



ABUNDANCE INTERNATIONAL LIMITED

(Incorporated in Singapore)
(Co. Reg. No: 197501572K)

Unaudited Half Year Financial Statement and Dividend Announcement for the Period Ended 30 June 2019 ("HY2019")

"HY2018" refers to the period ended 30 June 2018, "FY2017" refers to the period ended 31 December 2017, "FY2018" refers to the period ended 31 December 2018 and "FY2019" refers to the period ending 31 December 2019.

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP		
	HY2019	HY2018	+/(-) %
	US\$'000	US\$'000	
Continuing operations			
Revenues			
Sale of goods	173,677	227,875	-23.8
Other operating income	134	123	+8.9
Total revenue	173,811	227,998	-23.8
Costs and expenses			
Change in inventories of finished goods and good in transit	166,197	220,853	-24.7
Employee benefits expense	1,511	1,322	+16.0
Amortisation of right-of-use assets	67	-	N.M.
Depreciation of property, plant and equipment	231	227	+1.8
Freight and handling charges	4,293	3,680	+16.7
Operating lease expenses	909	748	+21.5
Other expenses	988	1,258	-21.5
Total costs and expenses	174,196	228,088	-23.6
Loss from operating activities	(385)	(90)	N.M.
Finance costs	(563)	(507)	+11.0
Loss before taxation	(948)	(597)	+58.8
Tax expense	168	(5)	N.M.
Loss for the period	(780)	(602)	+29.6
Other comprehensive loss			
Foreign currency translation differences – foreign operation (nil tax effect)	7	(104)	N.M.
Total comprehensive loss for the period	(773)	(706)	+9.5

	GROUP		
	HY2019	HY2018	+ / (-) %
Loss for the period attributable to:			
Owners of the parent	(777)	(602)	+29.1
Non-controlling interests	(3)	-	N.M.
Loss for the period	(780)	(602)	+29.6
Total comprehensive loss attributable to:			
Owners of the parent	(770)	(706)	+9.1
Non-controlling interests	(3)	-	N.M.
Total comprehensive loss for the period	(773)	(706)	+9.5
Loss per share attributable to owners of the Company - in cents			
- Basic and diluted (cents)	(0.12)	(0.09)	+33.3

N.M. denotes "not meaningful"
+ denotes "increase"
- denotes "decrease"

Notes to statement of comprehensive income

Other operating income for the period is arrived after crediting the following:

	HY2019	HY2018
	US\$'000	US\$'000
Bad debt recovered	22	-
Dividend income	3	-
Gain on disposal of shares	9	-
Gain on disposal of paper inventory	12	15
Interest income	23	6
Rental income	19	55
Reversal of loss allowance	16	-
Unrealised gain from futures contract	27	-

Loss for the period is arrived at after crediting/ (charging) the following:

	HY2019	HY2018
	US\$'000	US\$'000
Exchange gain/ (loss), net	6	(206)
Interest expense	(563)	(507)

Exchange gain in HY2019 was mainly attributable to revaluation of receivables and bank balances denominated in Singapore dollar which appreciated against United States dollar, partly offset by exchange loss arising from the receipt of Renminbi denominated receivables. Exchange loss in HY2018 was mainly attributable to the revaluation of bank balances and receivables denominated in Renminbi and Singapore dollar, which depreciated against United States dollar.

Included in interest expense is a non-cash interest expense on zero coupon bonds of US\$513,000 (HY 2018: US\$456,000) and a non-cash interest expense on an interest free loan from a director of US\$14,000 (HY 2018: US\$ Nil).

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Investments in subsidiaries	-	-	7,869	7,869
Financial assets at fair value through other comprehensive income	3,003	-	-	-
Property, plant and equipment	14,007	13,721	13,518	13,574
Right-of-use assets	146	-	146	-
Deferred tax assets	171	171	-	-
	17,327	13,892	21,533	21,443
Current assets				
Inventories	18,074	12,685	-	8
Trade receivables	9,480	12,158	22	-
Other receivables and deposits	1,270	603	96	61
Advances and prepayments	12,691	7,668	7	15
Amounts due from related corporations	-	-	3,511	3,659
Financial assets at fair value through profit or loss	150	189	-	-
Derivative asset	134	134	134	134
Cash and bank balances	4,408	8,338	279	513
	46,207	41,775	4,049	4,390
Total assets	63,534	55,667	25,582	25,833
Current liabilities				
Trade payables	25,192	16,796	76	57
Other payables and accruals	1,259	1,351	210	330
Advances from customers	6,729	7,008	-	-
Hire purchase obligations	3	3	-	-
Lease liabilities	55	-	55	-
Derivative liability	230	230	230	230
Income tax liabilities	25	343	-	-
	33,493	25,731	571	617
Non-current liabilities				
Interest-free loan from a director	283	269	283	269
Bond payables	7,617	7,044	7,617	7,044
Hire purchase obligations	3	3	-	-
Bank loan	185	-	-	-
Lease liabilities	91	-	91	-
Provisions	11	11	11	11
Deferred tax liabilities	1,906	1,891	1,906	1,891
	10,096	9,218	9,908	9,215
Net assets	19,945	20,718	15,103	16,001

