**ABUNDANCE INTERNATIONAL LIMITED**
(Incorporated in Singapore)
(Co. Reg. No: 197501572K)

## Unaudited Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2018 ("FY2018")

### 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 | | |
|---|---|---|---|
| | **FY 2018** | **FY 2017 (Restated)** | **+/(-) %** |
| | **US$'000** | **US$'000** | |
| **Revenues** | | | |
| Sale of goods | 413,402 | 524,017 | -21.1 |
| Other operating income | 182 | 435 | -58.2 |
| **Total revenue** | **413,584** | **524,452** | **-21.1** |
| | | | |
| **Costs and expenses** | | | |
| Change in inventories of finished goods and good in transit | 398,006 | 506,434 | -21.4 |
| Employee benefits expense | 3,018 | 2,738 | +10.2 |
| Depreciation of property, plant and equipment | 454 | 853 | -46.8 |
| Freight and handling charges | 7,339 | 7,252 | +1.2 |
| Sub-contractor costs | - | 122 | N.M. |
| Operating lease expenses | 1,430 | 3,467 | -58.8 |
| Other expenses | 2,873 | 2,953 | -2.7 |
| **Total costs and expenses** | **413,120** | **523,819** | **-21.1** |
| | | | |
| **Profit from operating activities** | **464** | **633** | **-26.7** |
| Finance costs | (1,042) | (863) | +20.7 |
| **Loss before taxation** | **(578)** | **(230)** | **N.M.** |
| Tax expense | (168) | (300) | -44.0 |
| **Loss for the year** | **(746)** | **(530)** | **-40.8** |
| | | | |
| **Other comprehensive income after tax** | | | |
| **Items that will not be subsequently reclassified to profit or loss** | | | |
| Surplus on revaluation of leasehold land and building (net of tax) | 363 | 99 | N.M. |
| | | | |
| **Items that may be subsequently reclassified to profit or loss** | | | |
| Foreign currency translation differences – foreign operation (nil tax effect) | (347) | 992 | N.M. |
| **Other comprehensive income for the year, net of tax** | **16** | **1,091** | N.M. |
| | | | |
| **Total comprehensive (loss)/ income for the year** | **(730)** | **561** | **N.M.** |
| | | | |

| | GROUP | | |
|---|---|---|---|
| | **FY 2018** | **FY 2017 (Restated)** | **+/(-) %** |
| | | | |
| **Loss/ (Profit) for the year attributable to:** | | | |
| Owners of the parent | (743) | (536) | -38.6 |
| Non-controlling interest | (3) | 6 | N.M. |
| **Loss for the year** | **(746)** | **(530)** | **-40.8** |
| | | | |
| **Total comprehensive (loss)/ income attributable to:** | | | |
| Owners of the parent | (727) | 555 | N.M. |
| Non-controlling interest | (3) | 6 | N.M. |
| **Total comprehensive (loss)/ income for the year** | **(730)** | **561** | **N.M.** |
| | | | |
| **Loss per share attributable to owners of the Company - in cents**<br>**Basic** | | | |
| - Basic and diluted (cents) | (0.12) | (0.08) | -0.5 |
| | | | |

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/ (charging) the following:

| | FY 2018 | FY 2017 |
|---|---|---|
| | US$'000 | US$'000 |
| | | |
| Exchange gain, net | - | 187 |
| Fair value loss from derivative asset at fair value through profit or loss | (5) | - |
| Fair value gain from derivative liability at fair value through profit or loss | 42 | - |
| Fair value (loss)/gain from financial assets at fair value through profit or loss | (38) | 72 |
| Gain on disposal of paper inventory | 33 | 118 |
| Interest income | 20 | 30 |
| Rental income | 37 | 26 |
| | | |

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

| | FY 2018 | FY 2017 (Restated) |
|---|---|---|
| | US$'000 | US$'000 |
| | | |
| Exchange loss, net | (559) | - |
| Interest expense | (1,042) | (863) |
| Write-down of inventories, net | (218) | - |
| | | |

Exchange loss was mainly attributable to the revaluation of cash and bank balances, 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$930,000 (Restated 2017: US$729,000) and a non-cash interest expense on an interest free loan from a director of US$20,000 (2017: US$ Nil).

Write-down of inventories were provided for chemicals products as the net realisable value as at 31 December 2018 were lower than the cost prices.

