the guidelines and review procedures under the 2017 Proposed IPT Mandate. All relevant non-quantitative factors will also be taken into account, including but not limited to customer requirements, specification compliance, delivery schedules, track record, experience and expertise. The Group's internal and external auditors shall assist the Audit Committee in such review and carry out such tests as they deem necessary.

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- (d) The Company's annual internal audit plan shall incorporate a review of all IPTs, including the established review procedures for monitoring of such IPTs, entered into during the current financial year pursuant to the 2017 Proposed IPT Mandate. The Group's internal auditor shall, on a yearly basis, subject to adjustment in frequency, and depending on factors such as, *inter alia*, substantial increment of aggregate transactional value, report to the Audit Committee on all IPTs, and the basis of such transactions, entered into with the Interested Persons during the preceding period.
- (e) As part of the Group's annual audit, external auditors will review the IPTs on a sampling basis. The external auditors will report to the Audit Committee in the event of any non-compliance based on their audit samples.
- (f) The Audit Committee and the Board shall review the annual internal audit reports to ascertain that the guidelines and review procedures under the 2017 Proposed IPT Mandate have been complied with and have overall responsibility for the determination of such guidelines and review procedures with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate. In addition, the Audit Committee shall also review from time to time the guidelines and review procedures to determine if they are adequate and/or commercially practicable in ensuring that all IPTs are conducted on normal commercial terms.
- (g) If during its periodic reviews the Audit Committee is of the view that the proposed review procedures and guidelines in place have become inappropriate or insufficient in view of the changes to the nature of, or the manner in which, the business activities of the Group are conducted, it will, in consultation with the Board, take such actions as it deems proper in respect of such procedures and guidelines and/or modify or implement such procedures and guidelines as may be necessary to ensure that the Interested Person Transactions will be conducted on normal commercial terms and, hence, will not be prejudicial to the interests of the Company and its minority Shareholders, and the Company will seek a fresh mandate from the Shareholders based on the new review procedures and guidelines for the Interested Person Transactions.

2.6.4 *Interested Audit Committee Member to Abstain*

In the event that a member of the Audit Committee (where applicable) is interested (directly or indirectly) in any IPT, he will abstain from reviewing that particular transaction to ensure that the IPT will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee.

2.7 **Validity Period of the 2017 Proposed IPT Mandate**

The 2017 Proposed IPT Mandate is subject to Shareholders' approval at the EGM. If approved by the Shareholders at the EGM, the 2017 Proposed IPT Mandate will take effect from the date of the passing of the ordinary resolution as set out in the Notice of EGM in respect of the 2017 Proposed IPT Mandate, and will continue in force until the conclusion of the next annual general meeting of the Company (unless revoked or varied by the Company in general meeting). Approval from Shareholders will be sought for the renewal of the 2017 Proposed IPT Mandate at the next annual general meeting, subject to satisfactory review by the Audit Committee of the continued requirement of the 2017 Proposed IPT Mandate and the continued sufficiency of the review procedures to ensure that the transactions with Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

LETTER TO SHAREHOLDERS

2.8 Disclosure

2.8.1 In accordance with the requirements of Chapter 9 of the Catalist Rules, the Company will:

- (a) disclose in the Company's annual report the aggregate value of transactions conducted with Interested Persons pursuant to the 2017 Proposed IPT Mandate during the financial year (as well as in the annual reports for subsequent financial years that the 2017 Proposed IPT Mandate continues in force); and
- (b) announce the aggregate value of transactions conducted with Interested Persons pursuant to the 2017 Proposed IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Catalist Rules within the time required for the announcement of such report.

2.8.2 The name of the Interested Person and the corresponding aggregate value of the IPT will be presented in the following format:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under the 2017 Proposed IPT Mandate)	Aggregate value of all IPTs conducted under the 2017 Proposed IPT Mandate
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2.9 Advice of the Independent Financial Adviser to the Non-Interested Directors

2.9.1 Provenance Capital has been appointed as the independent financial adviser to the Non-Interested Directors to express an opinion, for the purposes of Chapter 9 of the Catalist Rules, on whether the guidelines and review procedures of the Company for determining transaction prices of the IPTs as set out in section 2.6 of this Circular, if adhered to, are sufficient to ensure that the IPTs will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

2.9.2 Having regard to considerations set out in the IFA Letter, Provenance Capital is of the opinion that the adoption of the 2017 Proposed IPT Mandate and the guidelines and review procedures for determining terms of the 2017 Proposed IPT Mandate as set out in section 2.6 of this Circular, if adhered to, are sufficient to ensure that the IPTs will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

2.9.3 The IFA Letter is reproduced and appended as Appendix to this Circular and Shareholders are advised to read the IFA Letter carefully.