	GROUP		COMPANY	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	US\$'000	US\$'000	US\$'000	US\$'000
Equity				
Share capital	33,246	33,246	33,246	33,246
Other equity instruments	2,011	2,011	2,011	2,011
Translation reserve	(1,199)	(1,206)	(1,209)	(1,272)
Assets revaluation reserve	10,371	10,371	10,371	10,371
Discount paid on acquisition of non-controlling interests	1,386	1,386	-	-
Accumulated losses	(25,883)	(25,106)	(29,316)	(28,355)
Attributable to owners of the Company	19,932	20,702	15,103	16,001
Non-controlling interest	13	16	-	-
Total equity	19,945	20,718	15,103	16,001

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at 30 June 2019		As at 31 December 2018	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Hire purchase obligations	3	-	3	-

Amount repayable after one year

	As at 30 June 2019		As at 31 December 2018	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Hire purchase obligations	3	-	3	-
Interest-free loan from a director	-	283 ⁽¹⁾	-	269 ⁽¹⁾
Bond payables	-	7,617 ⁽²⁾	-	7,044 ⁽²⁾
Bank loan	185	-	-	-

Notes:

- ⁽¹⁾ The interest-free loan from a director pursuant to the Put and Call Option Agreement (the "PCOA") entered on 14 March 2018 is repayable on 13 March 2022 and provides the director with the option (the "Call Option") to convert the loan into 40% equity interest in the shares of the subsidiary, Zhangjiagang Orient-hill Microorganisms Technology Co. Ltd (the "40% Subsidiary Shares"), held by the Company at any time between 13 March 2019 to 13 March 2022. In addition, under the PCOA, the put option granted by the Company provides that the director has the right to require the Company to put the 40% Subsidiary Shares to the director over the same period as the Call Option subject to the terms and conditions of the PCOA (the "Put Option").
- ⁽²⁾ The book value of the Bonds (defined below) issued on 31 January 2017 pursuant to the 2017 Rights Issue (as defined below). The maximum redemption amount at maturity date is S\$12,855,000.

Details of any collaterals

As at 30 June 2019 and 31 December 2018, US\$6,000 and US\$6,000 respectively of hire purchase obligation was secured by a charge over the respective asset.

A subsidiary has pledged its fixed deposit of US\$209,000 (31 December 2018: US\$Nil) to a financial institution for a bank loan granted to its directly-owned Japan based subsidiary.

1(c) **A statement of cashflow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	HY2019	HY2018
	US\$'000	US\$'000
Cash flows from Operating Activities		
Loss before taxation	(948)	(597)
Adjustments:		
Depreciation of property, plant and equipment	231	227
Amortisation of land-use-right assets	67	-
Dividend income	(3)	-
Interest income	(23)	-
Interest expense	563	507
Fair value loss on financial assets at fair value through profit or loss	- #	13
Gain on disposal of shares	(9)	-
Reversal of loss allowances	16	-
Unrealised gain from futures contract	27	-
Operating cashflow before working capital changes	(79)	150
Change in inventories	(5,418)	(4,298)
Change in trade and other receivables and deposits	1,968	1,016
Change in and advances and prepayments	(5,023)	2,466
Change in trade and other payables and accruals	8,304	2,004
Change in advances from customers	(279)	(3,329)
Cash used in operations	(527)	(1,991)
Interest income received	23	-
Interest paid	(30)	(51)
Tax paid	(154)	(230)
Net cash used in operating activities	(688)	(2,272)
Cash flows from Investing Activities		
Purchase of property, plant and equipment	(407)	-
Investment in financial assets at fair value through other comprehensive income	(3,003)	-
Proceeds from disposal of financial assets at fair value through profit or loss	51	-
Fixed deposits pledged	-	2
Net cash (used in)/ generated from investing activities	(3,359)	2
Cash flows from Financing Activities		
Proceeds from bank loan	185	-
Repayment of hire purchase obligations	-	(1)
Repayment of lease liabilities	(73)	-
Advances from directors	-	16
Fixed deposits pledged	(209)	-
Net cash (used in)/ generated from financing activities	(97)	15
Net decrease in cash and cash equivalents	(4,144)	(2,255)
Effect of changes in currency translation	5	(14)
Cash and cash equivalents at beginning of financial period	7,966	8,551
Cash and cash equivalents at end of financial period	3,827	6,282