**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 | | |
|---|---|---|---|---|---|---|
| | 31 December 2018 | 31 December 2017 (Restated) | 1 January 2017 (Restated) | 31 December 2018 | 31 December 2017 (Restated) | 1 January 2017 (Restated) |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **Non-current assets** | | | | | | |
| Investments in subsidiaries | - | - | - | 7,869 | 7,243 | 7,243 |
| Property, plant and equipment | 13,721 | 13,890 | 42 | 13,574 | 13,843 | - |
| Deferred tax assets | 171 | 206 | 2 | - | - | - |
| | **13,892** | **14,096** | **44** | **21,443** | **21,086** | **7,243** |
| **Current assets** | | | | | | |
| Inventories | 12,685 | 8,799 | 8,810 | 8 | 168 | - |
| Trade receivables | 12,158 | 27,089 | 7,226 | - | 5 | - |
| Other receivables and deposits | 603 | 823 | 249 | 61 | 59 | 78 |
| Advances and prepayments | 7,668 | 7,708 | 9,012 | 15 | 13 | 15 |
| Amounts due from related corporations | - | - | - | 3,659 | 4,877 | 2,855 |
| Financial assets at fair value through profit or loss | 189 | 227 | 111 | - | - | - |
| Financial assets at fair value through other comprehensive income | - | - | 648 | - | - | - |
| Derivative asset | 134 | - | - | 134 | - | - |
| Cash and bank balances | 8,338 | 8,925 | 856 | 513 | 76 | 57 |
| | **41,775** | **53,571** | **26,912** | **4,390** | **5,198** | **3,005** |
| Assets held for sale | - | - | 13,704 | - | - | 13,704 |
| Assets directly associated with discontinued operations | - | - | 540 | - | - | 540 |
| **Total assets** | **55,667** | **67,667** | **41,200** | **25,833** | **26,284** | **24,492** |
| | | | | | | |
| **Current liabilities** | | | | | | |
| Trade payables | 16,796 | 29,540 | 10,827 | 57 | 91 | - |
| Other payables and accruals | 1,351 | 1,661 | 1,932 | 330 | 241 | 785 |
| Advances from customers | 7,008 | 5,377 | 2,907 | - | - | - |
| Amounts due to directors | - | 1,037 | 3,052 | - | - | 3,052 |
| Finance lease liabilities | 3 | 3 | 9 | - | - | - |
| Derivative liability | 230 | - | - | 230 | - | - |
| Income tax liabilities | 343 | 499 | 192 | - | - | - |
| | **25,731** | **38,117** | **18,919** | **617** | **332** | **3,837** |
| Liabilities directly associated with discontinued operations | - | - | 3,375 | - | - | 3,318 |
| | **25,731** | **38,117** | **22,294** | **617** | **332** | **7,155** |

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | 31 December 2018 | 31 December 2017 (Restated) | 1 January 2017 | 31 December 2018 | 31 December 2017 (Restated) | 1 January 2017 |
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| | | | | | | |
| **Non-current liabilities** | | | | | | |
| Interest-free loan from a director | 269 | - | - | 269 | - | - |
| Bond payables | 7,044 | 6,246 | - | 7,044 | 6,246 | - |
| Finance lease liabilities | 3 | 7 | 3 | - | - | - |
| Provisions | 11 | 11 | - | 11 | 11 | - |
| Deferred tax liabilities | 1,891 | 1,853 | - | 1,891 | 1,853 | - |
| | **9,218** | **8,117** | **3** | **9,215** | **8,110** | **-** |
| | | | | | | |
| **Net assets** | **20,718** | **21,433** | **18,903** | **16,001** | **17,842** | **17,337** |
| | | | | | | |
| **Equity** | | | | | | |
| Share capital | 33,246 | 33,246 | 33,246 | 33,246 | 33,246 | 33,246 |
| Other equity instruments | 2,011 | 2,011 | - | 2,011 | 2,011 | - |
| Translation reserve | (1,206) | (859) | (1,851) | (1,272) | (1,084) | (1,784) |
| Assets revaluation reserve | 10,371 | 10,008 | 9,909 | 10,371 | 10,008 | 9,909 |
| Discount paid on acquisition of non-controlling interests | 1,386 | 1,386 | 1,412 | - | - | - |
| Accumulated losses | (25,106) | (24,363) | (23,827) | (28,355) | (26,339) | (24,034) |
| **Attributable to owners of the Company** | **20,702** | **21,429** | **18,889** | **16,001** | **17,842** | **17,337** |
| Non-controlling interest | 16 | 4 | 14 | - | - | - |
| **Total equity** | **20,718** | **21,433** | **18,903** | **16,001** | **17,842** | **17,337** |

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

### Amount repayable in one year or less, or on demand

| As at 31 December 2018 | | As at 31 December 2017 | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| US$'000 | US$'000 | US$'000 | US$'000 |
| 3 | - | 3 | 1,037 [(1)] |

### Amount repayable after one year

| As at 31 December 2018 | | As at 31 December 2017 (Restated) | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| US$'000 | US$'000 | US$'000 | US$'000 |
| 3 | 7,313 [(3)] | 7 | 6,246 [(2)] |

**Notes:**

[(1)] The unsecured amount relates to loans owing to directors.

[(2)] The unsecured amount represents the book value of Bonds (defined below) issued on 31 January 2017. The maximum redemption amount at maturity date is S$12,855,000. Refer to Paragraph 4 on the restatement of bond payables.