2.9.4 Provenance Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and its IFA Letter, and all references thereto in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

LETTER TO SHAREHOLDERS

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

3.1 The interests of the Directors and Substantial Shareholders in the Shares, as at the Latest Practicable Date, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholdings are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾⁽⁶⁾	No. of Shares	% ⁽¹⁾⁽⁶⁾	No. of Shares	% ⁽¹⁾⁽⁶⁾
Director						
Mr Shi Jiangang	238,405,706	37.09	-(²)	-	238,405,706	37.09
Mr Sam Kok Yin	95,252,100	14.82	10,159,000 ⁽³⁾	1.58	105,411,100	16.40
Mr Chan Cher Boon	-	-	-	-	-	-
Mr Tham Hock Chee	-	-	-	-	-	-
Mr Francis Yau Thiam Hwa	-	-	-	-	-	-
Substantial Shareholder						
Mr Shi Jiangang	238,405,706	37.09	-(²)	-	238,405,706	37.09
Mr Jiang Hao	117,600,000	18.30	-	-	117,600,000	18.30
Mr Sam Kok Yin	95,252,100	14.82	10,159,000 ⁽³⁾	1.58	105,411,100	16.40
Chan & Ong Holdings Pte Ltd ⁽⁴⁾	81,760,000	12.72	-	-	81,760,000	12.72
Mr Chan Charlie ⁽⁵⁾	2,000,000	0.31	90,911,359	14.14	92,911,359	14.45
Mdm Ong Kwee Cheng (Dora) ⁽⁵⁾	9,151,359	1.42	83,760,000	13.03	92,911,359	14.45

Notes:

- (1) Calculated based on the Existing Issued Share Capital of 642,750,000 Shares. The shareholding of each Director/substantial shareholder as well as the Existing Issued Share Capital, do not take into account the European style warrants issued by the Company on 31 January 2017.
- (2) This table excludes Mr Shi Jiangang's deemed interest in 138,750,000 unissued Shares that will be issued to him in the event of the exercise of the call option granted to him. Such unissued Shares constitute 16.27% of the further enlarged share capital of the Company, being 852,750,000 Shares, assuming that the call options granted to both Mr Shi Jiangang and Mr Sam Kok Yin are exercised.
- (3) Mr Sam Kok Yin is deemed interested in 10,159,000 Shares held by his wife, Ms Tan Hui Har. This table excludes Mr Sam Kok Yin's deemed interest in 71,250,000 unissued Shares that will be issued to him in the event of the exercise of the call option granted to him. Such unissued Shares constitute 8.36% of the further enlarged share capital of the Company, being 852,750,000 Shares, assuming that the call options granted to both Mr Shi Jiangang and Mr Sam Kok Yin are exercised.
- (4) Mdm Ong Kwee Cheng (Dora) and Mr Chan Charlie have shareholding interests of 77% and 23% respectively in Chan & Ong Holdings Pte Ltd and accordingly are deemed to be interested in the 81,760,000 Shares held by Chan & Ong Holdings Pte Ltd.

LETTER TO SHAREHOLDERS

- (5) Mdm Ong Kwee Cheng (Dora) and Mr Chan Charlie are deemed to be interested in each other's shareholdings as they are spouses.
- (6) Any discrepancies in figures between the amounts listed and their actual values are due to rounding.

3.2 Other than Mr Shi Jiangang's interest in the 2017 Proposed IPT Mandate, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect (other than through their shareholding in the Company), in the 2017 Proposed IPT Mandate.

4. STATEMENT FROM THE AUDIT COMMITTEE

Having reviewed the terms, rationale and benefit of the 2017 Proposed IPT Mandate, the Audit Committee confirms that it does not take a different view to the Independent Financial Adviser as to whether the guidelines and review procedures proposed by the Company for the 2017 Proposed IPT Mandate as set out in section 2.6 of this Circular are sufficient to ensure that the proposed IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

5. APPROVALS AND DIRECTORS' RECOMMENDATION

The 2017 Proposed IPT Mandate is subject to Shareholders' approval at the EGM. Having considered, *inter alia*, the rationale of the 2017 Proposed IPT Mandate, the Board (other than Mr Shi Jiangang, who has refrained from making any recommendation) is of the view that the 2017 Proposed IPT Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution pertaining to the 2017 Proposed IPT Mandate to be proposed at the Company's EGM.

The Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 33 of this Circular, will be held at 9 Joo Koon Circle Singapore 629041 on 26 April 2017, Wednesday at 11a.m. (or as soon thereafter as the Annual General Meeting of the Company to be held at 10a.m. on the same day and at the same place is concluded or adjourned), for the purpose of considering and, if thought fit, passing with or without modification the Ordinary Resolution set out in the Notice of EGM.

7. ACTION TO BE TAKEN BY THE SHAREHOLDERS

- 7.1 Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 9 Joo Koon Circle, Singapore 629041, not less than 72 hours before the time for holding the EGM. The appointment of a proxy or proxies by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes in place of the proxy.
- 7.2 A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least 72 hours before the EGM.

LETTER TO SHAREHOLDERS

8. **ABSTENTION FROM VOTING**

- 8.1 In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, the Interested Persons will abstain and have undertaken to ensure that their Associates will abstain from voting on the resolution approving the 2017 Proposed IPT Mandate. As such, Mr Shi Jiangang and his Associates shall abstain from voting at the EGM on the ordinary resolution relating to the 2017 Proposed IPT Mandate.
- 8.2 Mr Shi Jiangang and his Associates will also decline to accept appointment as proxies for any Shareholder to vote in respect of the ordinary resolution relating to the 2017 Proposed IPT Mandate, unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the said resolution.

9. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the 2017 Proposed IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

10. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 9 Joo Koon Circle, Singapore 629041 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for the financial year ended 31 December 2016;
- (c) the IFA Letter; and
- (d) the letter of consent from the Independent Financial Adviser referred to in section 2.9.4 of this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
ABUNDANCE INTERNATIONAL LIMITED

Sam Kok Yin
Managing Director

APPENDIX – LETTER FROM PROVENANCE CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF ABUNDANCE INTERNATIONAL LIMITED

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

11 April 2017

To: The Non-Interested Directors of Abundance International Limited
(deemed to be independent in respect of the 2017 Proposed IPT Mandate)

Mr Sam Kok Yin	(Managing Director)
Mr Chan Cher Boon	(Lead Independent Director)
Mr Tham Hock Chee	(Independent Director)
Mr Francis Yau Thiam Hwa	(Independent Director)

Dear Sirs,

THE PROPOSED ADOPTION OF THE 2017 PROPOSED IPT MANDATE

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company (“Shareholders”) dated 11 April 2017 (“Circular”).

