



ABUNDANCE INTERNATIONAL LIMITED

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

Unaudited Half Year Financial Statement and Dividend Announcement for the Period Ended 30 June 2020 ("HY2020")

"HY2019" refers to the period ended 30 June 2019 and "FY2019" refers to the period ended 31 December 2019

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

	GROUP		
	HY2020	HY2019	+/(-) %
	US\$'000	US\$'000	
Revenues			
- Chemicals	187,579	173,657	+8.0
- Print and paper management	315	20	N.M.
Other operating income	188	134	+40.3
Total revenue	188,082	173,811	+8.0
Expenses			
Change in inventories of finished goods and good in transit	(178,943)	(166,197)	+7.7
Amortisation of right-of-use assets	(84)	(67)	+25.4
Depreciation of property, plant and equipment	(260)	(231)	+12.6
Employee benefits expenses	(1,318)	(1,511)	-12.8
Freight and handling charges	(5,432)	(4,293)	+26.5
Short-term leases (HY2019: Operating lease expenses)	(1,030)	(909)	+13.3
Other expenses	(959)	(988)	-2.9
Finance costs	(705)	(563)	+25.2
Loss before taxation	(649)	(948)	-31.5
Tax (expense)/ credit	(150)	168	N.M.
Loss for the period	(799)	(780)	+2.4
Other comprehensive (loss)/ income after tax			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Foreign currency translation differences – foreign operation	(326)	7	N.M.
Total comprehensive loss for the period	(1,125)	(773)	+45.5

	GROUP		
	HY2020	HY2019	+ / (-) %
Loss for the period attributable to:			
Equity holders of the Company	(792)	(777)	+1.9
Non-controlling interests	(7)	(3)	N.M.
Loss for the period	(799)	(780)	+2.4
Total comprehensive loss attributable to:			
Equity holders of the Company	(1,118)	(770)	+45.2
Non-controlling interests	(7)	(3)	N.M.
Total comprehensive loss for the period	(1,125)	(773)	+45.5
Loss per share attributable to equity holders of the Company			
Basic and diluted (cents)	(0.12)	(0.12)	-

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:

	HY2020	HY2019
	US\$'000	US\$'000
Bad debt recovered	-	22
Dividend income from financial assets at fair value through profit or loss ("FVTPL")	2	3
Fair value gains/ (losses) from financial assets at FVTPL	(8)	- #
Gain on disposal of financial assets at FVTPL	-	9
Gain on disposal of paper inventory	-	12
Government grants	54	-
Interest income	14	23
Income from sub-leasing/ Rental income	18	19
Reversal of loss allowance for trade receivables	-	16
Net gain from futures contract	80	-
Unrealised gain from futures contract	-	27

denotes "amount less than US\$1,000"

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

	HY2020	HY2019
	US\$'000	US\$'000
Amortisation of right-of-use assets	84	67
Depreciation of property, plant and equipment	260	231
Exchange loss/ (gain), net	64	(6)
Finance costs	(705)	(563)

Finance costs include a non-cash interest expense on zero coupon bonds of US\$573,000 (HY2019: US\$513,000), a non-cash interest expense on an interest free loan from a director of US\$15,000 (HY2019: US\$14,000) and lease liabilities interest expense arising from the adoption of SFRS(I) 16 Leases of US\$53,000 in FY2019 (HY2019: 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 2020	31 December 2019	30 June 2020	31 December 2019
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Subsidiaries	-	-	7,515	7,515
Financial assets at fair value through other comprehensive income ("FVTOCI")	3,844	3,984	-	-
Property, plant and equipment	13,401	14,105	12,676	13,372
Right-of-use assets	2,000	2,150	1,884	2,000
Deferred tax assets	74	75	-	-
	19,319	20,314	22,075	22,887
Current assets				
Inventories	15,659	17,254	-	-
Trade receivables	25,910	15,572	-	-
Other receivables and deposits	951	795	31	30
Advances and prepayments	2,916	6,167	7	17
Amounts due from subsidiaries	-	-	3,697	3,262
Financial assets at FVTPL	336	141	-	-
Derivative asset	228	228	228	228
Cash and bank balances	10,740	5,620	191	174
	56,740	45,777	4,154	3,711
Total assets	76,059	66,091	26,229	26,598
Current liabilities				
Trade payables	36,824	27,304	61	51
Other payables and accruals	1,540	1,750	143	258
Advances from customers	2,930	5,150	-	-
Amounts due to a subsidiary	-	-	808	-
Loan from a director	215	-	-	-
Bank loans	861	184	-	-
Bond payables	8,495	-	8,495	-
Lease liabilities	137	131	56	52
Derivative liability	2	2	2	2
Income tax liabilities	150	53	-	-
	51,154	34,574	9,565	363