Amount less than US\$1,000

For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:

	HY2019	HY2018
	US\$'000	US\$'000
Cash and cash equivalents as at above	3,827	6,282
Add: Fixed deposits pledged	581	372
Cash and bank balances as per statements of financial position	4,408	6,654

Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

	At 1 January 2019	Cash flows		Non-cash changes		At 30 June 2019
		Proceeds	Repayment	Currency translation differences	Non-cash adjustments	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Interest free loan from a director	269	-	-	-	14 ^(a)	283
Bank loan	-	185	-	-	-	185
Bond payables	7,044			60	513 ^(b)	7,617
Hire purchase obligations	6	-	-	-	-	6
Lease liabilities	-	-	(73)	-	221 ^(c)	148

Notes:

- (a) This represents imputed interest expense of the interest free loan from a director.
- (b) This interest expense relates to the unwinding of discount adjustment on bond payables.
- (c) This represents imputed interest expense and lease adjustments on adoption of SFRS(I) 16.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Equity attributable to owner of the Company						Total	Non-controlling interest	Total equity
	Share capital	Other equity instruments	Translation reserve	Assets revaluation reserve	Accumulated losses	Discount paid on acquisition of non-controlling interests			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2018 as previously reported	33,246	4,831	(681)	10,008	(24,510)	1,386	24,280	4	24,284
Prior year adjustment	-	(2,820)	(178)	-	147	-	(2,851)	-	(2,851)
Restated balance as at 1 January 2018	33,246	2,011	(859)	10,008	(24,363)	1,386	21,429	4	21,433
Total comprehensive loss for the period	-	-	(104)	-	(602)	-	(706)	(1)	(707)
Balance at 30 June 2018	33,246	2,011	(963)	10,008	(24,965)	1,386	20,723	3	20,726
Balance at 1 January 2019	33,246	2,011	(1,206)	10,371	(25,106)	1,386	20,702	16	20,718
Total comprehensive loss for the period	-	-	7	-	(777)	-	(770)	(3)	(773)
Balance at 30 June 2019	33,246	2,011	(1,199)	10,371	(25,883)	1,386	19,932	13	19,945

Company	Share Capital	Other equity instruments	Translation reserve	Assets revaluation reserve	Accumulated losses	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2018 as previously reported	33,246	4,831	(906)	10,008	(26,486)	20,693
Prior year adjustment	-	(2,820)	(178)	-	147	(2,851)
Restated balance as at 1 January 2018	33,246	2,011	(1,084)	10,008	(26,339)	17,842
Total comprehensive loss for the period	-	-	(169)	-	(1,166)	(1,335)
Balance at 30 June 2018	33,246	2,011	(1,253)	10,008	(27,505)	16,507
Balance at 1 January 2019	33,246	2,011	(1,272)	10,371	(28,355)	16,001
Total comprehensive loss for the period	-	-	63	-	(961)	(898)
Balance at 30 June 2019	33,246	2,011	(1,209)	10,371	(29,316)	15,103

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Summary of Outstanding Convertibles

There have not been any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. As at 30 June 2019, the total number of issued shares in the Company is 642,750,000 shares (30 June 2018: 642,750,000 shares). The number of shares that may be issued on conversion/exercise of all the outstanding convertibles (comprising the Warrants (as defined below) allotted and issued pursuant to the 2017 Rights Issue (as defined below)) is 642,750,000 shares.

There were no treasury shares or subsidiary holdings held as at the end of financial periods ended 30 June 2019 and 30 June 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Group	
	As at 30 June 2019	As at 31 December 2018
Total number of issued ordinary shares	642,750,000	642,750,000

The Company does not have any treasury shares as at 30 June 2019 and 31 December 2018.