1. INTRODUCTION

Abundance International Limited (“**Company**” and together with its subsidiaries, “**Group**”) had on 19 August 2015 obtained Shareholders’ approval for, *inter alia*, the following:

- (a) the diversification of the Company’s business to include, *inter alia*, the Chemical Business (which will initially take the form of a trading and distribution model); and
- (b) granting an interested persons transaction mandate for transactions (“**IPTs**”) to be entered into between certain companies owned by Mr Shi Jiangang, the Executive Chairman of the Company, (“**Interested Persons**”) and the Group’s new chemicals trading business (“**2015 IPT Mandate**”).

During 2015, the Company changed its financial year end from 30 September to 31 December. Accordingly, its last audited accounts were for the 15 months from 1 October 2014 to 31 December 2015 (“**FY2015**”). The Group only started the chemical trading business at the end of FY2015. The Company held its annual general meeting (“**AGM**”) in April 2016 to receive and adopt, *inter alia*, the audited accounts of FY2015. The 2015 IPT Mandate was also renewed by Shareholders at the AGM.

With effect from 1 January 2016, the Group changed the presentation currency from S\$ to US\$ to better reflect its business activities in the Chemical Business which are conducted in US\$.

Based on the last audited financial statements of the Group for FY2015, the net tangible assets (“**NTA**”) value of the Group as at 31 December 2015 was US\$12.4 million. As at 20 March 2017, being the Latest Practicable Date referred to in the Circular, the Company has not issued the audited financial statements of the Group for the financial year ended 31 December 2016 (“**FY2016**”).

The Group currently conducts its Chemical Business via its subsidiary, Orient-Salt Chemicals Pte. Ltd. (“**OSC**”), and OSC’s subsidiaries (“**OSC Group**”). For FY2016, the OSC Group had achieved revenue of US\$109 million with a corresponding cost of goods sold of US\$104 million, of which US\$5.65 million was related to transactions with Interested Persons pursuant to the 2015 IPT Mandate. During FY2016, the OSC Group was 51% owned by the Company, until 30 December 2016 when it became a wholly-owned subsidiary. Hence, for FY2016, the value at

APPENDIX – LETTER FROM PROVENANCE CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF ABUNDANCE INTERNATIONAL LIMITED

risk for the IPTs pursuant to the 2015 IPT Mandate was US\$2.88 million, being 51% of US\$5.65 million, which represents 23.2% of the audited NTA of the Group as at 31 December 2015.

Going forward, the Company envisages (a) an increase in the scale of the Group's chemical trading activities and transactions with the Interested Persons, and (b) potential transactions with companies owned by Mr Shi Jiangang which are not covered under the 2015 IPT Mandate. Hence, the Company proposes to seek Shareholders' approval for a revised proposed general mandate ("**2017 Proposed IPT Mandate**") at the extraordinary general meeting ("**EGM**") to, *inter alia*, increase the authorisation threshold limits and expand the classes of Interested Persons and classes of IPTs.

The 2017 Proposed IPT Mandate is also subject to the opinion of the Independent Financial Adviser ("**IFA**") pursuant to Rule 920(1) of Chapter 9 of the Listing Manual Section B: Catalyst Rules of the Singapore Exchanges Securities Trading Limited ("**Catalist Rules**").

In connection with the above, Provenance Capital Pte. Ltd. ("**Provenance Capital**") has been appointed as the IFA to render an opinion to the directors of the Company who are deemed independent in respect of the 2017 Proposed IPT Mandate ("**Non-Interested Directors**"), on whether the guidelines and review procedures for determining the transaction prices of the IPTs, if adhered to, are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders ("**Minority Shareholders**").

Mr Shi Jiangang is the Executive Chairman and controlling Shareholder, holding approximately 37.09% shareholding interest in the Company. Pursuant to Chapter 904 of the Catalyst Rules, Mr Shi Jiangang is deemed as an Interested Person and will abstain from deliberating and making any recommendation to Shareholders in respect of the 2017 Proposed IPT Mandate as a Director of the Company. He will also abstain, and will procure his associates to abstain, from voting on the ordinary resolution relating to the 2017 Proposed IPT Mandate at the EGM.

The remaining Directors, namely, Mr Sam Kok Yin, Mr Chan Cher Boon, Mr Tham Hock Chee and Mr Francis Yau Thiam Hwa are the Non-Interested Directors for the purpose of the 2017 Proposed IPT Mandate.