[(3)] The unsecured amount comprises of:

(i) the book value of Bonds (defined below) issued on 31 January 2017. The maximum redemption amount at maturity date is S$12,855,000. Refer to Paragraph 4 on the restatement of bond payables; and

(ii) 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 Microorgranisms 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**").

### Details of any collaterals

As at 31 December 2018 and 31 December 2017, US$6,000 and US$10,000 respectively of hire purchase financing was secured by a charge over the respective asset.

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

| | FY 2018 | FY 2017 (Restated) |
|---|---|---|
| | **US$'000** | **US$'000** |
| **Cash flows from Operating Activities** | | |
| Loss before taxation | (578) | (230) |
| **Adjustments:** | | |
| Depreciation of property, plant and equipment | 454 | 853 |
| Dividend income | (3) | - |
| Interest income | (20) | (30) |
| Interest expense | 1,042 | 863 |
| Fair value loss from derivative asset at fair value through profit or loss | 5 | - |
| Fair value gain from derivative liability at fair value through profit or loss | (42) | - |
| Fair value loss/ (gain) on financial assets at fair value through profit or loss | 38 | (72) |
| Write-down of inventories, net | 218 | - |
| **Operating cashflow before working capital changes** | **1,114** | **1,384** |
| Change in inventories | (4,163) | 278 |
| Change in trade and other receivables | 15,146 | (20,163) |
| Change in and deposits, advances and prepayments | 40 | 1,304 |
| Change in advances from customers | 1,631 | 2,470 |
| Change in trade and other payables and accruals | (13,054) | 17,808 |
| **Cash generated from operations** | **714** | **3,081** |
| Interest income received | 20 | 30 |
| Interest paid | (72) | (166) |
| Tax (paid)/ refund | (291) | 7 |
| **Net cash generated from operating activities** | **371** | **2,952** |
| | | |
| **Cash flows from Investing Activities** | | |
| Purchase of property, plant and equipment | (115) | (13) |
| Purchase of financial assets at fair value through profit or loss [i] | (127) | (241) |
| Disposal of available-for-sale financial assets | - | 648 |
| Proceeds from disposal of financial assets at fair value through profit and loss | 125 | 197 |
| Dividend income received | 1 | - |
| Fixed deposits pledged | 5 | (374) |
| Net payments from non-controlling interests | - | (36) |
| **Net cash (used in)/ generated from investing activities** | **(111)** | **181** |
| | | |
| **Cash flows from Financing Activities** | | |
| Net proceeds/(repayments) to trade receivables factoring, net | 5 | 67 |
| Net repayments to finance lease liabilities | (4) | (2) |
| Net (repayments to)/ proceeds from amount due to directors | (1,037) | (1,832) |
| Interest-free loan from a director | 382 | - |
| Capital contribution from non-controlling interest | 15 | - |
| Proceeds from issuance of bonds with warrants | - | 5,927 |
| Interest paid | (20) | - |
| **Net cash (used in)/ generated from financing activities** | **(659)** | **4,160** |
| | | |

| | FY 2018 | FY 2017 (Restated) |
|---|---|---|
| | US$'000 | US$'000 |
| Net (decrease)/ increase in cash and cash equivalents | (399) | 7,293 |
| Effect of changes in currency translation | (186) | 402 |
| Cash and cash equivalents at beginning of financial year | 8,551 | 856 |
| **Cash and cash equivalents at end of financial year** | **7,966** | **8,551** |

(i) Additions of $2,000 (2017 - $Nil) out of the total purchase was in the form of scrip dividend. Net cash purchase of financial asset at fair value through profit or loss was $127,000 (2017 - $Nil).

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

| | | |
|---|---|---|
| Cash and cash equivalents as at above | 7,966 | 8,551 |
| Add: Fixed deposits pledged | 372 | 374 |
| Cash and bank balances as per statement of financial position | 8,338 | 8,925 |

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 2018 (Restated)** | **Cash flows** | | **Non-cash changes** | | **At 31 December 2018** |
|---|---|---|---|---|---|---|
| | | **Proceeds** | **Repayment** | **Currency translation differences** | **Non-cash adjustments** | |
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| Bond payables | 6,246 | - | - | (132) | 930 (a) | 7,044 |
| Amount due to directors | 1,037 | 2,224 | (3,261) | - | - | - |
| Interest free loan from a director | - | 382 | - | - | (113) (b) | 269 |
| Finance lease obligation | 10 | - | (4) | | - | 6 |

(a) The non-cash adjustment represents the non-cash interest of the bond payables.

(b) The non-cash adjustment represents the non-cash interest and fair value adjustments of the interest free loan from a director.