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5, the Group and Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The following are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant to the Group's accounting periods beginning on or after 1 January 2019:

- SFRS(I) 16 *Leases*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments*
- SFRS(I) 1-19 *Plan Amendment: Curtailment or Settlement*
- SFRS(I) 3 *Amendments to SFRS(I) 3: Definition of a Business*
- SFRS(I) 1-1, SFRS(I) 1-8 *Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material*

The adoption of these SFRS(I) standards did not have material impact on the financial performance or position of the Group except for the following:

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. This will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors did not change significantly.

The Group applied the standard from 1 January 2019, using the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use (“**ROU**”) assets for property leases are measured on transition as if the new rules had always been applied. All other ROU assets are measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). For lease contracts that contain the option to renew, the Group used hindsight in determining the lease term.

The Group recognised ROU assets of US\$146,000 on 1 January 2019 and corresponding lease liabilities of US\$146,000. The amortisation of the ROU assets and interest on the lease liabilities for the period ended 30 June 2019 are US\$67,000 and US\$6,000 respectively. Operating cashflows increase and financing cashflows decrease by US\$73,000 as repayment of the principal portion of the lease liabilities has been classified as cash flows from financing activities liabilities for the period ended 30 June 2019.

The Group expects to renew the option of the leasehold land for another 30 years upon the maturity of existing lease in September 2019. The Group expects to further recognise ROU assets of approximately US\$3.11 million and corresponding lease liabilities of US\$3.11 million during the second half of FY2019.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	GROUP	
	HY2019	HY2018
Loss per share attributable to equity holders of the Company – in cents:		
Basic and diluted		
Loss from continuing operations	(0.12) cents	(0.09) cents
Based on weighted average number of issued shares of the Company	642,750,000	642,750,000

Note:

On 17 June 2016, the Company announced its intention to undertake a renounceable non-underwritten rights issue (the “**2017 Rights Issue**”) of up to S\$12,855,000 in principal amount of zero coupon bonds due 2021 (“**Bond**”), with principal amount of S\$0.02 for each Bond, at an issue price of S\$0.016 for each Bond, with up to 642,750,000 free detachable European warrants (“**Warrants**”), each Warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.02 for each new share, on the basis of one Bond with one free Warrant for every existing share in the capital of the Company held by the entitled shareholders as at the books closure date. The 642,750,000 Bonds with Warrants which had been allotted and issued on 31 January 2017 pursuant to the 2017 Rights Issue and the 210,000,000 ordinary shares which may be issued pursuant to the call option granted to Shi Jiangang and Sam Kok Yin under the subscription agreement dated 8 May 2014 (the “**Subscription Agreement**”) (and which expired and lapsed unexercised on 25 September 2018) (the “**2014 Call Option**”) have been excluded from the calculation of diluted loss per share for the period ended 30 June 2019 and 30 June 2018 as it is anti-dilutive.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	GROUP		COMPANY	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
Net asset value per ordinary share (US cents)	3.10	3.22	2.35	2.49
Based on number of issued shares of the Company	642,750,000	642,750,000	642,750,000	642,750,000

Note:

The net asset value per ordinary share as at 30 June 2019 and 31 December 2018 is derived without taking into account the additional shares that may be issued upon exercise of the 2014 Call Option under the Subscription Agreement (which expired and lapsed unexercised on 25 September 2018) and the Warrants issued pursuant to the 2017 Rights Issue.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Group's performance

Due to the global economic downturn and a drop in the average selling price of chemical products, the Group's revenue has decreased by 23.8% from US\$227.9 million in HY2018 to US\$173.7 million in HY2019 despite the volume of trade being approximately the same as the previous period. The corresponding cost of goods sold has decreased by 24.7% from US\$220.9 million in HY2018 to US\$166.2 million in HY2019.

Other operating income increased marginally by 8.9% from US\$123,000 in HY2018 to US\$134,000 in HY2019. This was due mainly to an unrealised gain from futures contract of US\$27,000, bad debt recovered of US\$22,000 and reversal of trade loss allowances of US\$16,000 from our efforts in recovering old debts from the print and paper management business.

Employee benefits expenses increased by 16% from US\$1.3 million in HY2018 to US\$1.5 million in HY2019 due mainly to the annual salary increment and the increased number of staff over the period.