	GROUP		COMPANY	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current liabilities				
Interest-free loan from a director	319	297	319	297
Bank loan	2,910	-	-	-
Bond payables	-	8,208	-	8,208
Lease liabilities	1,980	2,117	1,929	2,030
Provision	11	11	11	11
Deferred tax liabilities	2,012	2,086	1,825	1,892
	7,232	12,719	4,084	12,438
Total liabilities	58,386	47,293	13,649	12,081
Net assets	17,673	18,798	12,580	13,797
Equity				
Share capital	33,246	33,246	33,246	33,246
Other equity instruments	2,011	2,011	2,011	2,011
Translation reserve	(1,626)	(1,300)	(1,418)	(1,196)
Assets revaluation reserve	10,258	10,258	10,258	10,258
Fair value reserve	773	773	-	-
Discount paid on acquisition of non-controlling interests	1,386	1,386	-	-
Accumulated losses	(28,382)	(27,590)	(31,517)	(30,522)
Equity attributable to the equity holders of the Company	17,666	18,784	12,580	13,797
Non-controlling interests	7	14	-	-
Total equity	17,673	18,798	12,580	13,797

1(b)(ii) Aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Amount repayable in one year or less, or on demand

	As at 30 June 2020		As at 31 December 2019	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Bank loans	861	-	184	-
Bond payables	-	8,495 ⁽¹⁾	-	-
Loan from a director	-	215	-	-
Lease liabilities (excluding lease liabilities arising from the recognition of Right-of-use assets following the adoption of SFRS(I) 16 Leases)	3	-	3	-

Amount repayable after one year

	As at 30 June 2020		As at 31 December 2019	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Interest-free loan from a director	-	319 ⁽²⁾	-	297 ⁽²⁾
Bank loan	2,910	-	-	-
Bond payables	-	-	-	8,208 ⁽¹⁾
Lease liabilities (excluding lease liabilities arising from the recognition of Right-of-use assets following the adoption of SFRS(I) 16 Leases)	12	-	12	-

Notes:

⁽¹⁾ 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.

⁽²⁾ 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").

Details of any collaterals

As at 30 June 2020, a bank loan of US\$3.5 million (31 December 2019: US\$Nil) was secured by a corporate guarantee from the Company.

A subsidiary has pledged its fixed deposit of US\$204,000 (31 December 2019: US\$204,000) to a financial institution for a bank loan granted to its directly-owned Japan based subsidiary.

As at 30 June 2020, lease liabilities of \$15,000 (31 December 2019: US\$15,000) 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.**

	HY2020	HY2019
	US\$'000	US\$'000
Cash flows from Operating Activities		
Loss before taxation	(649)	(948)
Adjustments:		
Amortisation and depreciation	344	298
Dividend income from financial assets at FVTPL	(2)	(3)
Interest income	(14)	(23)
Interest expense	705	563
Fair value loss on financial assets at FVTPL	8	-
Gain on disposal of financial assets at FVTPL	-	(9)
Reversal of expected loss allowances for trade receivables	-	16
Unrealised gain from futures contract	-	27
Foreign currency translation differences	(5)	-
Operating cashflow before working capital changes	387	(79)
Change in inventories	1,595	(5,418)
Change in trade and other receivables and deposits	(10,494)	1,968
Change in and advances and prepayments	3,251	(5,023)
Change in trade and other payables and accruals	9,310	8,304
Change in advances from customers	(2,220)	(279)
Cash generated from/ (used in) operations	1,829	(527)
Interest income received	14	23
Interest paid	(10)	(30)
Tax paid	(53)	(154)
Net cash generated from/ (used in) operating activities	1,780	(688)
Cash flows from Investing Activities		
Purchase of property, plant and equipment	(38)	(407)
Purchase of financial assets at FVTOCI	-	(3,003)
Purchase of financial assets at FVTPL	(206)	-
Proceeds from disposal of financial assets at FVTPL	-	51
Net cash used in investing activities	(244)	(3,359)
Cash flows from Financing Activities		
Government grant received	4	-
Loan from a director	212	-
Proceeds from bank loans	3,581	185
Repayment of principal portion of lease liabilities	(115)	(73)
Interest paid	(54)	-
Fixed deposits pledged	-	(209)
Net cash generated from/ (used in) financing activities	3,628	(97)

denotes "amount less than US\$1,000"