**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.**

| | ← Equity attributable to owner of the Company → | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | **Share Capital** | **Other Equity Instruments** | **Translation Reserve** | **Assets Revaluation Reserve** | **Accumulated Losses** | **Discount paid on acquisition of non-controlling interests** | **Sub-total** | **Non-controlling interest** | **Total Equity** |
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| | | | | | | | | | |
| **Balance at 1 January 2017** | **33,246** | **-** | **(1,851)** | **9,909** | **(23,827)** | **-** | **18,889** | **14** | **18,903** |
| Total comprehensive income/(loss) for the year | - | - | 1,170 | 99 | (683) | - | 586 | 6 | 592 |
| Issuance of warrants | - | 4,831 | - | - | - | - | 4,831 | - | 4,831 |
| **Balance at 31 December 2017 as previously reported** | **33,246** | **4,831** | **(681)** | **10,008** | **(24,510)** | **1,386** | **24,280** | **4** | **24,284** |
| Prior year adjustment (refer to paragraph 4) | - | (2,820) | (178) | - | 147 | - | (2,851) | - | (2,851) |
| **Restated balance as at 31 December 2017** | **33,246** | **2,011** | **(859)** | **10,008** | **(24,363)** | **1,386** | **21,429** | **4** | **21,433** |
| Total comprehensive loss for the year | - | - | (347) | 363 | (743) | - | (727) | (3) | (730) |
| Contribution from non-controlling interest | - | - | - | - | - | - | - | 15 | 15 |
| **Balance at 31 December 2018** | **33,246** | **2,011** | **(1,206)** | **10,371** | **(25,106)** | **1,386** | **20,702** | **16** | **20,718** |

| Company | Share Capital | Other Equity Instruments | Foreign Currency 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 2017** | **33,246** | **-** | **(1,796)** | **9,909** | **(24,022)** | **17,337** |
| Total comprehensive loss for the period | - | - | 890 | 99 | (2,464) | (1,475) |
| Issuance of warrants | - | 4,831 | - | - | - | 4,831 |
| **Balance at 31 December 2017 as previously reported** | **33,246** | **4,831** | **(906)** | **10,008** | **(26,486)** | **20,693** |
| Prior year adjustment (refer to paragraph 4) | - | (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 | - | - | (188) | 363 | (2,016) | (1,841) |
| **Balance at 31 December 2018** | **33,246** | **2,011** | **(1,272)** | **10,371** | **(28,355)** | **16,001** |

**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

On 17 June 2016, the Company announced a renounceable non-underwritten rights issue of up to S$12,855,000 in principal amount (the "**Principal Amount**") of zero coupon bonds due 2021 (the "**Bonds**") with principal amount of S$0.02 for each Bond, with up to 642,750,000 free detachable European warrants (the "**Warrants**"), with each Warrant carrying the right to subscribe for one new ordinary share at an exercise price of S$0.02 each, on the basis of one Bond of principal amount of S$0.02 each with one free Warrant for every existing share in the capital of the Company (the "**Rights Issue**"). The issue price of the Bonds comprises 80 per cent of the Principal Amount. Accordingly, 642,750,000 Bonds with Warrants had been allotted and issued on 31 January 2017. As disclosed in the Company's full year results announcement dated 28 February 2017, the proceeds from the Rights Issue have been fully utilised and such utilisation of proceeds is consistent with the intended use of proceeds as previously announced by the Company.

Please refer to the Company's announcements of 17 June 2016, 13 November 2016, 22 December 2016, 5 January 2017, 31 January 2017, 6 February 2017 as well as the offer information statement (the "**Offer Information Statement**") dated 5 January 2017 in relation to the Rights Issue for more details.

As at 31 December 2018, the total number of issued shares in the Company is 642,750,000 shares (31 December 2017: 642,750,000 shares). The number of shares that may be issued on conversion/exercise of all the outstanding convertibles (comprising the Warrants) is 642,750,000 shares.

There were no treasury shares or subsidiary holdings held as at the end of financial years ended 31 December 2018 and 31 December 2017.

**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 31 December 2018** | **As at 31 December 2017** |
| Total number of issued ordinary shares | 642,750,000 | 642,750,000 |

The Company does not have any treasury shares as at 31 December 2018 and 31 December 2017.

**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 and prior year adjustment of this announcement, 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 2017.

**<u>Prior year adjustment</u>**
As stated in the Company's accounting policies for the year ended 31 December 2017, the fair value of the liability portion was determined using the market interest rate for an equivalent non-convertible bond and was recorded as a non-current liability on the amortised basis until it is extinguished on conversion or maturity of the bonds, and the remainder of the proceeds is ascribed to the 642,750,000 detachable warrants ("equity") which are recognised as other equity instruments.

However, there was an error in ascribing the fair value of the liability and equity portion as the relative fair value method (based on the fair values of the liability and equity component) was used in determining the liability and equity components instead of first determining the fair value of the liability component using the market interest rate for an equivalent non-convertible bond (the “liability component”) and ascribing the residual amount (i.e. the difference between the bond proceeds and the fair value of the liability component) as the equity component.

Had the correct calculation been applied, the fair value of the liability and equity portion would have been US$5,160,000 and US$2,011,000 respectively at inception, and the amount of interest expense on the liability portion to be recognised in profit or loss for the period from its inception to 31 December 2017 would be US$728,000. The effective interest rate has been revised to 15% instead of 40%.