This letter ("**Letter**") is therefore addressed to the Non-Interested Directors and sets out, *inter alia*, our evaluation and opinion on the 2017 Proposed IPT Mandate. This Letter forms part of the Circular which provides, *inter alia*, the details of the 2017 Proposed IPT Mandate and the recommendation of the Non-Interested Directors.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Non-Interested Directors in respect of the 2017 Proposed IPT Mandate. We are not and were not involved in or responsible for, in any aspect, the discussions in relation to the 2017 Proposed IPT Mandate, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the 2017 Proposed IPT Mandate for the approval of Shareholders. We also do not, by this Letter, warrant the merits of the 2017 Proposed IPT Mandate, other than to express an opinion on whether the guidelines and review procedures as set out in the 2017 Proposed IPT Mandate are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the 2017 Proposed IPT Mandate or to compare their relative merits vis-à-vis alternative transactions previously considered by the Company (if any) or which may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comments. Such evaluation or comments, if any, remains the responsibility of the Directors and/or the management of the Company ("**Management**") although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

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In rendering our opinion, we have held discussions with the Directors, the Management and/or their professional advisers (if applicable) and have examined and relied to a considerable extent on the information set out in the Circular, other publicly available information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Directors, Management and/or the professional advisers (if applicable). Whilst care has been exercised in reviewing the information which we have relied upon, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, to the best of their respective knowledge and belief, and having made all reasonable enquiries, information and representations provided by the Directors and Management are accurate. They have also confirmed to us that, upon making all reasonable enquiries and to their best knowledge and belief, all material information available to them in connection with the 2017 Proposed IPT Mandate, the Company and the Group, have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular in relation to the 2017 Proposed IPT Mandate have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nevertheless have made reasonable enquiries and exercised judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

We would like to highlight that all information relating to the Company and the Group which we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and Management and the professional advisers (if applicable). We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company or the Group at any time or as at 20 March 2017, being the Latest Practicable Date referred to in the Circular.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group. Such review or comments, if any, remain the responsibility of the Directors and Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Catalist Rules and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We are also not required or authorised to obtain, and we have not obtained, any quotation or transaction price from third parties for the sale, purchase, provision or supply (where applicable) of services and/or products similar to those which are to be covered by the 2017 Proposed IPT Mandate, and therefore are not able to, and will not compare the transactions with similar transactions with third parties.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment). As such, we will be relying on publicly available information, disclosures and representations made by the Company on the value of the assets and liabilities, and profitability of the Company and/or the Group. We have not been furnished with any such evaluation or appraisal.

Our opinion as set out in this Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as of the Latest Practicable Date and the information and

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representations provided to us as of the Latest Practicable Date. In arriving at our opinion, with the consent of the Directors and the Company, we have taken into account certain other factors and have made certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement relevant to the 2017 Proposed IPT Mandate, which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder or any specific group of Shareholders. As each Shareholder may have different investment objectives and profiles, we recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review or verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether expressed or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes, at any time and in any manner, other than for the purpose of any matter relating to the 2017 Proposed IPT Mandate, without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter under Rule 920(1)(b) of the Catalist Rules for the use of the Non-Interested Directors in connection with their consideration of the 2017 Proposed IPT Mandate and their advice to the Shareholders. The recommendation made to the Shareholders in relation to the 2017 Proposed IPT Mandate remains the responsibility of the Non-Interested Directors.

Our opinion in relation to the 2017 Proposed IPT Mandate should be considered in the context of the entirety of this Letter and the Circular.

3. THE 2017 PROPOSED IPT MANDATE

Details of the 2017 Proposed IPT Mandate are set out in Section 2.2 to Section 2.8 of the Circular.

3.1 Rationale for the 2017 Proposed IPT Mandate

The full text of the rationale for adopting the 2017 Proposed IPT Mandate is set out in Section 2.3 of the Circular. The rationale for the 2017 Proposed IPT Mandate is reproduced in *italics* below for your reference.

“2.3.1 It is envisaged that the EAR Group, in the ordinary course of business, will have transactions with the Interested Persons from time to time. Such transactions would include, but are not limited to, the transactions set out in section 2.2.3 above.

The Order Aggregation Model is of high strategic importance to the OSC Group because it allows the OSC Group to place bigger and more frequent orders. This will greatly improve the bargaining power of the OSC Group and also enhance its ability to secure supplies. Moreover, suppliers typically prefer to sell to end users rather than traders because the orders are recurring and more stable.

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The Toll Manufacturing Model allows the OSC Group flexibility to take advantage of situations where the selling price of the end product sufficiently exceeds that of the raw materials. The OSC Group can operate like a manufacturer in such situations and earn a higher margin without having to invest huge capital expenditure in building a chemical manufacturing plant.

- 2.3.2 *In view of the time-sensitive and recurrent nature of commercial transactions, obtaining the 2017 Proposed IPT Mandate pursuant to Chapter 9 of the Catalyst Rules will enable the EAR Group, in the ordinary course of business, to enter into the categories of transactions set out in section 2.5 of this Circular, with the specified classes of the Company's interested persons as set out in section 2.2.2 of this Circular, without being separately subject to Rule 905 and Rule 906 of the Catalyst Rules, provided such IPTs are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.*
- 2.3.3 *The 2017 Proposed IPT Mandate will also enhance the Group's ability to pursue business opportunities which are time-sensitive in nature, as it will eliminate the need for the Company to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant entity in the EAR Group into such IPTs. As such IPTs are also carried out by the EAR Group in its ordinary course of business and/or which are necessary for its day-to-day operations (but not in respect of the purchase or sale of assets, undertakings or businesses), the 2017 Proposed IPT Mandate will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficiency considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives without compromising existing corporate objectives and adversely affecting the business opportunities available to the Company owing to the time-sensitive nature of commercial transactions.*
- 2.3.4 *The 2017 Proposed IPT Mandate is intended to facilitate the IPTs in the day-to-day operations of the EAR Group that may be transacted from time to time with the Interested Person, provided that they are carried out on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders."*

3.2 Classes of Interested Persons

The 2017 Proposed IPT Mandate will apply to IPTs that are carried out between the Group and the Interested Persons in relation to the Chemical Business.