	HY2020	HY2019
	US\$'000	US\$'000
Net increase/ (decrease) in cash and cash equivalents	5,164	(4,144)
Effect of changes in currency translation	(33)	5
Cash and cash equivalents at beginning of financial period	5,037	7,966
Cash and cash equivalents at end of financial period	10,168	3,827

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

	HY2020	HY2019
	US\$'000	US\$'000
Cash and cash equivalents as at above	10,168	3,827
Add: Fixed deposits pledged	572	581
Cash and bank balances as per statements of financial position	10,740	4,408

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 2020	Cash flows		Non-cash changes		At 30 June 2020
		Proceeds	Repayment	Currency translation differences	Non-cash adjustments	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>Liabilities</u>						
Loan from a director	-	212	-	3	-	215
Interest free loan from a director	297	-	-	7	15 ^(a)	319
Bank loans	184	3,581	-	6	-	3,771
Bond payables	8,208	-	-	(286)	573 ^(b)	8,495
Lease liabilities	2,248	-	(115)	(69)	53 ^(c)	2,117
<u>Asset</u>						
Fixed deposit pledged	(583)	-	-	11	-	(572)

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.

	Equity attributable to owner of the Company									
Group	Share capital	Other equity instruments	Translation reserve	Assets revaluation reserve	Fair value reserve	Accumulated losses	Discount paid on acquisition of non-controlling interests	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 2019	33,246	2,011	(1,206)	10,371	-	(25,106)	1,386	20,702	16	20,718
Total comprehensive income/ (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
Balance at 1 January 2020	33,246	2,011	(1,300)	10,258	773	(27,590)	1,386	18,784	14	18,798
Total comprehensive loss for the period	-	-	(326)	-	-	(792)	-	(1,118)	(7)	(1,125)
Balance at 30 June 2020	33,246	2,011	(1,626)	10,258	773	(28,382)	1,386	17,666	(7)	17,673

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 2019	33,246	2,011	(1,272)	10,371	(28,355)	16,001
Total comprehensive income/ (loss) for the period	-	-	63	-	(961)	(898)
Balance at 30 June 2019	33,246	2,011	(1,209)	10,371	(29,316)	15,103
Balance at 1 January 2020	33,246	2,011	(1,196)	10,258	(30,522)	13,797
Total comprehensive loss for the period	-	-	(222)	-	(995)	(1,217)
Balance at 30 June 2020	33,246	2,011	(1,418)	10,258	(31,517)	12,580

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 2020, the total number of issued shares in the Company is 642,750,000 shares (30 June 2019: 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 2020 and 30 June 2019.

- 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 2020	As at 31 December 2019
Total number of issued ordinary shares	642,750,000	642,750,000

The Company does not have any treasury shares as at 30 June 2020 and 31 December 2019.

- 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 modifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) updates on the efforts taken to resolve each outstanding audit issue; and (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.

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 2019.

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 2020:

- *Amendments to References to the Conceptual Framework in SFRS(I)*
- *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*
- *Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform*
- *Amendment to SFRS(I) 16: Covid-19-Related Rent Concessions*

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

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	
	HY2020	HY2019
Loss per share attributable to equity holders of the Company – in cents:		
Basic and diluted		
Loss from continuing operations	(0.12) cents	(0.12) cents
Based on weighted average number of issued shares of the Company	642,750,000	642,750,000

Note:

- (1) 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 have been excluded from the calculation of diluted loss per share for the period ended 30 June 2020 and 31 December 2019 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 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
Net asset value per ordinary share (US cents)	2.75	2.92	1.96	2.15
Based on number of issued shares of the Company	642,750,000	642,750,000	642,750,000	642,750,000

Note:

- (1) The net asset value per ordinary share as at 30 June 2020 and 31 December 2019 was derived without taking into account the additional shares that may be issued upon exercise of 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

The Group reported an increase in chemicals revenue by US\$13.9 million from US\$173.7 million in HY2019 to US\$187.6 million in HY2020 despite challenging market conditions and the impact of the Covid-19 pandemic. The corresponding cost of goods sold has increased by US\$12.7 million from US\$166.2 million in HY2019 to US\$178.9 million in HY2020.