The impact of the prior year adjustment is as follows:

| | Year ended 31 December 2017 | |
|---|---|---|
| | **As previously reported US$'000** | **As restated US$'000** |
| ***Profit or loss account*** | | |
| - Interest expense on zero-coupon bond | 875 | 728 |
| - Loss for the year | (677) | (530) |
| - Loss per share (cents) | (0.11) | (0.08) |
| ***Statement of other comprehensive income*** | | |
| - Foreign currency translation difference | 1,170 | 992 |
| - Loss attributable to owners of the parent | (683) | (536) |
| - Total comprehensive income for the year | 592 | 561 |
| ***Statement of cash flows*** | | |
| Cash flows from operating activities: | | |
| - Loss before taxation | (377) | (230) |
| - Interest expense | (1,010) | (863) |

| | As at 31 December 2017 | | | |
|---|---|---|---|---|
| | **Group** | | **Company** | |
| | **As previously reported US$'000** | **As restated US$'000** | **As previously reported US$'000** | **As restated US$'000** |
| ***Statement of financial position*** | | | | |
| Non-current liabilities | | | | |
| - Bond payables | 3,395 | 6,246# | 3,395 | 6,246# |
| Equity | | | | |
| - Other equity instruments | 4,831 | 2,011 | 4,831 | 2,011 |
| - Translation reserve | (681) | (859) | (906) | (1,084) |
| - Accumulated losses | (24,510) | (24,363) | (26,486) | (26,339) |
| Net asset value per ordinary share (US cents) | 3.78 cents | 3.33 cents | 3.22 cents | 2.78 cents |

# The reconciliation of the restated bond liability since its inception on 31 January 2017 to 31 December 2017 is as follows:

| | US$'000 |
|---|---|
| Restated bond liability at inception | 5,160 |
| Add: Restated interest expense for the period to 31 December 2017 | 728 |
| Add: Exchange loss on revaluation of S$ bond liability | 358 |
| Restated bond liability at 31 December 2017 | 6,246 |

| | As at 30 June 2017 | | | |
|---|---|---|---|---|
| | Group | | Company | |
| | As previously reported US$'000 | As restated US$'000 | As previously reported US$'000 | As restated US$'000 |
| ***Statement of financial position*** | | | | |
| Non-current liabilities | | | | |
| - Bond payables | 2,822 | 5,642 | 2,822 | 5,642 |
| Equity | | | | |
| - Other equity instruments | 4,831 | 2,011 | 4,831 | 2,011 |
| Net asset value per ordinary share (US cents) | 3.82 cents | 3.38 cents | 3.37 cents | 2.93 cents |

As required by SFRS(I)1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the balance sheet at 1 January 2017 (the third balance sheet) has been presented. As the zero-coupon bonds were only issued on 30 January 2017; there is no impact on prior year balance sheet figures.

For better presentation, "Trade and other receivables" which were presented previously have been separately disclosed as "Trade receivables" and "Other receivables" have been combined with "Deposits" and presented as "Other receivables and deposits". The effect of the reclassification is as follow:

| | As at 31 December 2017 | | | |
|---|---|---|---|---|
| | Group | | Company | |
| | As previously reported US$'000 | As restated US$'000 | As previously reported US$'000 | As restated US$'000 |
| ***Statement of financial position*** | | | | |
| Trade and other receivables | 27,852 | - | 60 | - |
| Deposits | 60 | - | 4 | - |
| Trade receivables | - | 27,089 | - | 5 |
| Other receivables and deposit | - | 823 | - | 59 |

| | As at 1 January 2017 | | | |
|---|---|---|---|---|
| | Group | | Company | |
| | As previously reported US$'000 | As restated US$'000 | As previously reported US$'000 | As restated US$'000 |
| ***Statement of financial position*** | | | | |
| Trade and other receivables | 7,398 | - | 52 | - |
| Deposits | 77 | - | 26 | - |
| Trade receivables | - | 7,226 | - | - |
| Other receivables and deposit | - | 249 | - | 78 |

The interest income received was omitted in the consolidated statement of cash flows in the prior year which has been now rectified. The effect of the inclusion of interest income is as follow:

| | Year ended 31 December 2017 | |
|---|---|---|
| | As previously reported US$'000 | As restated US$'000 |
| ***Statement of cash flows*** | | |
| Cash flows from operating activities: | | |
| - Interest income | - | (30) |
| - Interest income received | - | 30 |

**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.**

Singapore-incorporated companies listed on the Singapore Exchange are required to apply Singapore Financial Reporting Standards (International) ("SFRS(I)") for annual periods beginning on or after 1 January 2018. The Group has adopted SFRS(I) and has prepared its first set of financial information under SFRS(I) for the half year ended 30 June 2018 and the financial year ended 31 December 2018.