Amortisation of right-of-use assets amounting to US\$67,000 was recognised in HY2019 due to the recognition of right-of-use assets following the adoption of SFRS(I) 16 Leases as disclosed in paragraph 5.

Depreciation of property, plant and equipment increased slightly by 1.8% from US\$227,000 in HY2018 to US\$231,000 in HY2019 due mainly to additions of plant and equipment over the period to support the print and paper management business and the microorganism business.

Freight and handling charges increased by 16.7% from US\$3.7 million to US\$4.3 million due mainly to increase in freight rates as compared to the same period last year.

Operating lease expenses increased by 21.5% from US\$0.7 million to US\$0.9 million which were due mainly to the storage of more chemicals stock at third party warehouses as compared to the same period last year. The lease is considered as short-term lease that was not capitalised as right-of-use assets under SFRS(I) 16.

Other expenses decreased by 21.5% from US\$1.3 million to US\$0.9 million which were due mainly to (i) exchange gain of US\$6,000 as compared to exchange loss of US\$206,000 in the same period last year, and (ii) decrease in bank charges from US\$198,000 in HY2018 to US\$130,000 in HY2019 due to lower usage of back to back letter of credit and telegraphic transfer charges, and partially offset by (iii) the increase in legal and professional fees from US\$74,000 in HY2018 to US\$148,000 in HY2019, due mainly to the reversal of certain expenses in HY2018 that were recorded twice in FY2017 whereas there was no such adjustment in HY2019.

Finance costs increased by 11.0% from US\$507,000 to US\$563,000. This was mainly due to the unwinding of discount adjustment arising from the non-cash interest on the Bonds allotted and issued pursuant to the 2017 Rights Issue as compared to the same period last year.

The income tax credit was due to the tax effect on the utilisation of group relief on loss-making companies.

The foreign currency translation differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The

translation differences for the current period arose from changes in foreign currencies, such as Singapore dollar and Renminbi against United States dollar upon consolidation of subsidiaries whose functional currency is Singapore dollar and Renminbi. The strengthening of Singapore dollar against United States dollar resulted in overall net foreign currency translation gain of US\$7,000 for HY2019.

The Group reported a net loss of US\$780,000 from continuing operations in HY2019 as compared to a net loss of US\$602,000 in HY2018. This was due mainly to lower margins on sales, higher freight cost incurred, increase in amortisation of right-of-use assets, depreciation of property, plant and equipment, warehousing expenses and non-cash interest expense of zero coupon bonds offset by a decrease in other expenses.

The Group reported a losses before interest, taxes, depreciation ("**LBITA**") of US\$87,000 in HY2019 as compared to earnings before interest, taxes, depreciation ("**EBITA**") of US\$137,000 in HY2018. This was due mainly to lower margins on sales, higher freight cost and warehousing expenses and offset by a decrease in other expenses.

Review of statement of financial position

Financial assets at fair value through other comprehensive income represents the investment in Shanghai Sunrise Polymer Material Co., Ltd. ("**SSPM**") for a shareholding of 18.18% of the enlarged registered capital of SSPM.

Property, plant and equipment increased by US\$0.3 million from US\$13.7 million as at 31 December 18 to US\$14.0 million as 30 June 19 which was due mainly to new additions of US\$0.4 million offset by depreciation charge for the period and currency exchange differences as a result of the strengthening of the Singapore dollar against the United States dollar.

Inventories increased by US\$5.4 million from US\$12.7 million as at 31 December 18 to US\$18.1 million as at 30 June 19 which was due mainly to more inventories being purchased towards the end of June 2019.

Trade receivables decreased by US\$2.6 million from US\$12.1 million as at 31 December 18 to US\$9.5 million as at 30 June 19 which was due mainly to collection of outstanding debts. The debtor turnover days has slightly decreased from 11 days as at 31 December 18 to 10 days as at 30 June 19.

Advances and prepayments increased by US\$5.0 million from US\$7.7 million as at 31 December 18 to US\$12.7 million as at 30 June 19 which was due mainly to more advances made to suppliers for procurement of chemical supplies in respect of Orient-Salt Chemicals Pte. Ltd.'s ("**OSC**") chemical trading business.

Cash and bank balances decreased by US\$3.9 million from US\$8.3 million as at 31 December 18 to US\$4.4 million as at 30 June 19 due mainly to an investment in SSPM of US\$3.0 million during HY2019, purchase of new plant and equipment of US\$0.4 million and negative cash generated from operations of US\$0.7 million.

Trade payables increased by US\$8.4 million from US\$16.8 million as at 31 December 18 to US\$25.2 million as at 30 June 19 due mainly to more goods being purchased towards the end of June 2019.

Advances from customers made in relation to the sales of chemical supplies in respect of OSC's chemical trading business recorded slight decrease by US\$0.3 million from US\$7.0 million as at 31 December 18 to US\$6.7 million as at 30 June 19.

Bond payables increased by US\$0.6 million from US\$7.0 million as at 31 December 18 to US\$7.6 million as at 30 June 19 which was due to the non-cash interest expense recorded during HY2019.

Review of statement of cashflow

Net cash used in operating activities was US\$0.7 million in HY2019 compared to US\$2.3 million in HY2018 which was due mainly to more cash advances made to suppliers compared to the same period last year.

Net cash used in investing activities was US\$3.4 million in HY2019 compared to net cash generated from investing activities of US\$2,000 in HY2018. This was due mainly to purchase of new plant and equipment of US\$0.4 million and an investment in SSPM of US\$3.0 million during HY2019.

Net cash used in financing activities was US\$97,000 in HY2019 compared to net cash generated from financing activities of US\$15,000 in HY2018. This was mainly attributable to a new deposit pledged to a financial institution for a new bank loan obtained in HY2019.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Chemical Business

HY2019 saw a significant drop in the average selling price of the chemical products that the Group trades in. Notwithstanding that, the Group's chemical trading business, conducted via our subsidiary, OSC, and its subsidiaries in the People's Republic of China and Japan (collectively the "**OSC Group**") remained profitable in HY2019. The OSC Group achieved revenue of US\$173.7 million, with profit after tax of US\$0.2 million.

As at 30 June 2019, the OSC Group has access to approximately US\$69.2 million of trade facilities granted by banks for the purpose of its chemical trading business. Certain suppliers have also granted us credit terms when we purchase goods from them.

The Company's joint venture company, Zhangjiagang Orient-Hill Microorganisms Technology Co., Ltd (the "**JV Company**") was established on 5 June 2018. It has commenced marketing to potential clients as at the date hereof.

The Company's wholly-owned subsidiary, Abundance Investments Pte. Ltd., has also completed the acquisition of 18.18% of the enlarged share capital of SSPM in HY2019. SSPM was incorporated in the People's Republic of China and 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.

We will continue to explore and evaluate other chemical related investment opportunities.

Investment Business

Starting with a small amount of US\$0.15 million, the Group commenced its investment business under its wholly-owned subsidiary, Abundance Investments Pte. Ltd., which was incorporated on 1 September 2016. As at 30 June 2019, this portfolio (excluding the 18.18% equity interest in SSPM) consisting of cash and listed equities, amounted to US\$0.2 million.

The Group will make appropriate investments as and when good opportunities come along and where its cash flow position allows.

Print and Paper Management Business

As previously announced, the Group has ceased printing internally. The Group has been exploring ways to adjust our business model moving forward. In June 2019, the Group started slitting and rewinding of paper rolls.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for HY2019 in view of the Group's loss for the period.

13. General mandate for interested person transactions

The Group obtained the approval from shareholders on the renewal of the interested person transactions mandate pursuant to Rule 920 during the annual general meeting of the Company held on 24 April 2019.

The interested person transactions entered into during HY2019 are as follows:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	HY2019	HY2019
	S\$'000	S\$'000
Kellin Chemicals (Zhangjiagang) Co., Ltd (凯凌化工(张家港)有限公司) - Sales and purchases of chemicals	-	40,372
Jiangsu Feymer Technology Co., Ltd (江苏富淼科技股份有限公司) - Sales of chemicals	-	536

14. Use of proceeds from convertible bonds issue and placement issue

All previous fund raising proceeds have been fully utilised. Please refer to the Company's full year results announcement dated 28 February 2017.

15. Confirmation pursuant to Rule 720(1) of the Catalist Rules

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the Catalist Rules and according to the format set out in Appendix 7H of the Catalist Rules.

16. Negative Assurance Confirmation

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the half-year ended 30 June 2019 to be false or misleading in any material aspect.

On Behalf of the Board of Directors,

Shi Jiangan
Chairman

Sam Kok Yin
Managing Director

BY ORDER OF THE BOARD

Sam Kok Yin
Managing Director
6 August 2019

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 Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by 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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