

THE MAURITIUS CHEMICAL AND FERTILIZER INDUSTRY LIMITED

CIRCULAR TO THE SHAREHOLDERS

A Circular to the shareholders of The Mauritius Chemical and Fertilizer Industry Limited (“MCFI”) relating to a voluntary offer for the acquisition by MCFI, of a maximum of 5,000,000 ordinary shares in Bychemex Limited (“Bychemex”) and a maximum of 5,803,398 ordinary shares in Chemco Limited (“Chemco”) (together referred to as the “Transactions”) for a maximum total consideration of MUR 166,356,795.

Depending on the level of acceptances received, the Transactions may constitute a substantial transaction and a related party transaction under Chapter 13 of the Listing Rules.

This circular is issued by The Mauritius Chemical and Fertilizer Industry Limited, registration number C06001461, having its registered office at 18, Edith Cavell Street, Port Louis.

DECLARATION BY DIRECTORS

This Circular includes particulars given in compliance with the Stock Exchange of Mauritius Ltd Rules (the “Listing Rules”) governing the Official Listing of Securities for the purpose of giving information with regard to the issuer. The Directors of MCFI, whose names appear in section 5.1 of the Listing Particulars, collectively and individually, accept full responsibility for the accuracy or completeness of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Directors of MCFI hereby state that:

- i. the working capital available to MCFI and its subsidiary companies (the “MCFI Group”) is sufficient to meet their day to day operations for a period of twelve (12) months from the date of this document;
- ii. there has been no material adverse change in the financial or trading position of MCFI Group since the publication of the unaudited financial statements for the nine months ended 30 September 2018;
- iii. At 30 September 2018,
 - a. Total debt securities of MCFI Group amounted to nil;
 - b. The total borrowings of MCFI Group amounted to MUR 47,680,137 of which MUR 20,778,827 is secured and MUR 26,901,310 is unsecured;
 - c. The total contingencies and/or guarantees of MCFI Group amounted to MUR 1,938,961;
 - d. The total mortgages and charges of MCFI Group amounted to MUR 566,312,000; and
 - e. MCFI Group had given bank guarantees of MUR 1,938,961 in the ordinary course of business.

The consents given by the experts named in this Circular have not been withdrawn at the date of this Circular.

The Directors of MCFI are of the opinion that the Transactions are fair and reasonable so far as the shareholders of MCFI are concerned, based on:

- i. the intention of the Board of MCFI to undertake the Transactions is to align the ownership of MCFI, Bychemex and Chemco in order to benefit from potential synergies between the companies that currently share core competence; and
- ii. the offer price for the shares of Bychemex and Chemco have been determined by the Board of MCFI based on the valuation exercise carried out jointly by two reputable independent valuers, PricewaterhouseCoopers and Deloitte Mauritius, in the context of the above Transactions.

On 27 September 2018, MCFI published a cautionary announcement to inform its shareholders and the public in general that it intends to acquire 100% of the issued share capital of Bychemex representing 5,000,000 ordinary shares currently in issue, and to acquire 93.47% of the issued share capital of Chemco representing 5,803,398 ordinary shares currently in issue, in order to hold 100% of the share capital of Bychemex and 100% of the share capital of Chemco.

Pursuant to Rule 9 of the Securities (Takeover) Rules 2010 (the “Takeover Rules”), the Board of MCFI has, on 26 September 2018, notified the Board of Bychemex and Chemco of its firm intention to purchase the shares of Bychemex at a price of MUR 7.03 per ordinary share and the shares of Chemco at a price of MUR 22.59 per ordinary share. The offer price is payable in cash. The offer document to be issued to the shareholders of Bychemex and Chemco will adjust the offer price contained in the firm intention of MCFI for tick size as per Rule 4.6 of the Trading Procedures of The Stock Exchange of Mauritius Ltd to a price of MUR 7.04 and MUR 22.60 per ordinary share respectively.

The proposed acquisitions of 100% of the shares of Bychemex and 93.47% of the shares of Chemco are subject to the following conditions precedent:

- Shareholders' approval in compliance with section 13.10 and 13.23(c) of the Listing Rules; and
- Regulatory approvals.

For and on behalf of the Board of Directors of MCFI.



Suie Sen Hock Meen Ah Kine
Director



Shemboosingh Cheekhooree
Director

24 December 2018

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1. DEFINITIONS

In this Circular, the terms below have the meaning stated except where otherwise noted.