The adoption of SFRS(I) requires the Group to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

The following are amendments of SFRS(I) that are relevant to the Group's and the Company's operations and are effective for the annual periods beginning on or after 1 January 2018:

- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) 9 *Financial Instruments*

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

(a) Application of SFRS(I) 1 *First time Adoption of Singapore Financial Reporting Standards (International)*
The Group has not elected to set the cumulated translation differences for all foreign operations to zero at the date of transition to SFRS(I) on 1 January 2017.

The Group has elected not to apply SFRS(I) 3 *Business Combination*, retrospectively to business combinations occurring before the date of transition to SFRS(I). Accordingly, there is no impact to the financial statements.

(b) SFRS(I) 15 *Revenue from Contracts with Customers*
The Group has assessed the impact of SFRS(I) 15 and concluded that there is no significant impact to the financial statements.

(c) Adoption of SFRS(I) 9 *Financial Instruments*
SFRS(I) 9 is effective for the financial year beginning on or after 1 January 2018. The Group has elected to apply the short term exemption under SFRS(I) 1, which exempts the Group from applying SFRS(I) 9 to comparative information. Accordingly, requirements of FRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017.

*Classification and measurement*
The Group has assessed the business models for managing its financial assets and the contractual cash flow characteristics of such financial assets to determine the appropriate classification for each financial asset under SFRS(I) 9.

As a result, certain balance sheet items were classified as follows:

| **Accounts** | **Per Singapore FRS 39 (Up to FY2017)** | **Per SFRS(I) 9 (Effective from FY2018)** |
|---|---|---|
| **Current assets** | | |
| Cash and bank balances | Loan and receivables | Amortised cost |
| Trade and other receivables | Loan and receivables | Amortised cost |
| Financial assets at fair value through profit or loss | Fair value through profit or loss | Fair value through profit or loss |
| Available for sale financial assets | Fair value through other comprehensive income | Financial assets at fair value through other comprehensive income |

The financial liabilities of the group including bond payables were classified at amortised cost under both Singapore FRS and under SFRS (I).

*Impairment of financial assets*
Financial assets are subject to an expected credit loss impairment model under SFRS(I) 9. The Group has assessed and concluded that the expected credit loss impairment model has no significant impact to the financial statements.

## 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 | |
|---|---|---|
| | **Year ended 31 December 2018** | **Year ended 31 December 2017** |
| Earning/ (Loss) per share attributable to equity holders of the Company – in cents: | | |
| **Basic and diluted**<br>Loss from continuing operations | (0.12) cents | (0.08) cents |
| Based on weighted average number of issued shares of the Company | 642,750,000 | 642,750,000 |

Notes:

(1) The 642,750,000 Bonds with Warrants which had been allotted and issued on 31 January 2017 pursuant to the Rights Issue and the 210,000,000 ordinary shares which may be issued pursuant to the call option granted under the Subscription Agreement dated 8 May 2014 (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 31 December 2017 and 31 December 2018 as the Group incurred losses and are 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 31 December 2018** | **As at 31 December 2017 (Restated)** | **As at 31 December 2018** | **As at 31 December 2017 (Restated)** |
| Net asset value per ordinary share (US cents) | 3.22 | 3.33 | 2.49 | 2.78 |
| 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 31 December 2018 and 31 December 2017 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 Bonds with Warrants.

**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

The Group's revenue decreased by 21.1% from US$524.0 million to US$413.4 million which was due to cessation of trading in certain types of chemical supplies. The cost of goods sold has also decreased from US$506.4 million to US$398.0 million correspondingly. The gross profit margin has recorded slightly higher at 3.7% (2017: 3.4%) as compared to prior year.

Other income decreased by 58.2% from US$435,000 to US$182,000 which was due mainly to (i) nil exchange gain was recorded during the year as the Group incurred exchange loss of US$559,000 that was recorded under "Other expenses" and (ii) a reduction in the gain on disposal of paper inventories from US$118,000 in FY2017 to US$33,000 in FY2018.

Employee benefits expense increased by 10.2% from US$2.7 million to US$3.0 million which was due mainly to the Group's overall salary upward adjustments, increase in headcount of China and Japan subsidiaries as well as higher bonus provision made as compared to the same period prior year.

Depreciation of property, plant and equipment decreased by 46.8% from US$853,000 to US$454,000 which was due mainly to the accounting impact on the depreciation expenses upon the leasehold property at 9 Joo Koon Circle ceasing to be classified as non-current assets held for sales in FY2017 based on the requirements of FRS 105 *Non-Current Assets Held for Sales and Discontinued Operation* relating to the printing related business.

Freight and handling charges increased by 1.2% from US$7.25 million to US$7.34 million which were due mainly to increase in the proportion of sales negotiated under CFR incoterm where the Group absorbed the freight charges as well as increases in freight rates.