Print and paper management revenue increased by US\$295,000 from US\$20,000 in HY2019 to US\$315,000 in HY2020. This was due to the print and paper management activities that are carried out by the Group's wholly owned subsidiary, Abundance Resources Pte. Ltd., which became active only in mid-year 2019.

Employee benefits expenses decreased by US\$0.2 million from US\$1.5 million in HY2019 to US\$1.3 million in HY2020 due mainly to reduced salary and lower staff bonus provided for HY2020.

Freight and handling charges increased by US\$1.1 million from US\$4.3 million in HY2019 to US\$5.4 million in HY2020 due mainly to the Group having absorbed more freight costs in sales to customers compared to the same period last year.

Short-term leases (HY2019: Operating lease expense) increased by US\$0.1 million from US\$0.9 million in HY2019 to US\$1.0 million in HY2020 which were due mainly to the storage of more chemicals stock at third party warehouses as compared to the same period last year. These leases are considered as short-term lease that was not capitalised as right-of-use assets under SFRS(I) 16.

Finance costs increased by US\$142,000 from US\$563,000 in HY2019 to US\$705,000 in HY2020. This was mainly due to (i) lease liabilities interest and factoring interest, of which there were none in HY2019 and (ii) 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 expenses in HY2020 was due to the provision for income taxes of profitable subsidiaries. The income tax credit in HY2019 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 weakening of Singapore dollar against United States dollar resulted in overall net foreign currency translation loss of US\$326,000 for HY2020.

The Group reported earnings before interest, taxes, depreciation ("**EBITA**") of US\$400,000 in HY2020 as compared to losses before interest, taxes, depreciation ("**LBITA**") of US\$87,000 in HY2019. This was due mainly to higher margins on sales, lower employee benefits expenses offset by higher freight cost and short-term leases. Notwithstanding this, the Group reported a net loss of US\$799,000 from continuing operations in HY2020 as compared to a net loss of US\$780,000 in HY2019. This was due mainly to non-cash interest expense of zero coupon bonds of US\$573,000.

Review of statement of financial position

Property, plant and equipment decreased by US\$0.7 million from US\$14.1 million as at 31 December 2019 to US\$13.4 million as at 30 June 2020 which was due mainly to depreciation charge for the period and currency exchange differences as a result of the weakening of the Singapore dollar against United States dollar.

Inventories decreased by US\$1.6 million from US\$17.3 million as at 31 December 2019 to US\$15.7 million as at 30 June 2020 which was due mainly to lesser inventories purchased towards the end of June 2020.

Trade receivables increased by US\$10.3 million from US\$15.6 million as at 31 December 2019 to US\$25.9 million as at 30 June 2020 which was due mainly to i) slower collection of outstanding debts; and ii) longer credit term granted to customers covered under trade credit insurance. Hence, the debtor turnover days has increased from 10 days as at 31 December 2019 to 20 days as at 30 June 2020.

Advances and prepayments decreased by US\$4.0 million from US\$6.2 million as at 31 December 2019 to US\$2.9 million as at 30 June 2020 which was due mainly to less advance payment 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 increased by US\$5.1 million from US\$5.6 million as at 31 December 2019 to US\$10.7 million as at 30 June 2020 due mainly to a new bank loan of US\$3.6 million which was taken up in addition to US\$1.8 million positive cash generated from operations.

Trade payables increased by US\$9.5 million from US\$27.3 million as at 31 December 2019 to US\$36.8 million as at 30 June 2020 due mainly to slower payment made to suppliers.

Advances from customers made in relation to the sales of chemical supplies by OSC recorded a decrease of US\$2.3 million from US\$5.2 million as at 31 December 2019 to US\$2.9 million as at 30 June 2020.

Bank loans increased by US\$3.6 million from US\$0.2 million as at 31 December 2019 to US\$3.8 million as at 30 June 2020 due to a new Temporary Bridging Loan under Singapore Enterprise Financing Scheme of US\$3.6 million that was taken up in June 2020. This will improve the Group's working capital and allow us to deal with anticipated working capital needs.

Bond payables increased by US\$0.3 million from US\$8.2 million (under non-current liabilities) as at 31 December 2019 to US\$8.5 million (under current liabilities) as at 30 June 2020 which was due to the non-cash interest expense recorded during HY2020 and currency exchange differences as a result of the weakening of the Singapore dollar against the United States dollar. The bond will mature on 30 January 2021 and are presented under Current Liabilities as at 30 June 2020. This led to a net current liability position of US\$5.4million at the Company level. There is no going concern issue as the three largest holders of the bonds have signed a letter of support in favour of the Company.