ABBREVIATION	DEFINITION
Board	The Board of Directors of MCFI
Bychemex	Bychemex Limited
Chemco	Chemco Limited
Circular	This document prepared in accordance with the Listing Rules issued by the SEM
DCF	Discounted Cash Flow
Deloitte	Deloitte Mauritius
Harel Mallac	Harel Mallac & Co Ltd
Listing Rules	The rules governing securities listed on the Official Market of the SEM
MCFI	The Mauritius Chemical and Fertilizer Industry Limited
MCFI Group	MCFI and its subsidiary companies
MUR	Mauritian Rupee
PwC	PricewaterhouseCoopers
SEM	The Stock Exchange of Mauritius Ltd, established under the repealed Stock Exchange Act 1988 and governed by the Securities Act 2005 as amended
Transactions	The acquisition by MCFI, of a maximum of 5,000,000 ordinary shares in Bychemex Limited (“Bychemex”) and a maximum of 5,803,398 ordinary shares in Chemco Limited (“Chemco”) for a maximum total consideration of MUR 166,356,795
Valuation Report	The valuation report by PwC and Deloitte

2. COMPANY BACKGROUND AND PRINCIPAL ACTIVITIES

MCFI is a manufacturing company, operating an NPK complex fertiliser plant and a blending unit for fertilisers in the Port area. The said company has been listed on the official market of SEM since 1989 and is a subsidiary of Harel Mallac & Co Ltd (“Harel Mallac”).

As at 30 September 2018, MCFI has nine subsidiaries:

NAME OF COMPANIES	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		Direct (%)	Indirect (%)
Coolkote Ltd	Mauritius	100	-
Fertco Ltd	Mauritius	100	-
Harel Mallac (Tanzania) Ltd	Tanzania	-	100
Logima Reunion SAS	Reunion Island	-	100
MCFI (Freeport) Ltd	Mauritius	100	-
MCFI Export Ltd	Mauritius	-	100
MCFI International (Zambia) Ltd	Zambia	-	100
MCFI International & Co Ltd	Mauritius	100	-
Reunifert SAS	Reunion Island	-	100

Other investments include:

NAME OF COMPANIES	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		Direct (%)	Indirect (%)
Biofert Co Ltd	Mauritius	33.3	-
Rehm Grinaker Construction Co Ltd	Mauritius	21.5	-
Rehm Grinaker Properties Co Ltd	Mauritius	21.5	-
Chemco	Mauritius	6.5	-

As at 30 September 2018, the stated capital of MCFI was made up of 22,006,418 ordinary shares of MUR 10 each, amounting to a total of MUR 220,064,180.

3. THE TRANSACTIONS

MCFI manages the two companies, Chemco (trading in chemical and consumer goods) and Bychemex (trading in textile chemicals), both listed on the DEM ("Development & Enterprise Market"), through management contracts.

Bychemex is a public company incorporated and domiciled in Mauritius. The address of its registered office is 18, Edith Cavell Street, Port Louis. Its main activities consist of trading in specialised chemical products for the textile industry.

Chemco is a public company incorporated and domiciled in Mauritius. The address of its registered office is 18, Edith Cavell Street, Port Louis. Its main activity is trading in chemicals and general goods.

With a view to benefit from the potential synergies between MCFI, Bychemex and Chemco, that share a core competence, the Board of MCFI has, on 26 September 2018, notified the respective boards of Bychemex and Chemco of its firm intention to proceed with the Transactions. The details of the firm intention made to Bychemex and Chemco are as follows:

- Offer has been made to acquire the total shareholding in Bychemex, representing 5,000,000 ordinary shares currently in issue at a price of MUR 7.03 per ordinary share payable in cash;
- The Bychemex offer price of MUR 7.03, adjusted for tick size as per Rule 4.6 of the Trading Rules of SEM to MUR 7.04 (the 'Bychemex Offer Price'), represents a premium of 36% on the average of the weekly high and low of closing prices of the share of Bychemex as listed on the DEM, being MUR 5.17 over the previous 6 months;
- Offer has been made to acquire 93.47% of the shareholding in Chemco, representing 5,803,398 ordinary shares currently in issue at a price of MUR 22.59 per ordinary share payable in cash; and
- The Chemco offer price of MUR 22.59, adjusted for tick size as per Rule 4.6 of the Trading Rules of SEM at MUR 22.60 (the 'Chemco Offer Price'), represents a premium of 19% on the average of the weekly high and low prices of the shares of Chemco as listed on the DEM, being MUR 18.95 over the previous 6 months.