Operating lease expenses decreased by 58.8% from US$3.5 million to US$1.4 million which were due mainly to the cessation in trading in certain types of chemicals supplies and the Group's effort to maintain minimum stock levels resulting in a decrease in warehousing space used and the corresponding warehouse expenses.

Other expenses decreased by 2.7% from US$3.0 million to US$2.9 million which were mainly contributed by (i) exchange loss of US$595,000 incurred during the year due to strengthening of US dollar against Singapore dollar and Renminbi, (ii) increase in write-down of inventories by US$218,000, offset by (iii) decrease in sales commission expenses by US$555,000 as the result of the decreased in the Group's revenue; and (iv) decrease in legal and professional fee by US$156,000.

Finance costs increased by 20.7% from US$0.9 million to US$1.0 million which were mainly from the non-cash interest expense of US$930,000 on the zero-coupon bond in relation to the Rights Issue and non-cash interest expense of US$20,000 on the interest-free loan from a director pursuant to the PCOA signed on 14 March 2018. The fair values of the interest-free loan and Put and Call Options have been determined by an independent valuer, Jones Lang Lasalle Corporate Advisory Pte Ltd at inception. The Put Option (derivative asset) and the Call Option (derivative liability) have been valued by the independent valuer and the changes in their fair values gain/(loss) of US$(42,000) and US$5,000 respectively have been recognised in profit or loss for the year ended 31 December 2018.

The decrease in income tax expense by 44.0% from US$300,000 to US$168,000 was due to the provision for income taxes of profitable subsidiaries which were set off against group relief and over-provision of income taxes made in the prior year.

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 loss for the current period arose largely from weakening of 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 Group reported a net loss of US$746,000 in FY2018 as compared to a net loss of US$530,000 in FY2017. This was due mainly to exchange loss incurred, increase in write down of inventories and non-cash interest expense on zero coupon bonds offset by lower warehousing expenses and depreciation and decreased in sales commission.

The Group reported a decrease of earnings before interest, taxes, depreciation by US$0.6 million from US$1.5 million in FY2017 to US$0.9 million in FY2018. This was due mainly to lower sales, higher freight and handling charges offset by lower warehousing expenses.

<u>Review of statement of financial position</u>

Inventories increased by US$3.9 million from US$8.8 million to US$12.7 million which was due mainly to more inventories being purchased towards the end of the year.

Trade receivables decreased by US$15.0 million from US$27.1 million to US$12.2 million which was due mainly to improvements in debt collection and lower sales towards the end of the year. The debtor turnover days improved from 19 days to 11 days.

Advances and prepayments mainly comprise of the advance payment made for procurement of chemicals products towards end of the year. There was no significant movement as compared to prior year.

Cash and bank balances decreased by US$0.6 million from US$8.9 million to US$8.3 million which was due mainly to (i) cash purchase of plant and equipment; (ii) net repayments made to directors; (iii) net cash generated from operation and (iv) translation loss arising from non-USD denominated cash and bank balances.

Trade payables decreased by US$12.7 million from US$29.5 million to US$16.8 million was in line with lower sales.

Other payables and accruals decreased by US$0.3 million from US$1.7 million to US$1.4 million which were due mainly to lower freight charges accrued at the end of the year as a result of lower sales and purchases towards end of the year as compared to the same period in the prior year.

Advances from customers increased by US$1.6 million from US$5.4 million to US$7.0 million. The year end balances represent the monies received from customers for goods to be delivered after year end.

Amount due to directors decreased by US$0.7 million from US$1.0 million to US$0.3 million which were mainly due to repayment made to directors offset by new loans from directors.

Bond payables increased by US$0.8 million from US$6.2 million to US$7.0 million which were due to the non-cash interest expense recorded in FY2018 (Refer to Paragraph 4 on the prior year adjustment) and currency translation differences.

Review of statement of cashflow

The net cash generated from operating activities was US$0.4 million compared to US$3.0 million in the prior year which was due mainly to more working capital being tied up in inventories and trade and other payables and tax paid in the same period last year. Net cash used in investing activities was US111,000 compared to net cash generated from investing activities US$181,000 in the prior period. This was mainly attributable to acquisition of more plant and equipment during the year and no proceed from disposal of available for sales assets in the same period last year. Net cash used in financing activities was US$0.7 million compared to net cash generated from financing activities US$4.2 million in the prior year. This was mainly attributable to net proceeds from issuance of bonds and warrants pursuant to the Rights Issue which took place in the prior year. The net proceeds have been fully utilised as set out in the Offer Information Statement dated 5 January 2017. As a result, cash balance of the Group decreased.

**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**

The Group's chemical trading business, conducted via our subsidiary, OSC Singapore, and its subsidiaries in the People's Republic of China and Japan (collectively the "**OSC Group**") remained profitable in FY2018. The OSC Group achieved revenue of US$413.4 million, with profit after tax of US$1.4 million.

As at 31 December 2018, the OSC Group has access to approximately US$73.7 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.