Presently, the Chemical Business is carried out by the Group through the OSC Group.

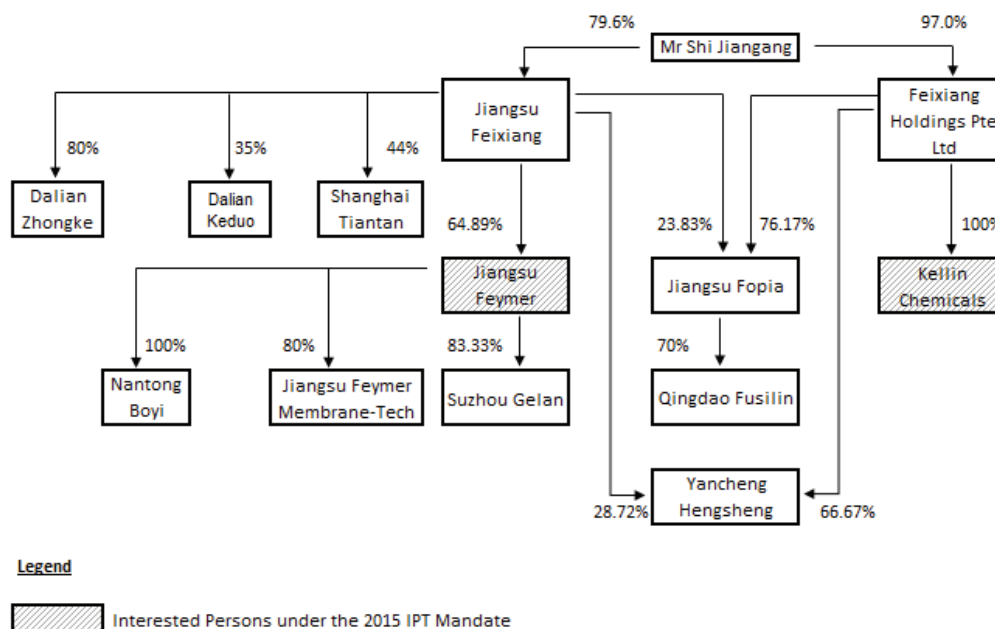
The 2015 IPT Mandate covers only Jiangsu Feymer Technology Co., Ltd (江苏富淼科技股份有限公司) ("**Jiangsu Feymer**") and Kellin Chemicals (Zhangjiagang) Co.,Ltd (凯凌化工(张家港)有限公司) ("**Kellin Chemicals**") as Interested Persons.

The 2017 Proposed IPT Mandate seeks to expand the above classes of Interested Persons to include:

- (a) Jiangsu Feixiang Chemical Co.,Ltd (江苏飞翔化工股份有限公司) ("**Jiangsu Feixiang**"), its subsidiaries and its associated companies;
- (b) Feixiang Holdings Pte Ltd ("**Feixiang Holdings**"), its subsidiaries and its associated companies; and
- (c) other chemical companies in which Mr Shi Jianguang has, or may acquire in the future, an equity interest of at least 30% and above.

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Jiangsu Feymer is a 64.89%-owned subsidiary of Jiangsu Feixiang and Kellin Chemicals is a wholly-owned subsidiary of Feixiang Holdings. The existing group structure of the companies that are owned by Mr Shi Jiangang which are to be included as Interested Persons is set out below:



The Group does not expect to trade with Feixiang Holdings as an Interested Person as Feixiang Holdings is a holding company.

For the avoidance of doubt, the 2017 Proposed IPT Mandate will include other chemical companies in which Mr Shi Jiangang has, or may acquire in the future, an equity interest of at least 30% and above.

3.3 Nature and Scope of the IPTs

The 2015 IPT Mandate covers the following category of IPTs which the Group will be entering into with the Interested Persons in the ordinary course of business and on a recurrent basis:

- (i) Purchase of chemical products, including without limitation, isopropanol and ethanol from the Interested Persons; and
- (ii) Sale of chemical products, including without limitation, acetone and acetic acid to the Interested Persons.

Transactions with Kellin Chemicals, in particular, are expected to be significant. Kellin Chemicals produces ethanol and isopropyl alcohol, which are chemicals that the OSC Group typically purchases to sell to its customers. In addition, on a regular basis, Kellin Chemicals purchase acetone in significant quantities as raw material for its operations. The OSC Group also purchases acetone for sale to its customers including Kellin Chemical.

The 2017 Proposed IPT Mandate seeks to expand the categories of IPTs which are not covered in the 2015 IPT Mandate to include the following:

- (a) Order aggregation

The OSC Group may aggregate orders (“**Order Aggregation Model**”) from the Interested Persons, as well as from unrelated third party customers, to place a bigger order with its suppliers under the name of OSC Group; and

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(b) Toll manufacturing

The OSC Group may engage the Interested Persons as a toll manufacturer (“**Toll Manufacturing Model**”), where the OSC Group will supply the main raw materials to the Interested Persons to be made into other chemical products which the OSC Group will then sell to its customers.

The IPTs are recurrent transactions of a revenue or trading nature, entered into in the ordinary course of business, and are necessary for the Group's day-to-day operations in relation to the Chemical Business.

For the avoidance of doubt, any sale or purchase of assets, undertakings or businesses will not fall within the ambit of the 2017 Proposed IPT Mandate.

The 2017 Proposed IPT Mandate will not cover any transaction with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions.

Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the 2017 Proposed IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

Further details on the nature and scope of the IPTs are set out in Section 2.2.3 and Section 2.5 of the Circular.

3.4 Guidelines and Review Procedures for the IPTs

Details of the guidelines and review procedures are set out in Section 2.6 in the Circular.

3.4.1 The guidelines and review procedures for each of the category of IPTs are summarised below:

Purchase and sale of chemical products

Purchase of chemical products

The financial controller of the Group and one Director (each having no interest, direct or indirect, in the IPT) (collectively, the “**Review Team**”) shall review quotations obtained from the Interested Person and compare against (i) at least two other quotes from unrelated third parties; or (ii) publicly quoted prices by reputable independent third parties' websites such as www.chem99.com; www.chemease.com; and www.icis.com.

The Group will only enter into transactions with such Interested Person provided the quotation offered by the Interested Person, after taking into consideration various factors including, *inter alia*, the nature of the chemical products, quantity of the chemical products, availability of the chemical products, credit terms, delivery requirements, transportation costs and storage costs, are no less favourable than that offered by unrelated third parties or those quoted publicly.

The Review Team in the 2015 IPT Mandate comprises the finance manager of the Group and the finance manager of the relevant entity entering into the IPT. For the purpose of the 2017 Proposed IPT Mandate, the Review Team will comprise the financial controller of the Group and one Director.

Sale of chemical products

The Review Team shall review quotations given to Interested Persons and ensure that at least two other quotes given to unrelated third parties will be used as comparison, wherever possible, to ensure that the interests of the Group and/or the Minority Shareholders are not disadvantaged.

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The Group will only enter into transactions with such Interested Person provided the quotation offered to the Interested Person, after taking into consideration various factors including, *inter alia*, the nature of the chemical products, quantity of the chemical products, availability of the chemical products, credit terms, delivery requirements, transportation costs and storage costs, are not more favourable than compared to those extended to unrelated third parties or quoted publicly.

The above guidelines and review procedures in the 2017 Proposed IPT Mandate are similar to the 2015 IPT Mandate.

Order Aggregation Model

Before any aggregated order is placed with the suppliers, the OSC Group shall require the Interested Person to sign a binding back-to-back contract to purchase the relevant quantity of the items at the same price, and with the same payment terms. The OSC Group will charge a small administrative fee to the Interested Person at the rate of RMB10 per ton (or any higher rate subject to agreement between the OSC Group and the Interested Person, if deemed appropriate).

Accordingly, there is minimal risk to the Group. Such transactions will be carried out so long as the Review Team reviews each transaction to ensure that:

- (1) before the relevant member of the Group signs the contract to purchase from the supplier, the Interested Person has already executed the binding back-to-back contract with the Group; and
- (2) the purchase price and payment terms in the back-to-back contract is identical with those which the Group obtains from its supplier.

Toll Manufacturing Model

Under the Toll Manufacturing arrangement, the OSC Group will simultaneously sign a supply agreement for the raw materials and a purchase agreement for the end product with the Interested Person. The excess amount of the purchase agreement over the supply agreement constitutes the toll manufacturing service fee charged by the Interested Person (“**Toll Manufacturing Fee**”). The OSC Group will sign a toll manufacturing agreement (“**Toll Manufacturing Agreement**”) for a fixed duration with the Interested Person which will state the applicable Toll Manufacturing Fee per ton for that period;

Before signing the Toll Manufacturing Agreement with the Interested Person, the Review Team shall review quotations obtained from the Interested Person and compare against at least two other quotes from unrelated third parties for the Toll Manufacturing Fee.

The Group will only enter into transactions with such Interested Person provided the quotation offered by the Interested Person, after taking into consideration various factors including, *inter alia*, the nature of service required, quantity of service, availability of the service, credit terms, delivery requirements, transportation costs and storage costs, are no less favourable than that offered by the unrelated third parties.

Non-availability of quotes from third parties or publicly quoted prices

Where it is not possible or practical to compare the terms of an IPT against the terms of other transactions with unrelated third parties or publicly quoted prices, the Review Team will consider whether the pricing of the IPTs is in accordance with the Group’s usual business practices and pricing policies, and consistent with the usual unit costs (that is, the unit costs chargeable by third parties at market rate for similar products or services supplied by them) to be obtained for the same or substantially similar types of products or services, to determine whether the relevant transaction is carried out at arm's length and on normal commercial terms. In determining the transaction price, the Review Team will consider whether factors including without limitation the nature of the chemical products, quantity of the chemical products,

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availability of the chemical product, credit terms, delivery requirements, transportation costs, storage costs and track record or otherwise are in accordance with industry norms.

3.4.2 Approval Threshold Limits

The levels of approval threshold and the approving authorities in the 2017 Proposed IPT Mandate are similar to the 2015 IPT Mandate except for the change in authorisation limits at each level. The 2017 Proposed IPT Mandate seeks to increase the approval threshold to a higher limit from 3% to 8% at level 1, from 3% and 8% to 8% and 15% at level 2, and from 8% to 15% at level 3, as shown in the table below:

Approval Threshold Limits		
	Value of each IPT	Approving Authorities (each having no interest, direct or indirect, in the IPT)
1.	At least S\$100,000 but less than 8% of the Group's latest audited NTA	Financial controller of the Group and any one Director
2.	Equal to or above 8% but below 15% of the Group's latest audited NTA	Financial controller of the Group and any two Directors
3.	Equal to or above 15% of of the Group's latest audited NTA	Majority of the Audit Committee

The approval thresholds set out above will be adopted by the Company taking into account, *inter alia*, the nature, volume, recurrent frequency and size of the IPTs, as well as the Group's day-to-day operations, administration and businesses. The threshold limits are arrived at as a result of a balancing exercise after considering the operational efficiency for the day-to-day business operations of the Group and the internal controls for IPTs. In particular, the Company has considered that the chemicals trading business is characteristically a high volume and low margin business. As such, the transaction amounts and frequencies of the transactions may be very high even though the profit margins derived from these transactions are low.

