

ABUNDANCE INTERNATIONAL LIMITED

(Incorporated in Singapore)
(Company Registration Number 197501572K)
(the “Company”)

EMPHASIS OF MATTER BY INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

1. In compliance with Rule 704(4) of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board of Directors of the Company wishes to announce that its Independent Auditor, Foo Kon Tan LLP, has issued its Independent Auditor's Report for the financial statements of the Company and its subsidiaries (the “Group”) for the financial period ended 31 December 2015 (“FY2015”) (the “Independent Auditor’s Report”), with the following emphasis of matter:

Extract of Independent Auditor’s Report

“The Group incurred a net loss of \$9,294,000 (year ended 30 September 2014: \$3,929,000) and has net operating cash outflows of \$6,372,000 (year ended 30 September 2014: \$593,000) for the financial period from 1 October 2014 to 31 December 2015; and as at that date, the Group’s and the Company’s accumulated losses amounted to \$29,686,000 (30 September 2014: \$20,451,000) and \$30,862,000 (30 September 2014: \$20,443,000) respectively. The Group has ceased internal production in respect of the Printing Business with effect from 31 December 2015.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group’s and the Company’s ability to continue as going concerns. On the basis that:

- (a) the Group has cash balances of \$9,430,000 which is sufficient to support the new line of business with growth potential;*
- (b) the amounts due to director of \$1,090,000 are not repayable in the next 12 months as a director of the Company has given an undertaking not to demand immediate repayment;*
- (c) the liabilities owing to the banks totalling \$2,682,000 will be partially repaid from the disposal of the Company’s plant and equipment with a carrying amount of \$1,664,000 and from the existing cash balance of the Group;*
- (d) the possible sale of the Company’s leasehold property with a carrying amount of \$19,500,000 will provide additional funding to the Group;*
- (e) subsequent to the reporting date, the Group achieved sales of approximately US\$10 million in the new chemical business; and*
- (f) the Group has prepared a profit and cash flow forecast for the next 12 months after the reporting date indicating that there will be sufficient cash balances taking into account the above factors,*

the directors are, therefore, of the view that the going concern assumption is appropriate for the preparation of these financial statements and that debts owing will be paid as and when they fall due as the directors believe that the Group and the Company will be able to generate sufficient operating cash flows. Our opinion is not qualified in respect of this matter.

In furtherance to the proposed new business plans (the “Proposed Business Diversification”) as announced by the Group on 2 June 2015, the Company had entered into a joint venture agreement with Mr Jiang Hao in relation to the formation of a new subsidiary company, Orient-Salt

Chemicals Pte. Ltd. (“OSC”). OSC’s main business is trading of chemical products. Based on the industry outlook obtained from the industry experts, the chemical industry in China relating to chemical products such as acetone and ethanol are expected to be experiencing healthy growth in the coming years. In addition, Mr Jiang Hao has many years of experience in the industry and has the network capability to develop the market in the People’s Republic of China (“PRC”). Notwithstanding this, there are significant uncertainties in relation to the profit and cash flow forecast as there is no historical chemical and related trading businesses conducted by the Group. The profit forecast is based on management’s assessment and judgment.

The accompanying financial statements do not include any adjustments relating to the realisation and classification of asset amounts that may be necessary if the Group and the Company are unable to continue as going concerns. Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No adjustments have been made in the financial statements in respect of these.”

2. A copy of the Independent Auditor’s Report is attached to this announcement for shareholders’ reference.
3. The Independent Auditor’s Report and a complete set of the Group’s financial statements for the financial period ended 31 December 2015 will also be found in the Company’s Annual Report for the financial period ended 31 December 2015, which will be released on SGXNET and despatched to shareholders in due course.

By Order of the Board

Sam Kok Yin
Executive Director

11 April 2016

Note:

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Exchange. The Company’s Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange 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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