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

On 14 March 2018, the Company announced that it had entered into a joint venture agreement with a Japanese incorporated company in relation to a new joint venture company, Zhangjiagang Orient-Hill Microorganisms Technology Co., Ltd (the "**JV Company**"). The JV Company has been established on 5 June 2018 and has commenced marketing to potential clients.

On 27 November 2018, the Company announced that it has entered into a non-binding term 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**") pursuant to which the Company will subscribe for new shares representing 18.18% of the enlarged share capital of the Target Company after completion. The Target Company 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. As at the date hereof, due diligence and preparation of documentation is ongoing.

**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 31 December 2018, this portfolio consisting of cash and listed equities amounted to US$0.19 million.

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

**Printing Related Business**

As previously announced, the Group has ceased printing internally. The Group is currently exploring ways to adjust our business model. We hope to add an additional revenue and profit stream using our contacts in the printing industry.

## 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 the financial year ended 31 December 2018 in view of the Group's loss for the year.

**PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Business segment**

| | Chemicals | | Printing Related | | Investment | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **FY2018** | **FY2017** | **FY2018** | **FY2017** | **FY2018** | **FY2017** | **FY2018** | **FY2017** |
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| | | | | | | | | |
| External sales | 413,402 | 523,890 | - | 127 | - | - | 413,402 | 524,017 |
| **Segment revenues** | **413,402** | **523,890** | **-** | **127** | **-** | **-** | **413,402** | **524,017** |
| | | | | | | | | |
| **Segment results** | **2,354** | **2,310** | **(1,849)** | **(1,744)** | **(41)** | **67** | **464** | **633** |
| | | | | | | | | |
| Finance costs | | | | | | | (1,042) | (863) |
| **Loss before income tax** | | | | | | | **(578)** | **(230)** |
| Tax expense | | | | | | | (168) | (300) |
| **Loss for the year** | | | | | | | **(746)** | **(530)** |
| | | | | | | | | |
| **Other material items** | | | | | | | | |
| Write-down of inventories, net | (218) | (91) | - | - | - | - | (218) | (91) |
| Write off of inventories | - | - | - | (62) | - | - | - | (62) |
| Capital expenditure | 112 | 13 | - | - | - | - | 112 | 13 |
| Depreciation of property, plant and equipment | (11) | - | (443) | (853) | - | - | (454) | (853) |
| | | | | | | | | |

**Geographical segments**

| Group | 2018 | 2017 |
|---|---:|---:|
| | **US$'000** | **US$'000** |
| | | |
| China | 293,061 | 458,733 |
| Other countries in Asia | 99,959 | 46,604 |
| Others | 20,382 | 24,079 |
| **Total** | **413,402** | **524,017** |

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to item 8.

**15. A breakdown of sales.**

| Group | FY 2018 | FY 2017 (Restated) | % Change |
|---|---:|---:|---:|
| | **US$'000** | **US$'000** | |
| | | | |
| (a) Sales reported for the first half year | 227,875 | 222,684 | +2.3 |
| (b) (Loss)/ Profit after tax before deducting non-controlling interests reported for the first half year | (602) | 237 | N.M |
| (c) Sales reported for the second half year | 185,527 | 301,333 | -38.4 |
| (d) Profit/ (Loss) after tax before deducting non-controlling interests reported for the second half year | (144) | (767) | +81.2 |

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

| | Latest Full Year ($'000) | Previous Full Year ($"000) |
|---|:---:|:---:|
| Ordinary | - | - |
| Preference | - | - |
| Total: | - | - |

**17. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no mandate has been obtained, a statement to that effect.**

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 26 April 2018.

The interested person transactions entered into during the financial year ended 31 December 2018 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 $100,000) |
|---|---|---|
| | | |
| | **S$'000** | **S$'000** |
| Kellin Chemicals (Zhangjiagang) Co., Ltd (凯凌化工(张家港)有限公司)<br>- Sales and purchases of chemicals | - | 102,545 |
| Jiangsu Feymer Technology Co., Ltd (江苏富淼科技股份有限公司)<br>- Sales of chemicals | - | 1,503 |
| Shanghai Orient-Salt Chemicals Co., Ltd (上海东盐化工有限公司)<br>- Rental of office | 156 | - |
| Shanghai Orient-Salt Chemicals Co., Ltd (上海东盐化工有限公司)<br>- Rental of motor vehicles | 125 | - |

**18. 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.

**19. Interested Person Transactions ("IPTs")**

Please refer to Item 17.

**20. 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.

**21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

| Name | Age | Family relationship with any director, CEO and/or substantial shareholder | Current Position and duties, and the year the position was first held | Details of changes in duties and position held, if any, during the year |
|---|---|---|---|---|
| Jiang Jie | 47 | Brother of Jiang Hao, a substantial shareholder and Director | Director of Touen Japan Co. Ltd (東塩ジャパン株式会社) | Nil |

**BY ORDER OF THE BOARD**

Sam Kok Yin
Managing Director
26 February 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 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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