Review of statement of cashflow

Net cash generated from operating activities was US\$1.8 million in HY2020 compared to net cash used in operating activities of US\$0.7 million in HY2019. This was due mainly to higher cash flow from operating activities, slower collection from customers and a reduction in advance payment made to suppliers.

Net cash used in investing activities was US\$0.2 million in HY2020 compared to US\$3.4 million in HY2019. This was due to an investment in Shanghai Sunrise Polymer Material Co., Ltd. of US\$3.0 million made during HY2019.

Net cash generated from financing activities was US\$3.6 million in HY2020 compared to net cash used in financing activities of US\$97,000 in HY2019. This was mainly attributable to a new bank loan obtained in HY2020.

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, and its subsidiaries in the People's Republic of China (the "PRC") and Japan (collectively the "OSC Group") achieved revenue of US\$187.6 million, with profit after tax of US\$0.4 million amidst challenges of the COVID-19 pandemic and global economic downturn. This was due mainly to certain types of chemical products that can be used to produce hand sanitiser which were in high demand. In addition, the chemical prices have increased as compared to the prices during the same period last year.

As at 30 June 2020, the OSC Group has access to approximately US\$46.6 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 ("**Zhangjiagang Orient-Hill**") has on 2 March 2020 signed an agreement to acquire a 40% equity stake in Orient-Hill (Guangdong) Microorganisms Environmental Technology Co. Ltd. Zhangjiagang Orient-Hill has so far secured a service contract and it is in the midst of negotiations with a few other potential customers for new service contracts. During HY2020, Zhangjiagang Orient-Hill has recorded US\$35,000 in revenue, with loss after tax of US\$159,000. High research costs, marketing fees and operating costs were incurred during this period, resulting in a net loss.

The Company's wholly-owned subsidiary, Abundance Investments Pte. Ltd., acquired 18.18% of the enlarged share capital of Shanghai Sunrise Polymer Material Co., Ltd. ("**SSPM**") in FY2019. SSPM was incorporated in the PRC 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. SSPM together with its subsidiaries has recorded a profit of US\$200,000 for HY2020.

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 2020, this portfolio (excluding the 18.18% equity interest in SSPM) consisting of cash and listed equities, amounted to US\$0.70 million, an increase from US\$0.19 million as at 31 December 2019 due to new investments in quoted shares.

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 its business model moving forward. In June 2019, the Group started slitting and rewinding of paper rolls and in October 2019, the Group started providing sheeting services. Today, the Group is able to provide a comprehensive suite of paper management services to its clients which are mostly based in Singapore. The Group has achieved US\$315,000 of revenue for HY2020.

Others

Following the Covid-19 outbreak, the Group has implemented the necessary measures, such as work from home arrangements, for staff both in Singapore and in the PRC, to ensure business continuity. Accordingly, the Group was able to manage and minimize disruptions to business operations notwithstanding that the Group's chemical businesses are conducted mainly from the PRC and that the Group has extensive dealings with customers and suppliers based in the PRC. The Group will continue to closely monitor the evolving situation of COVID-19 pandemic and shall adjust and react accordingly with appropriate measurement.

The bonds issued by the Company on 31 January 2017 pursuant to the 2017 Rights Issue will mature on 30 January 2021. The principal amount payable on maturity is SGD12,855,000 (US\$9.2 million). As a sign of confidence in the Company and to support its working capital requirements, the three largest holders of the bonds have signed a letter confirming their intention to, *inter alia*, exercise their warrants entitlement in full and to extend new loans (on terms to be mutually agreed between each of them and the Company) to the Company to repay the amount owing by the Company to each of them upon maturity of the bonds.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended).

No

(b) (i) Amount per share cents.

Not applicable

(b) (ii) Previous corresponding period Cents.

Not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

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 HY2020 in view of the Group's loss for the financial 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 23 June 2020.

The interested person transactions entered into during HY2020 are as follows:

Name of interested person	Nature of relationship	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)
		HY2020	HY2020
		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	A company owned by an associate of Mr Shi Jiagang, the Executive Chairman of the Company	-	48,472

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 2020 to be false or misleading in any material aspect.

On Behalf of the Board of Directors,

Shi Jiangang
Chairman

Sam Kok Yin
Managing Director

BY ORDER OF THE BOARD

Sam Kok Yin
Managing Director
13 August 2020

Note:

This document has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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