

ABUNDANCE INTERNATIONAL LIMITED

(Incorporated in Singapore)

(Company Registration Number 197501572K)

SUBSCRIPTION FOR SHARES IN

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

1. INTRODUCTION

The board of directors (the “**Board**”) of Abundance International Limited (the “**Company**”, and together with our subsidiaries, the “**Group**”) wishes to announce that our wholly-owned subsidiary, Orient-Salt Chemicals (Shanghai) Co., Ltd. (“**OSC Shanghai**”), has subscribed (the “**Acquisition**”) for and was today allocated 3,610,108 new shares (the “**Acquisition Shares**”) in the capital of 江苏索普化工股份有限公司 (Jiangsu Sopo Chemical Co., Ltd.) (the “**Target Company**”) at an issue price of RMB8.31 per Acquisition Share pursuant to a placement of new shares by the Target Company via a securities firm (the “**Placement**”).

The Acquisition Shares represent 0.34% of the existing share capital of the Target Company before completion of the Placement, and 0.31% of the enlarged share capital of the Target Company after completion of the Placement. The total consideration payable by OSC Shanghai for the Acquisition is RMB30.0 million in cash, and will be funded through the internal resources of our Group. The consideration for the Acquisition was calculated based on an approximately 20% discount to the volume weighted average price of the Target Company’s shares traded on the Shanghai Stock Exchange for the last twenty market days up to 3 March 2021 per the terms of the Acquisition.

2. INFORMATION ON THE TARGET COMPANY

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

The weighted average price of the Target Company’s shares transacted on 19 March 2021 (being the market day preceding the date of the placement form executed by the Company in relation to the Acquisition (the “**Placement Form**”)) was RMB13.02, and its market capitalisation was approximately RMB13.6 billion (before taking into account the issuance of 119,494,584 new shares pursuant to the Placement).

3. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

Our Group’s chemical business currently comprises the trading of commodity chemicals and the provision of water treatment solutions using microbial and/or chemicals, particularly (but without limitation) to the chemical industry in the PRC. The Target Company is a major supplier of acetic acid to our Group. The long term relationship we have with them has been beneficial and fruitful. We believe that this investment will further strengthen our relationship with them and provide us with a competitive edge when we purchase goods from them in the future. In addition, given our knowledge of the industry, we believe that the investment is attractive from a financial viewpoint.

4. MORATORIUM

Under the terms of the Acquisition, OSC Shanghai will be subject to a no-selling moratorium of six months from the date on which the Acquisition Shares are issued.

5. FINANCIAL EFFECTS OF THE ACQUISITION

The *pro forma* financial effects of the Acquisition, based on (i) the unaudited consolidated financial statements of our Company and our Group for the financial period ended 31 December 2020, and (ii) the latest available audited financial statements of the Target Company for the financial period ended 31 December 2019, and assuming the completion of the Acquisition, are set out below. The *pro forma* financial effects are only presented for illustration purposes, and are not intended to reflect the actual future financial situation of our Company or our Group after the Acquisition.

5.1 Net Tangible Assets

Assuming that the Acquisition had been completed on 31 December 2020, the effect on the NTA per share of our Company as at 31 December 2020 would be as follows:

	<i>As at 31 December 2020</i>	<i>Immediately before the Acquisition</i>	<i>After the Acquisition</i>
Consolidated NTA attributable to the shareholders (S\$'000)	25,057	25,057	26,480
Consolidated NTA per share attributable to the shareholders (Singapore cents)	3.90	3.90	4.12

5.2 Earnings per Share

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

	<i>Before the Acquisition</i>	<i>After the Acquisition</i>
Consolidated loss attributable to shareholders (net of tax) (S\$'000)	(3,469)	(3,473)
Weighted average number of shares ('000)	642,750	642,750
Loss per share attributable to shareholders (Singapore cents)	(0.54)	(0.54)

6. VALUE OF THE ACQUISITION SHARES

As at 31 December 2019, the book value and the audited net tangible asset value of the Acquisition Shares are RMB7.5 million and RMB6.9 million respectively.

The open market value of each Acquisition Share as at 19 March 2021, being the market day preceding the date of the Placement Form, is RMB13.02.

No valuation was conducted on the Acquisition Shares.

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

Under Chapter 10 of Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”), an acquisition will be classified as a “major transaction” if any of the relative figures calculated on the bases set out in Rule 1006 of the Catalist Rules exceeds 75% but is less than 100% and if so, Shareholders’ approval must be obtained for the “major transaction”.

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

Rule 1006	Base	Relative figure computed in accordance with the bases set out in Rule 1006
(a)	The net asset value of the assets to be disposed of, compared with our Group's net asset value	Not applicable as this transaction is not a disposal of assets
(b)	The net profits attributable to the assets acquired, compared with our Group's net profits	0.21% ⁽¹⁾
(c)	The aggregate value of the consideration given, compared with our Company's market capitalisation based on the total number of issued shares excluding treasury shares	18.62% ⁽²⁾
(d)	The number of equity securities issued by our Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as no equity securities will be issued as consideration for the Acquisition.

Notes:

- (1) Based on the unaudited financial statements of our Company for the financial period ended 31 December 2020, the net loss of our Group was approximately US\$2,218,000 (about S\$2,932,000, using an exchange rate of US\$1 to S\$1.3217). Based on the latest available audited financial statements of the Target Company for the financial period ended 31 December 2019, the net loss attributable to the Target Company was approximately RMB9,860,000 (about S\$2,033,000, using an exchange rate of 1 RMB to S\$0.2062). As the Company is acquiring 0.31% of the enlarged share capital of the Target Company after completion of the Placement, the net loss attributable to the assets acquired would be S\$6,000. However, based on the acquisition of 0.34% of the existing share capital of the Target Company before completion of the Placement, the net loss attributable to the assets acquired would be S\$7,000. On this basis, the relative figure would be 0.24% instead.
- (2) The consideration of RMB30.0 million (about S\$6.2 million, using an exchange rate of 1 RMB to S\$0.2062) is compared against our Company's market capitalisation of S\$33.3 million, which is computed based on 1,281,688,706 Shares in issue and the weighted average price of S\$0.026 per share transacted on 19 March 2021, being the market day preceding the date of the Placement Form.

As the relative figures under Rule 1006(b) and (c) exceeds 5% but is below 75%, the Acquisition constitutes a discloseable transaction pursuant to Rule 1010 of the Catalist Rules.

8. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

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

9. SERVICE AGREEMENTS

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

10. CAUTION IN TRADING

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

11. RESPONSIBILITY STATEMENT

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

By Order of the Board

Sam Kok Yin
Managing Director

15 April 2021

Note:

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

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