

ABUNDANCE INTERNATIONAL LIMITED

(Company Registration No.: 197501572K)

(Incorporated in Singapore)

ENTRY INTO SUBSCRIPTION AGREEMENT FOR THE SUBSCRIPTION FOR SHARES IN 上海三瑞高分子材料股份有限公司 (SHANGHAI SUNRISE POLYMER MATERIAL CO., LTD.)

*Unless otherwise defined herein, all capitalised terms used herein shall have the same meanings as that used in the Company's announcement dated 27 November 2018 (the "**November Announcement**").*

1. INTRODUCTION

The Board of Directors (the "**Board**") of Abundance International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, Abundance Investments Pte. Ltd. (the "**Subscriber**"), has on 13 March 2019 entered into a subscription agreement (the "**Subscription Agreement**") with 上海三瑞高分子材料股份有限公司 (SHANGHAI SUNRISE POLYMER MATERIAL CO., LTD.) (the "**Target Company**") to subscribe for 7,334,067 new shares to be issued in the Target Company representing 18.18% of the enlarged share capital of the Target Company for a consideration amount of RMB20 million (approximately S\$3,966,000) (the "**Proposed Acquisition**").

2. INFORMATION ON THE TARGET COMPANY

As previously disclosed in the November Announcement, the Target Company was incorporated in the People's Republic of China (the "**PRC**") and was previously listed on the PRC's National Equities Exchange and Quotations. It specialises in the production of specialty chemicals used mainly for the construction industry, such as concrete admixtures, mortar admixtures, gypsum water reducing agents, floor care products and geotechnical engineering additives.

The Target Company was introduced by a contact of the Chairman of our Group, Mr Shi Jiangang. No introduction fees will be paid to any party in relation to the Proposed Acquisition.

As at 31 December 2018, the net tangible asset value of 18.18% of the enlarged share capital of the Target Company is approximately S\$1,557,000. Its open market value is not available as the shares of the Target Company are not publicly traded.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION

As previously disclosed in the November Announcement, 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. As the Target Company is in the chemical business which is also the main core business of our Group, the Company is of the view that the Proposed Acquisition is aligned with the Group's plans to grow its chemical business. Moreover, there will be synergistic benefits from the sharing of supplier and customer bases, technical expertise and other operational cooperation between the parties after completion of the Proposed Acquisition.

4. KEY TERMS OF THE PROPOSED ACQUISITION

Consideration

The consideration amount for the Proposed Acquisition is RMB20 million (approximately S\$3,966,000) (the "**Consideration**"). The Consideration was arrived at after arms' length negotiations between the Subscriber and Target Company, on a willing buyer and willing seller

basis, taking into account, *inter alia*, the past revenue and profit of the Target Company. No independent valuation was commissioned to be conducted on the Target Company.

The Consideration shall be satisfied in cash and shall be payable within 7 business days from the date of satisfaction of the condition precedents. The Proposed Acquisition will be funded through internal resources of the Group.

Other Material Conditions

- a) The completion of the Proposed Acquisition is subject to certain conditions, including without limitation, all representations and guarantees provided by the Target Company to the Subscriber during the course of the negotiation and due diligence process remaining true and accurate, and there being no ongoing actions undertaken by any regulatory authority in the PRC or any prohibition against the Proposed Acquisition or the operations of the Target Company by any regulatory authority in the PRC.
- b) The Subscriber shall be entitled to appoint one director to the board of the Target Company.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The *pro forma* financial effects of the Proposed Acquisition, based on the unaudited consolidated financial statements of the Company and the Group for the financial period ended 31 December 2018 and assuming the completion of the Proposed 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 the Company or the Group after the Proposed Acquisition.

5.1 Net Tangible Assets

Assuming that the Proposed Acquisition had been completed on 31 December 2018, the effect on the NTA per share of the Company as at 31 December 2018 would be as follows:

	<i>As at 31 December 2018</i>	<i>Immediately before the Proposed Acquisition</i>	<i>After the Proposed Acquisition</i>
Consolidated NTA attributable to the Shareholders (S\$'000)	28,222	28,222	29,778
Consolidated NTA per share attributable to the Shareholders (Singapore cents)	4.39	4.39	4.63

5.2 Earnings per Share

Assuming that the Proposed Acquisition has been completed on 1 January 2018, the effect on the Earnings per share of the Company as at 1 January 2018 would be as follows:

	<i>Before the Proposed Acquisition</i>	<i>After the Proposed Acquisition</i>
Consolidated loss attributable to Shareholders (net of tax) (S\$'000)	(1,013)	(1,097)
Weighted average number of	642,750,000	642,750,000

Shares

Loss per share attributable to Shareholders (Singapore cents) (0.16) (0.17)

6. 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 Proposed 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 the 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 the Group's net profits	7.61% ⁽¹⁾
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	47.46% ⁽²⁾
(d)	The number of equity securities issued by the 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 Proposed Acquisition.

Notes:

- (1) Based on the unaudited financial statements of the Company for the financial period ended 31 December 2018, the net loss of our Group was approximately US\$578,177 (about S\$788,171, using an exchange rate of US\$1 to S\$1.3632). Based on the unaudited financial statements of the Target Company for the financial period ended 31 December 2018, the net loss attributable to the Target Company was approximately RMB1,663,461 (about S\$329,875, using an exchange rate of 1 RMB to S\$0.1983). Assuming our Company acquires 18.18% of the enlarged share capital of the Target Company, the net loss attributable to the assets acquired would be S\$59,982.
- (2) The Consideration of RMB20,000,000 (about S\$3,966,000, using an exchange rate of 1 RMB to S\$0.1983) is compared against the Company's market capitalisation of S\$8,355,750, which is computed based on 642,750,000 Shares in issue and the weighted average price of S\$0.013 per share transacted on 26 February 2019, being the last trading day preceding this announcement on which there were trades in the Company's shares.

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

7. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

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

8. SERVICE AGREEMENTS

As at the date of this announcement, no person is proposed to be appointed as a Director of the Company under the Subscription Agreement in connection with the Proposed Acquisition.

9. CAUTIONARY STATEMENT

Shareholders are advised that the completion of the Proposed Acquisition is subject to the conditions precedents in the respective agreements being fulfilled and there is no certainty or assurance that the Proposed Acquisition will be completed or that no changes will be made to the terms of the Subscription Agreement. Accordingly, 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.

10. 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 Proposed Acquisition, the Company and its subsidiaries, 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. The Subscription Agreement has been prepared in Chinese and has been translated to English for reference only. In the event of any discrepancies between the English translation of the Subscription Agreement and the Subscription Agreement itself, the Subscription Agreement shall prevail.

11. DOCUMENTS FOR INSPECTION

The Subscription Agreement will be available for inspection for a period of 3 months from the date of the announcement.

By order of the Board

Sam Kok Yin
Managing Director
13 March 2019