Substantial transaction

Chapter 13 of the Listing Rules of the SEM defines a substantial transaction, inter alia, as an acquisition or realisation of assets by a listed issuer or any of its subsidiaries where:

- a. the value of the assets being acquired or realised represents 50 per cent or more of the net assets or consolidated net assets, as the case may be, of the acquiring or realising group; or
- b. the net profit (after deducting all charges except taxation) attributable to the assets being acquired or realised as disclosed in the latest published audited accounts represents 50 per cent or more of such net profit of the acquiring or realising group; or
- c. the aggregate value of the consideration given or received represents 50 per cent or more of the net assets or consolidated net assets, as the case may be, of the acquiring or realising group; or
- d. the value of the equity capital issued as consideration by the acquiring issuer represents 50 per cent or more of the value of the equity capital previously in issue.

Depending on the level of acceptances received, the Transactions when aggregated along with the acquisition of Harel Mallac (Tanzania) Ltd may qualify as a substantial transaction for MCFI. MCFI and MCFI International & Co Ltd acquired Harel Mallac (Tanzania) Ltd for a cash consideration of MUR 400,000 from Harel Mallac and Harel Mallac International Ltd. The transaction has been completed on 29 March 2018.

Based on the Chapter 13 tests, the aggregated net profit of Harel Mallac (Tanzania) Ltd, Bychemex and Chemco represents more than 50% of MCFI's profit before tax, and may thus qualify as a substantial transaction.

Pursuant to Chapter 13 clause 13.10 of the Listing Rules, the SEM will normally require that any shareholder with a material interest in the substantial transaction shall abstain from voting at the meeting of shareholders convened to resolve on the proposed Transactions.

Related Party transaction

In the event that Harel Mallac accepts the offer made by MCFI, the Transactions would lead to the acquisition of 2,245,483 ordinary shares in Bychemex representing 44.91% and 3,394,707 ordinary shares in Chemco representing 54.68% held by Harel Mallac, the holding company of MCFI. This proposed acquisition of Harel Mallac's stake by MCFI qualifies as a related party transaction under Chapter 13 of the Listing Rules of the SEM by virtue of Harel Mallac being the controlling shareholder of MCFI.

The proposed transaction is therefore subject to the independent shareholders' approval. Pursuant to Chapter 13 clause 13.23 (d) of the Listing Rules, a condition of the validity of the resolution will be a simple majority of the votes of shareholders, other than any related party's votes, being cast in favour of the resolution.

Harel Mallac, being the majority shareholder of MCFI, a major shareholder of Bychemex and the majority shareholder of Chemco, is considered to be a related party and has a material and significant interest in the Transactions. Hence, Harel Mallac will not be entitled to vote at the meeting of shareholders of MCFI as per the Listing Rules.

Similarly, Messrs Antoine Louis Harel, Charles Paul Luc Harel and Edward Harold Ng Kwing King, being directors of MCFI and shareholders of Bychemex and Chemco, may be deemed to have an influence and an interest in the Transactions and are accordingly deemed to be interested related parties. Thus, they will not be voting at the meeting of shareholders of MCFI convened as per the Listing Rules.

A special meeting of shareholders of MCFI is being convened on 22 January 2019 to approve the Transactions.

Statements of abstention from Harel Mallac and from the three directors referred to above are included, in that respect, in Appendix I.

In accordance with Section 13.15 of the Listing Rules, MCFI has notified the SEM of the Transactions on 6 November 2018. The present Circular has been approved by the Listing Executive Committee on 24 December 2018, in conformity with the Listing Rules.

4. INFORMATION ON THE TRANSACTIONS

4.1 Rationale for the Transactions

The objective of the MCFI potential acquisition of Bychemex and Chemco would be to align the ownership and the management of these companies to extract potential synergies between those companies that currently share a core competence. These benefits include:

1. Revenue synergies with the existing MCFI platform in Africa and Mauritius by:
 - a. Increasing the portfolio of products and services to factor in Bychemex and Chemco products and assets
 - b. Growing MCFI's share of end customers' spending by leveraging on its existing networks in Zambia and Tanzania
2. Cost synergies through:
 - a. The simplification of the administrative structure of the three companies
 - b. A sound supply chain leveraging the procurement efficiencies and trading effectiveness of the three entities to gain economies of scale and scope.
3. Risk mitigation through product and market diversification.

MCFI intends to delist Bychemex and Chemco from the DEM.

4.2 Acquisition of 100% of Bychemex

MCFI proposes to acquire 100% of the shares of Bychemex for a total consideration of MUR 35.2 Million.

The consideration payable to Harel Mallac for the acquisition of the 44.91% stake it holds in Bychemex shall be MUR 15.8 Million.

The net assets value of Bychemex as per the audited accounts for the year ended 31 December 2017 amounted to MUR 31.3 Million.

Basis for Determination of Price Consideration

The Bychemex Offer Price was determined by the Board based on the independent valuation exercise carried out jointly by PwC and Deloitte as at 31 March 2018. A copy of the PwC and Deloitte valuation report, dated 26 September 2018 is available for inspection at the registered office of MCFI, 18 Edith Cavell Street, Port Louis.

Following representation by management of Bychemex, the independent valuers are satisfied that there are no known significant factors which could affect the value arrived at since the valuation date.

For the purpose of ascertaining the value of Bychemex, the joint valuers have undertaken the valuation on a controlling and marketable basis.

Impact on MCFI Financial Statements as at 31 December 2017 and 2016

Had MCFI already acquired 100% shareholding in Bychemex, based on 31 December 2017 financial statements, the profit before tax and profit after tax attributable to MCFI for the 100% acquisition in Bychemex would have been MUR 1.3 Million in 2017 (2016: MUR 0.2 Million) and MUR 1.1 Million in 2017 (2016: MUR 0.1 Million) respectively.

Funding

The acquisition of the 100% stake in Bychemex will be funded by bank borrowings.

4.3 Acquisition of 93.47% of Chemco

MCFI proposes to acquire 93.47% of the shares of Chemco for a total consideration of MUR 131.2 Million.

The consideration payable to Harel Mallac for the acquisition of the 54.68% stake it holds in Chemco shall be MUR 76.7 Million.

The net assets value of Chemco as per the audited accounts for the year ended 31 December 2017 amounted to MUR 104.4 Million.

Basis for Determination of Price Consideration

The Chemco Offer Price was determined by the Board based on the independent valuation exercise carried out jointly by PwC and Deloitte as at 31 March 2018 and a 16% premium applied by the Board of Directors. This premium reflects the anticipated operational synergies to be derived mainly from the local expertise of Chemco in the water management services and the industrial chemical sectors, which should add further momentum to our regional expansion in these specific sectors. A copy of the PwC and Deloitte valuation report, dated 26 September 2018 is available for inspection at the registered office of MCFI, 18 Edith Cavell Street, Port Louis.

Following representation by management of Chemco, the independent valuers are satisfied that there are no known significant factors which could affect the value arrived at since the valuation date.

For the purpose of ascertaining the value of Chemco, the joint valuers have undertaken the valuation on a controlling and marketable basis.

Impact on MCFI Financial Statements as at 31 December 2017 and 2016

Had MCFI already acquired 93.47% shareholding in Chemco, based on 31 December 2017 financial statements, the share of profit before tax and profit after tax attributable to MCFI for the 93.47% acquisition in Chemco would have been MUR 7.7 Million in 2017 (2016: MUR 16.5 Million) and MUR 6.5 Million in 2017 (2016: MUR 14.5 Million) respectively.

Funding

The acquisition of the 93.47% stake in Chemco will be funded by bank borrowings.

4.4 Statement from Independent Valuers

The independent valuers, PwC and Deloitte, state that:

- a. They do not hold shares in MCFI, Bychemex or Chemco or have the right to nominate persons to subscribe for shares in MCFI, Bychemex or Chemco;
- b. They are not the statutory auditors of MCFI, Bychemex or Chemco;
- c. They have given and have not withdrawn consent to the form and content of the valuation report; and
- d. The statements set out above were made on 30 November 2018 and 3 December 2018 for incorporation in this document.

5. DIRECTORS

5.1 Directors' Details

NAME	ADDRESS
HAREL Antoine Louis - Chairman (Non-Executive)	Mont Choisy, Grand Bay
AH KINE Suie Sen Hock Meen (Executive Director)	151, Guy Forget Avenue, Quatre Bornes
CHEEKHOOREE Shemboosingh (Executive Director)	74, De Burgh Street, Floreal
DOGER DE SPEVILLE Marie Joseph Georges Allain (Independent Director)	Chancery House, Lislet Geoffroy Street, Port Louis
HAREL Charles Paul Luc (Non-Executive Director)	Domaine de Rosalie, Grande Rosalie
HAREL Marie Auguste Guy (Independent Director)	No.1 Les Colophanes, Queen Mary Ave, Floreal
LABAT André Marc Jean Vincent (Independent Director)	60, Chemin du Rhum, Hillside 31807, Labourdonnais, Mapou
NG KWING KING Edward Harold (Independent Director)	20D, Willoughby Avenue, Quatre Bornes

5.2 Directors' Service Contracts

Two executive directors have employment contracts of indeterminate duration with MCFI.

5.3 Interests of Directors

The direct interests of the Directors and Managing Director of MCFI and their indirect interests through related parties in the equity securities of MCFI as at 30 September 2018 are set out below:

DIRECTORS	THE COMPANY	
	Direct Interest	Indirect Interest
HAREL Antoine Louis	-	819,282
HAREL Charles Paul Luc	-	800,251
NG KWING KING Edward Harold	3,750	-

5.4 Remuneration and benefits in kind to Directors

The aggregate of remuneration paid and benefits in kind granted to the Directors of MCFI in respect of the last financial year ended 31 December 2017 amounted to MUR 9.5 Million.

The Directors' remuneration and benefits in kind for the next financial period have not yet been determined.

6. FINANCIAL INFORMATION

6.1 Bychemex Financial Highlights

BYCHEMEX		31-DEC-17	31-DEC-16	31-DEC-15
Total assets	MUR '000	47,150	44,553	44,065
Equity holders' interest	MUR '000	31,323	31,167	29,323
Total equity and liabilities	MUR '000	47,150	44,553	44,065
Revenue	MUR '000	67,443	59,229	58,882
Profit before taxation	MUR '000	1,265	152	135
Profit for the year	MUR '000	1,075	116	35
Basic earnings per share	MUR	0.21	0.02	0.01
Dividend per share	MUR	0.16	0.08	0.10
Net asset value per share	MUR	6.26	6.23	5.86

6.2 Chemco Financial Highlights

CHEMCO		31-DEC-17	31-DEC-16	31-DEC-15
Total assets	MUR '000	176,547	182,370	180,364
Equity holders' interest	MUR '000	104,399	104,935	95,767
Total equity and liabilities	MUR '000	176,547	182,370	180,364
Revenue	MUR '000	277,854	281,742	343,626
Profit before taxation	MUR '000	8,276	17,679	6,837
Profit for the year	MUR '000	6,947	15,463	4,125
Basic earnings per share	MUR	1.12	2.49	0.66
Dividend per share	MUR	1.0	1.1	1.1
Net asset value per share	MUR	16.81	16.90	15.42

7. MCFI Statement of Financial Position

MCFI's condensed audited consolidated statement of financial position as at 31 December 2017 and unaudited pro-forma consolidated statement of financial position post acquisition as at 31 December 2017, based on the assumption that the Transactions occurred at that date are as follows:

CONDENSED STATEMENT OF FINANCIAL POSITION - YEAR ENDED 31 DECEMBER 2017		
	Pre-Acquisition (Audited FS)	Post-Acquisition (Unaudited FS)
ASSETS	MUR '000	MUR '000
Non-current assets		
Property, plant and equipment	162,071	182,190
Investment properties	58,376	58,376
Other non-current assets	370,069	363,162
	590,516	603,728
Current Assets		
Inventories	324,360	399,377
Trade and other receivables	463,178	565,197
Short Term Loans	8,943	8,943
Cash and Cash Equivalents	54,653	73,880
	851,134	1,047,397
TOTAL ASSETS	1,441,650	1,651,125
EQUITY AND LIABILITIES		
Capital and reserves		
Share Capital	220,064	220,024
Retained Earnings and Reserves	576,380	538,114
Owners' interest	796,444	758,138
Non-Current Liabilities	46,393	223,860
Current Liabilities		
Trade and other payables	506,607	568,596
Other current liabilities	92,206	100,531
	598,813	669,127
<i>Total Liabilities</i>	645,206	892,987
Total Equity & Liabilities	1,441,650	1,651,125

7.1 Financial and Trading Prospects

For the first semester 2018, fertiliser sales represented approximately 33% of the expected annual turnover, which is in line with yearly seasonal trend for this business. However, challenges are expected in the second semester of the year, given the difficulties faced by the local agricultural industry. The use of fertilisers across the sector is expected to drop, specially impacting the sugarcane plantation. BREXIT, coupled with depressed international prices of sugar, has triggered significant uncertainties in the sugar sector which will subsequently impact volume sales especially in third quarter and possibly part of the last quarter of the year. Results for 2018 will also be impacted negatively by exit costs of our subsidiaries in Reunion Island.

A profit shortfall mitigation strategy is already in place which includes optimizing the working capital and procurement whilst improving export performance through increasing market share, product diversification, addition of specialty range and channelling sales via subsidiary companies in Tanzania and Zambia.

8. ADDITIONAL DISCLOSURES

8.1 Material Contracts

Harel Mallac has contracted a loan with MCFI, a registered money lender, which amounted to MUR 335,294,100 at 30 September 2018. The loan bears interest at a rate indexed to the Prime Lending Rate of the commercial banking sector in Mauritius and is repayable on 31 March 2019. Two of the directors of MCFI are also directors of Harel Mallac.

No member of MCFI Group has entered into any material contract other than in the ordinary course of business within 2 years preceding the publication of this document.

8.2 Legal Proceedings and Contingencies

Two investigations (bearing references INV037 and INV041) were launched by the Competition Commission of Mauritius (CCM) with respect to potential breaches of sections 41 and 42 of the Competition Act 2007 by MCFI and United Investments Ltd and its subsidiaries, pertaining to the supply of fertilisers. MCFI has applied to the CCM for Leniency in respect of INV037 and Leniency Plus in respect of INV041. Final Reports dated 29 June 2018 for both investigations have been issued by the Executive Director of the CCM. The matter will shortly be scheduled for hearing before the Commission.

Negotiations between MCFI and the Mauritius Ports Authority (MPA) for the rate increase applicable on leasehold land for the period leading to 2030 are expected to begin soon.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection until the special meeting of shareholders of MCFI being convened on 22 January 2019, during normal business hours at the registered address of MCFI:

- The constitution of MCFI;
- The original Circular to the shareholders of MCFI;
- The audited financial statements and annual reports of MCFI for the years ended 31 December 2015, 2016 and 2017;
- A copy of the loan agreement between Harel Mallac and MCFI (section 8.1 above); and
- A copy of the Valuation Report together with statements from the Independent Valuers.

24 December 2018

APPENDIX 1a

Statement of Abstention from voting at the special meeting of The Mauritius Chemical and Fertilizer Industry Limited ("MCFI") in compliance with Chapter 13 of the Listing Rules

Harel Mallac & Co. Ltd ("Harel Mallac"), is the parent company of MCFI by virtue of having a holding of 70.41% as at 30 September 2018.

The Mauritius Chemical and Fertilizer Industry Limited ("MCFI") intends to acquire a maximum of 5,000,000 ordinary shares in Bychemex Limited ("Bychemex") and a maximum of 5,803,398 ordinary shares in Chemco Limited ("Chemco") (together referred to as the "Transactions") for a maximum total consideration of MUR 166.3 Million.

Harel Mallac holds 2,245,483 ordinary shares in Bychemex representing 44.91% and 3,394,707 ordinary shares in Chemco representing 54.68%, which are included in the Transactions.

In compliance with Listing Rules 13.23(d), Harel Mallac being a related party to MCFI with an interest in the Transactions will not cast its votes on the ordinary resolution at the special meeting of shareholders of MCFI.

The terms contained in this statement were approved by the Board of Harel Mallac on 24 December 2018.

For and on behalf of the Board of Directors of Harel Mallac & Co. Ltd.



Charles Paul Luc Harel
Director



Antoine Louis Harel
Director

APPENDIX 1b

Statement of Abstention from voting at the special meeting of The Mauritius Chemical and Fertilizer Industry Limited (“MCFI”) in compliance with Chapter 13 of the Listing Rules

Antoine Louis Harel, Charles Paul Luc Harel and Edward Harold Ng Kwing King are related parties (“Interested Directors”) of MCFI by virtue of their membership of the board of MCFI.

The Mauritius Chemical and Fertilizer Industry Limited (“MCFI”) intends to acquire a maximum of 5,000,000 ordinary shares in Bychemex Limited (“Bychemex”) and a maximum of 5,803,398 ordinary shares in Chemco Limited (“Chemco”) (together referred to as the “Transactions”) for a maximum total consideration of MUR 166.3 Million.

The Interested Directors hold ordinary shares in Bychemex and/or Chemco which are included in the Transactions.

In compliance with Listing Rules 13.23(d), such Interested Directors being related parties to MCFI with an interest in or influence over the Transactions will not cast their votes as shareholders of MCFI to approve the ordinary resolution at the special meeting of shareholders of MCFI convened to approve the Transactions.

24 December 2018



Antoine Louis Harel



Charles Paul Luc Harel



Edward Harold Ng Kwing King