In addition, the above review includes the examination of the IPT and its supporting documents or such data deemed necessary by the Director or the Audit Committee. The Group's financial controller will prepare the relevant information to assist the Director or the Audit Committee in its review. The Director or the Audit Committee shall, when it deems fit, have the right to require the appointment of independent advisers and/or valuers from external or professional sources to provide additional information or review of controls and its implementation pertaining to the IPTs under review.

In the event that a member of the Audit Committee (where applicable) is interested (directly or indirectly) in any IPT, he will abstain from reviewing that particular transaction to ensure that the IPT will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee.

3.5 Additional guidelines and review procedures

Apart from the guidelines and review procedures as set out in Section 3.4 of this Letter, the Company will also implement and adhere to the following additional guidelines and review procedures:

- (i) Maintaining a list of Interested Persons

The Group's financial controller will maintain a list of the Interested Persons and associates (which is to be updated immediately if there are any changes) to enable identification of the Interested Persons. The list of Interested Persons shall be reviewed half-yearly by the Group's financial controller and subject to such verifications or

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declarations as required by the Audit Committee from time to time or for such period as determined by them. This list of the Interested Persons shall be disseminated to all staff of the Group that the Group's financial controller considers relevant for the purpose of entering into transactions that fall under the 2017 Proposed IPT Mandate.

The 2015 IPT Mandate provides for a quarterly review of the list of Interested Persons by the Group's finance manager and subject to verifications and declarations as required by the Audit Committee. For the purpose of the 2017 Proposed IPT Mandate, the review is changed to a half-yearly basis, to coincide with the half-yearly Board meeting conducted by the Company.

(ii) Maintaining a register of IPTs

The Group's financial controller will maintain a register of IPTs carried out with the Interested Persons pursuant to the 2017 Proposed IPT Mandate, recording the basis including the quotations obtained to support such basis on which they were entered into ("**IPT Register**"). Any discrepancies or significant variances (as determined by the Audit Committee) from the Group's usual business practices and pricing policies will be highlighted to the Audit Committee. The IPT Register will also record any transaction with an Interested Person that is below S\$100,000 in value, though such transactions are not covered under the 2017 Proposed IPT Mandate.

(iii) Review by Audit Committee and the Board

The Audit committee shall periodically, at least on a half-yearly basis, review the IPT Register to ensure that the IPTs are carried out on normal commercial terms and in accordance with the guidelines and review procedures under the 2017 Proposed IPT Mandate. All relevant non-quantitative factors will also be taken into account, including but not limited to customer requirements, specification compliance, delivery schedules, track record, experience and expertise. The Group's internal and external auditors shall assist the Audit Committee in such review and carry out such tests as they deem necessary.

The 2015 IPT Mandate provides for a quarterly review by the Audit Committee. For the purpose of the 2017 Proposed IPT Mandate, the review is changed to a half-yearly basis, which is in line with the half-yearly Board meeting conducted by the Company.

The Audit Committee and the Board shall review the annual internal audit reports to ascertain that the guidelines and review procedures under the 2017 Proposed IPT Mandate have been complied with and have overall responsibility for the determination of such guidelines and review procedures with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate. In addition, the Audit Committee shall review from time to time the guidelines and review procedures to determine if they are adequate and/or commercially practicable in ensuring that all IPTs are conducted on normal commercial terms.

If during its periodic reviews the Audit Committee is of the view that the proposed review procedures and guidelines in place have become inappropriate or insufficient in view of the changes to the nature of, or the manner in which, the business activities of the Group are conducted, it will, in consultation with the Board, take such actions as it deems proper in respect of such procedures and guidelines and/or modify or implement such procedures and guidelines as may be necessary to ensure that the IPTs will be conducted on normal commercial terms and, hence, will not be prejudicial to the interests of the Company and its Minority Shareholders, and the Company will seek a fresh mandate from Shareholders based on the new review procedures and guidelines for the IPTs.

(iv) Review by internal auditors

The Company's annual internal audit plan shall incorporate a review of all IPTs, including the established review procedures for monitoring of such IPTs, entered into during the

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current financial year pursuant to the 2017 Proposed IPT Mandate. The Group's internal auditor shall, on a yearly basis, subject to adjustment in frequency, and depending on factors such as, *inter alia*, substantial increment of aggregate transactional value, report to the Audit Committee on all IPTs, and the basis of such transactions, entered into with the Interested Persons during the preceding period.

- (v) Review by external auditors

As part of the Group's annual audit, external auditors will review the IPTs on a sampling basis. The external auditors will report to the Audit Committee in the event of any non-compliance based on their audit samples.

3.6 Validity period of the 2017 Proposed IPT Mandate

The 2017 Proposed IPT Mandate is subject to Shareholders' approval at the EGM. If approved by the Shareholders at the EGM, the 2017 Proposed IPT Mandate will take effect from the date of the passing of the ordinary resolution in respect of the 2017 Proposed IPT Mandate, and will continue in force until the conclusion of the next AGM.

