

Independent auditor's report to the members of Abundance International Limited (formerly known as Craft Print International Limited)

Report on the financial statements

We have audited the accompanying financial statements of Abundance International Limited (the "Company") (formerly known as Craft Print International Limited) and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial period from 1 October 2014 to 31 December 2015, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap 50 (the "Act"), and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company as at 31 December 2015 are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the period ended on that date.

Emphasis of Matter

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 had 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.

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Emphasis of Matter (Cont'd)

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.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 8 April 2016