Approval from Shareholders will be sought for the renewal of the 2017 Proposed IPT Mandate at the next AGM, subject to satisfactory review by the Audit Committee of the continued requirement of the 2017 Proposed IPT Mandate and the continued sufficiency of the review procedures to ensure that the transactions with Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

3.7 Disclosures

In accordance with the requirements of Chapter 9 of the Catalist Rules, the Company will disclose in its annual report the aggregate value of the IPTs pursuant to the 2017 Proposed IPT Mandate during the financial year (as well as in the annual reports for subsequent financial years that the 2017 Proposed IPT Mandate continues in force).

In addition, the Company will announce the aggregate value of the IPTs conducted pursuant to the 2017 Proposed IPT Mandate for the financial periods that it is required to report on within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Catalist Rules.

4. OPINION

In arriving at our opinion in respect of the 2017 Proposed IPT Mandate, we have considered, *inter alia*, the following:

- (a) rationale for the 2017 Proposed IPT Mandate;
- (b) classes of Interested Persons;
- (c) nature and scope of the IPTs; and
- (d) guidelines and review procedures for the IPTs, including the additional guidelines and review procedures.

Based on the above, we are of the opinion that the guidelines and review procedures for determining the transaction prices of the IPTs under 2017 Proposed IPT Mandate, as set out in Section 3.4 and Section 3.5 of this Letter and Section 2.6 of the Circular, if adhered to, are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

**APPENDIX – LETTER FROM PROVENANCE CAPITAL PTE. LTD. TO
THE NON-INTERESTED DIRECTORS OF ABUNDANCE INTERNATIONAL LIMITED**

Our opinion is addressed to the Non-Interested Directors for the purpose of their consideration of the 2017 Proposed IPT Mandate. The recommendation to be made by them to the Shareholders remains their responsibility. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, its Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for the purpose of any matter which does not relate to the 2017 Proposed IPT Mandate at any time and in any manner without our prior written consent in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

ABUNDANCE INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 197501572K)
(the "Company")

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of the Company will be held at 9 Joo Koon Circle, Singapore 629041 on 26 April 2017 (Wednesday) at 11a.m. (or as soon thereafter as the Annual General Meeting of the Company to be held at 10a.m. on the same day and at the same place is concluded or adjourned) for the purpose of considering and, if thought fit, passing with or without amendment, the following Ordinary Resolution:

All capitalised terms in the Ordinary Resolution below and defined in the Circular dated 11 April 2017 to the shareholders of the Company (the "Circular") shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Circular.

ORDINARY RESOLUTION – PROPOSED INTERESTED PERSON TRANSACTIONS MANDATE

Resolved that:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**Chapter 9**"), for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into the IPTs with the Interested Persons, provided that such transactions are (i) made on normal commercial terms and will not be prejudicial to the interest of the Company and its minority Shareholders and (ii) in accordance with the review procedures for such IPTs (the "**2017 Proposed IPT Mandate**");
- (b) the 2017 Proposed IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and
- (c) the Non-Interested Directors of the Company and each of them be and are hereby authorised to do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the 2017 Proposed IPT Mandate as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

By Order of the Board

Ong Beng Hong
Joint Company Secretary
11 April 2017

Notes:–

1. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Extraordinary General Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
2. A proxy need not be a member of the Company.
 3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
 4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at **9 Joo Koon Circle, Singapore 629041** not less than seventy-two (72) hours before the time appointed for holding the Extraordinary General Meeting.
 5. A depositor shall not be regarded as a member of a Company entitled to attend, speak and vote at the Extraordinary General Meeting unless his name appears on the Depository Register seventy-two (72) hours before the time fixed for the Extraordinary General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

ABUNDANCE INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 197501572K)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT

CPF Investors

1. For investors who have used their CPF moneys to buy shares in the capital of Abundance International Limited (the "Company"), this Circular is forwarded to them at the request of their CPF Approved Nominees ("Agent Banks") and is sent solely for information only.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Extraordinary General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company, (Agent Banks: please see note 8 on the required format.)

Multiple Proxies

4. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting.

I/We _____ (Name), NRIC/Passport Number* _____

of _____ (Address)

being a member/members of **ABUNDANCE INTERNATIONAL LIMITED** (the "Company"), hereby appoint:

Name	NRIC / Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC / Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

whom failing, the Chairman of the Extraordinary General Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at 9 Joo Koon Circle, Singapore 629041 on 26 April 2017 at 11 a.m. (or as soon thereafter as the Annual General Meeting of the Company to be held at 10a.m. on the same day and at the same place is concluded or adjourned) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Extraordinary General Meeting.

ORDINARY RESOLUTION	For*	Against*
To approve the 2017 Proposed IPT Mandate		

* If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2017.

Total Number of Shares Held

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES ON THE REVERSE.



PROXY FORM

Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the said Depository Register and registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Extraordinary General Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

(b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **9 Joo Koon Circle, Singapore 629041** not less than 72 hours before the time appointed for the Extraordinary General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
7. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the Extraordinary General Meeting if he is able to do so.
8. Agent Banks acting on the request of CPF Investors who wish to attend the Extraordinary General Meeting as Observers are required to submit in writing, a list with details of the investors’ name, NRIC/Passport numbers, addresses and numbers of Shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not later than 72 hours before the time appointed for holding the Extraordinary General Meeting.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Company.

Personal Data Protection:

By attending the Extraordinary General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting.