ABUNDANCE INTERNATIONAL LIMITED

DIVERSIFYING
OUR POTENTIAL

ANNUAL REPORT 2018

This Annual Report 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 Annual Report.

This Annual Report has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this Annual Report including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

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CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:
Mr Shi Jiangang (Executive Chairman)
Mr Sam Kok Yin (Managing Director)
Mr Jiang Hao (Executive Director)

Non-Executive:
Mr Chan Cher Boon (Lead Independent Director)
Mr Francis Yau Thiam Hwa (Independent Director)
Mr Tham Hock Chee (Independent Director)

AUDIT COMMITTEE

Mr Francis Yau Thiam Hwa (Chairman)
Mr Chan Cher Boon
Mr Tham Hock Chee

NOMINATING COMMITTEE

Mr Chan Cher Boon (Chairman)
Mr Francis Yau Thiam Hwa
Mr Tham Hock Chee

REMUNERATION COMMITTEE

Mr Tham Hock Chee (Chairman)
Mr Francis Yau Thiam Hwa
Mr Chan Cher Boon

COMPANY SECRETARIES

Ms Ong Beng Hong
Ms Tan Swee Gek

CORPORATE INFORMATION (CONT'D)

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Singapore 048544

AUDITORS
Foo Kon Tan LLP
Public Accountants and Chartered Accountants
24 Raffles Place,
#07-03 Clifford Centre,
Singapore 048621

AUDIT PARTNER-IN-CHARGE
Mr Chang Fook Kay
Appointed w.e.f. financial year ended 31 December 2018

BANKERS
Standard Chartered Bank (Singapore) Limited
DBS Bank Ltd
Société Générale Singapore Branch
Malayan Banking Berhad
CIMB Bank Berhad
CTBC Bank Co., Ltd.
Oversea-Chinese Banking Corporation Limited

SPONSOR
Stamford Corporate Services Pte Ltd
10 Collyer Quay #27-00 Ocean Financial Centre
Singapore 049315

MESSAGE TO SHAREHOLDERS

Dear Shareholders

On behalf of the board of directors (the "**Directors**"), I present to you the annual report of Abundance International Limited (the "**Company**") and its subsidiaries (the "**Group**") for the financial year from 1 January 2018 to 31 December 2018 ("**FY2018**"). The results of the prior financial year from 1 January 2017 to 31 December 2017 ("**FY2017**") are used for comparison in the financial and operational review section.

FINANCIAL AND OPERATIONAL REVIEW

The Group recorded US$413.4 million of revenue, mainly arising from the chemical trading business undertaken by our wholly-owned subsidiary Orient-Salt Chemicals Pte. Ltd. and its subsidiaries (the "**OSC Group**"). The OSC Group itself achieved a profit after tax of US$1.4 million.

The Group recorded earnings before interest, taxes, depreciation and amortisation for FY2018 of US$0.9 million. There was a loss attributable to the Shareholders of US$0.7 million after deducting costs incurred at the Company level comprising mainly

- a non-cash interest expense of US$0.93 million recorded in FY2018 as a result of the S$12,855,000 in principal amount of zero coupon bonds issued by the Company on 31 January 2017;
- the cost of maintaining the factory at 9 Joon Koon Circle (the "**Joo Koon Property**");
- a non-cash depreciation charge of US$0.45 million recorded in FY2018 in respect of the Joo Koon Property; and
- other corporate and administrative expenses.

In line with the lower revenue, trade receivables and trade payables were also decreased. In addition, there was an improvement in debt collection period of trade receivables from 19 days in FY 2017 to 11 days in FY 2018. 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.

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

Amount due to directors decreased by US$0.7 million from US$1.0 million to US$0.3 million which was 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.

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 US$111,000 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 year 2017. 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.

During the current financial year, the Company had on 14 March 2018 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.

SUBSEQUENT DEVELOPMENTS

Subsequent to FY2018, the Company's wholly-owned subsidiary, Abundance Investments Pte. Ltd., has on 13 March 2019 entered into a subscription agreement with Shanghai Sunrise Polymer Material Co., Ltd. (the "**Target Company**") to subscribe for 7,334,067 new shares to be issued in the Target Company representing 18.18% of the enlarged share capital of the Target Company for a consideration amount of RMB20 million (approximately US$2,908,000 or S$3,966,000) (the "**Proposed Acquisition**").

The Target Company was incorporated in the People's Republic of China (the "**PRC**") and was previously listed on the PRC's National Equities Exchange and Quotations. It 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 previously disclosed in the November 2018 Announcement, our Group's chemical business currently comprises the trading of commodity chemicals and the provision of water treatment solutions using microbial and/or chemicals, particularly (but without limitation) to the chemical industry in the PRC. As the Target Company is in the chemical business which is also the main core business of our Group, the Company is of the view that the Proposed Acquisition is aligned with the Group's plans to grow its chemical business. Moreover, there will be synergistic benefits from the sharing of supplier and customer bases, technical expertise and other operational cooperation between the parties after completion of the Proposed Acquisition.

Please refer to the Company's announcement dated 27 November 2018 and 13 March 2019 for more details of the investment in the Target Company.

LOOKING AHEAD

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.

Other than the OSC Group, the JV Company and the Proposed Acquisition, 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 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.

APPRECIATION

We would like to express our gratitude and utmost appreciation to our valued shareholders, customers, business partners and associates for their continuous support, trust and confidence in us during this transitional period. We will continue our efforts to enhance shareholder value. We also wish to thank our management team and employees for their diligence and commitment to the Group.

Shi Jiangang
Executive Chairman
27 March 2019

BOARD OF DIRECTORS

Shi Jiangang
Executive Chairman

Mr Shi Jiangang was appointed as a Director of the Company and Executive Chairman on 25 September 2014, following the completion of the bonds issue and the placement issue on 25 September 2014. He was last re-elected a Director on 26 April 2017.

As Executive Chairman, Mr Shi is responsible for the overall business operations and management of the Group's business, particularly in the new chemical and investment businesses. Mr Shi has been the President of the Feixiang group of companies (the "**Feixiang Group**") since 2001. The Feixiang Group mainly operates in the chemicals industry. Currently, Mr Shi has other diversified business interests, including education and property development.

Sam Kok Yin
Managing Director

Mr Sam Kok Yin was appointed as a Director and Executive Director of the Company on 25 September 2014, following the completion of the bonds issue and the placement issue on 25 September 2014. He was last re-elected a Director on 28 January 2015 and was re-designated as the Managing Director of the Company on 19 August 2016. As the Managing Director, Mr Sam is responsible for the overall business operations and management of the Group's business, particularly in the new chemical and investment business.

Mr Sam was a practicing Advocate and Solicitor from 2001 to 2007, and subsequently from 2009 to July 2010. From February 2011 to December 2011, Mr Sam was the Deputy Chairman and chief executive officer of Sun East Group Limited, a company listed on the mainboard of the SGX-ST. Mr Sam has been involved in various listings, merger and acquisitions, white knight rescues and other corporate exercises.

Mr Sam obtained his honours degree in law from the National University of Singapore in 2000.

Jiang Hao
Executive Director

Mr Jiang Hao was appointed a Director and Executive Director of the Company on 16 August 2017. He has many years of working experience in the trading of commodity chemicals. From 1993 to 1996, he worked in Nanyang Corporation Limited, doing chemical trading. From 1997 to 2002, he was in China Salt Company Shanghai Branch, a state owned enterprise, doing sales and marketing of chemicals. From 2002 to 2015, he was heading and was the largest shareholder of Orient-Salt Chemicals (Shanghai) Co., Ltd. – a successful commodity chemical trading house in China.

BOARD OF DIRECTORS (CONT'D)

Chan Cher Boon
Lead Independent Director

Mr Chan Cher Boon was appointed a Director of the Company on 6 December 2007. He was last re-elected a Director on 29 April 2016. Mr Chan is also Chairman of the Company's Nominating Committee, and a member of the Audit and Remuneration Committees. He was appointed the Lead Independent Director of the Company on 13 May 2009. He is professionally qualified in accountancy and law and has diverse experiences in both fields of work in a number of countries with different legal jurisdictions and financial environments. His expertise in corporate and business law and in corporate finance, mergers and acquisitions was gained through his services with Price Waterhouse (in the United Kingdom, Australia and South East Asia), with Standard Chartered Group (in London and Singapore) and through his own legal practice. He has served as CEO of public listed companies in Hong Kong and Singapore and as an independent director of several public listed companies.

Francis Yau Thiam Hwa
Independent Director

Mr Francis Yau Thiam Hwa was appointed a Director of the Company on 2 January 2015. He was last re-elected a Director on 29 April 2016. Mr Francis Yau is also Chairman of the Company's Audit Committee, and a member of the Nominating and Remuneration Committees. He graduated from the National University of Singapore with a Bachelor in Business Administration (Major in Finance). His experience spans over 29 years across a wide spectrum of expertise and achievements, ranging from corporate banking, financial and risk management, strategic planning and implementation and corporate finance/mergers & acquisitions to the management of the corporate affairs in a public listed company and has a good knowledge of corporate governance, investor relations, international markets, business practices and trade regulations in major markets in Asia. He is currently the Chief Financial Officer of Megachem Ltd, a Catalist listed company in Singapore and had served on the board of a Singapore listed company.

Tham Hock Chee
Independent Director

Mr Tham Hock Chee was appointed a Director of the Company on 2 January 2015. He was last re-elected a Director on 26 April 2017. Mr Tham is also Chairman of the Remuneration Committee, and a member of the Audit and Nominating Committees. He graduated from the University of Hamburg with a Bachelor in Industrial Engineering. His experience spans over 40 years across different industries (both local and foreign companies and Singapore statutory bodies, namely TDB and EDB) and has a wide spectrum of expertise and achievements. He has served on the boards of several Singapore listed companies.

KEY MANAGEMENT PERSONNEL

Tan Pei Shan
Financial Controller

Ms Tan Pei Shan was appointed as Financial Controller on 16 April 2018. She is responsible for overseeing the financial management, accounting and tax functions of the Group. She has over 9 years of experience in providing assurance services. Prior to joining the Company, she was an audit manager with an international accounting firm. She is a Chartered Accountant and non-practising member of the Institute of Singapore Chartered Accountants. She is also a fellow member of The Association of Chartered Certified Accountants.

CORPORATE STRUCTURE AS AT 31 DECEMBER 2018

Subsidiaries of Abundance International Limited

Name	Proportion of ownership interest held
<u>Held by the Company</u>	
Abundance Resources Pte. Ltd. [(1)]	100%
(formerly known as Craft Print Pte Ltd)	
Printing Farm Pte Ltd [(2)]	100%
Orient-Salt Chemicals Pte. Ltd.	100%
Abundance Investments Pte. Ltd.	100%
Zhangjiagang Orient-hill Microorgranisms Technology Co., Ltd. [(3)]	70%
<u>Held through Orient-Salt Chemicals Pte. Ltd.</u>	
Orient-Salt Chemicals (Shanghai) Co., Ltd.	100%
Touen Japan Co., Ltd.	99.41%

Notes:

[(1)] Craft Print Pte. Ltd. changed its name to Abundances Resources Pte. Ltd. on 18 January 2019
[(2)] Struck off on 4 February 2019
[(3)] Newly incorporated on 5 June 2018

FINANCIAL HIGHLIGHTS

	FY2016 [1][2] US$'000	FY2017 (Restated) US$'000	FY2018 US$'000
Revenue - Chemical trading	109,125	523,890	413,402
Revenue - Outsourced and internal printing services	756	127	-
Total revenue	**109,881**	**524,017**	**413,402**
Earnings/ (Losses) before interest, taxes, depreciation and amortisation (EBITDA/(LBITDA))	**81**	**1,487**	**918**
Loss attributable to equity holders of the Company	**(532)**	**(536)**	**(743)**
Property, plant and equipment	**13,746**	**13,890**	**13,721**
Net tangible assets attributable to equity holders of the Company	**18,889**	**21,429**	**20,702**

Revenue by Geographical Segments	FY2016 [1][2] US$'000	FY2017 (Restated) US$'000	FY2018 US$'000
Continuing operations			
PRC	**90,478**	**453,316**	**293,061**
Other Countries in Asia	**10,737**	**46,604**	**99,959**
Others	**8,666**	**24,097**	**20,382**

Note:

(1) Inclusive of continuing and discontinued operations

(2) With effect from 1 January 2016, the presentation currency of the Group has been changed from S$ to US$

REPORT ON CORPORATE GOVERNANCE

The Group strives to maintain a high standard of corporate governance to safeguard the interests of all its stakeholders where possible.

The Company recognises that good corporate governance establishes and maintains a legal and ethical environment, which is essential for preserving and enhancing the interests of all stakeholders. In keeping with its commitment to a high standard of corporate governance, the board of directors (the "**Board**") and senior management (the "**Management**") will endeavour to align the Group's governance framework with the recommendations of the Code of Corporate Governance 2012 (the "**2012 Code**"). In respect of the Company, as the new Code of Corporate Governance 2018 only takes effect for the financial year starting after 1 January 2019, the Company has, for the financial year ended 31 December 2018 ("**FY2018**"), continued to prepare this report on the basis of the 2012 Code.

This report describes the corporate governance framework and practices of the Company that were in place throughout FY2018 under review, with specific reference to the 2012 Code. The Company confirms that it has adhered to the principles and guidelines set out in the 2012 Code, where applicable, relevant and practicable to the Group. Any deviations from the guidelines of the 2012 Code or areas of non-compliance have been explained accordingly.

A. BOARD MATTERS

The Board works closely with the Management for the long-term success of the Group. As at the date of this report, the Board comprises the following members:

Shi Jiangang	(Executive Chairman)
Sam Kok Yin	(Managing Director)
Jiang Hao	(Executive Director)
Chan Cher Boon	(Lead Independent Director)
Francis Yau Thiam Hwa	(Independent Director)
Tham Hock Chee	(Independent Director)

A description of the background of each director of the Company ("**Director**") is presented in the "Board of Directors" section of this annual report, as set out on page 7 to page 8.

THE BOARD'S CONDUCT OF ITS AFFAIRS (PRINCIPLE 1)

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the Management to achieve this objective and the Management remains accountable to the Board.

The Board is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders and for overseeing the management of the business affairs, corporate affairs and the overall performance of the Group. Board members are expected to act in good faith and exercise independent judgment in the best interests of the Group.

Apart from its fiduciary duties, the Board's principal roles and responsibilities include:

- providing effective leadership, guiding and setting corporate strategic objectives and directions to ensure that the necessary financial and human resources are in place for the Group to achieve its objectives;

- reviewing the processes relating to the adequacy of internal controls, including information technology ("**IT**") controls, addressing financial, operational, IT and compliance risk areas identified by the Audit Committee and its recommendations on actions to be taken to address and monitor the areas of concern;

- approving broad policies, strategies and financial objectives of the Group;

- reviewing the performance of the Group towards achieving adequate shareholders' value, including but not limited to the declaration of interim and final dividends, if applicable, approval of announcements relating to financial results of the Group and the audited financial statements, and timely announcements of material transactions;

- approving annual budgets, key operational matters, corporate or financial restructuring, major funding proposals, investment and divestment proposals and making decisions in the interests of the Group;

- approving major acquisitions and disposals of assets and interested person transactions of a material nature;

- approving all Board appointments/re-appointments and appointments of key personnel;

- evaluating the performance and compensation of Directors and key members of the Management (the "**Key Management Personnel**");

- overseeing the proper conduct of the Company's business, setting the Group's values and standards, and reviewing the corporate governance processes; and

- considering sustainability issues, such as environmental and social factors, as part of its strategic formulation of the Group's future business directions and operations.

The approval of the Board is required for any matters which is likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business. The Board believes that when making decisions, all Directors act objectively and in the interest of the Company.

Board Committees

To facilitate effective management, assist the Board in executing its responsibilities and enhance the Group's corporate governance framework, the Board delegates specific authority to three board committees namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**").

All Board Committees comprise only Independent Directors who are independent within the meaning of the 2012 Code and in accordance with Rule 406(3)(d) of Section B of the Listing Rules (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX**"), and are chaired by an Independent Director. These Board Committees function within clearly defined terms of reference and operating procedures.

The Board accepts that while these Board Committees have the delegated power to make decisions, execute actions or make recommendations in their specific areas respectively, the ultimate responsibility for the decisions and actions rest with the Board and the Chairman of the respective Board Committees will report back to the Board with their decisions and/or recommendations. Further details on the AC, NC and RC, as well as their respective terms of reference, are set out in other sections of this report.

Board and Board Committee Meetings

The Board schedules at least two meetings a year to review *inter alia* half-yearly and full-year results, and accounting policies. Ad-hoc meetings will be convened as and when required to address significant transactions and issues that may arise in-between the scheduled meetings. These meetings are scheduled in advance to facilitate the individual Director's planning in view of their ongoing commitments. To ensure maximum Board participation, the Company's Constitution provides for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in the meeting to communicate with each other simultaneously. Members of the Management are invited to attend the Board meetings to present information and/or render clarification when required.

Where physical Board and Board Committee meetings are not possible, timely communication with members of the Board or Board Committees can be achieved through electronic means and circulation of written resolutions for approval by the relevant Board and Board Committee members.

Directors may request further explanation, briefing or discussion on any aspect of the Group's operation or business from the Management. When circumstances require, Board members exchange views outside the formal environment of Board meetings.

Details of Directors' attendance at the Board and Board Committee meetings held in FY2018 are disclosed in the table below:

	Number of Meetings attended in FY2018			
Name of Directors	**Board**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Shi Jiangang	1/2	-	-	-
Sam Kok Yin	2/2	2/2[(1)]	1/1[(1)]	1/1[(1)]
Jiang Hao	1/2	1/2[(1)]	1/1[(1)]	1/1[(1)]
Chan Cher Boon	2/2	2/2	1/1	1/1
Francis Yau Thiam Hwa	2/2	2/2	1/1	1/1
Tham Hock Chee	2/2	2/2	1/1	1/1

Note:

(1) Mr Sam Kok Yin and Mr Jiang Hao attended the meetings of the Board Committees held during FY2018 under review as invitees.

While the Board considers Directors' attendance at Board meetings to be important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

The Board is kept informed of any relevant changes to legislation and regulatory requirements, to enable them to make well-informed decisions and carry out their roles and responsibilities. The Group will consider appropriate training programs for its Directors, especially new Directors, to equip them with the relevant knowledge, where and when required, in connection with their duties and obligations as Directors, under the Companies Act, Cap. 50 (the "**Act**") and the Catalist Rules. The Executive Directors are provided with a Service Agreement (defined below) setting out the terms and conditions of their appointment.

All newly-appointed Directors would be briefed on and given materials containing the Company's business, operations and governance practices. The Group's policies and procedures are also extended to the Directors to enable them to gain a clear understanding on the levels of authority in relation to transactions. In addition, the Directors are provided with the contact numbers and email addresses of Key Management Personnel and the Company Secretaries to facilitate efficient and direct access.

BOARD COMPOSITION AND GUIDANCE (PRINCIPLE 2)

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Board Composition and Independence

The 2012 Code provides that where the Chairman is, *inter alia*, part of the Management team or not an Independent Director, the Independent Directors should make up at least half of the Board. The Company has adhered to the guideline set out in the 2012 Code as at least half of the Board comprises Independent Directors, which bring a strong and independent element to the Board. The Board comprises six Directors, of whom three are Independent Directors. The Independent Directors are Mr Chan Cher Boon, Mr Francis Yau Thiam Hwa and Mr Tham Hock Chee.

The NC reviews annually the independence of each Director based on the definition and criteria set out in the 2012 Code. Each Independent Director is required to complete a confirmation of independence form drawn up based on the guidelines provided in the 2012 Code. Thereafter, the NC reviews the confirmations and recommends its assessment to the Board.

None of the Independent Directors are related and do not have any relationship with the Company, its related companies, its 10% shareholders or its officers which could interfere or be reasonably perceived to interfere with the exercise of their independent business judgments with a view to the best interests of the Company.

The NC and the Board have determined that each of the Company's Independent Directors is independent and no individual dominates the Board's decision-making process, taking into consideration whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when they arise.

The 2012 Code stipulates that the independence of any Director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review.

Mr Chan Cher Boon has served on the Board for more than nine (9) years from the date of his first appointment. Taking into account the views of the NC, as well as the need for progressive refreshing of the Board, the Board has reviewed and considered Mr Chan Cher Boon to be independent. Amongst other reasons, Mr Chan Cher Boon has throughout his appointment continuously and constructively challenged the Management on business decisions and remained objective in the discharge of his duties and responsibilities.

In addition, having reviewed the size and composition of the Board to ensure that the size of the Board is conducive for effective discussions and decision-making and that the Board has the appropriate mix of expertise and experience as well as an appropriate balance of Independent Directors, the NC, with the concurrence of the Board, is of the view that:

- the current Board size of six Directors, of which three are Independent Directors, is appropriate and effective;

- the Board has the appropriate mix of expertise and experience, taking into account the nature and scope of the Group's operations, and collectively possesses the necessary core competencies for effective functioning and informed decision-making; and

- the Board is able to exercise independent judgement on corporate matters and issues and avoid domination by any individuals or small groups of individuals in its decision-making process.

As a group, the Executive Directors possess intimate knowledge of the Group's business and the industry in which the Group operates. The Independent Directors provide a broad range of expertise in areas such as business and management experience, human resource, finance, legal and strategic planning experience. The diversity of the Directors' experience allows for useful exchange of ideas and views and is necessary and critical to meet the Group's objectives for an effective Board. A description of the background of each Director is presented in the "Board of Directors" section of this annual report, as set out on page 7 to page 8.

The Independent Directors contribute to the Board process by monitoring and reviewing the Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management proposals or decisions, the Independent Directors bring independent judgment to bear on business activities and transactions including conflicts of interest or other complexities.

Details of the appointment of each Director, including the date of initial appointment and the date of last re-election as a Director of the Company, as well as their directorships in other listed companies, both current and for the preceding three (3) years, are set out below:

Name	**Date of Appointment**	**Date of last re-election**	**Past Directorships in Listed Companies**	**Present Directorships in Listed Companies**	**Other Principal Commitments**
Shi Jiangang	25 September 2014	26 April 2017	Nil	Nil	Mr Shi has investments in various companies involved in, *inter alia*, the chemical, education and property development sectors. However, he is not involved in their day-to-day operations and is involved only in making major decisions.
Sam Kok Yin	25 September 2014	28 January 2015[(1)]	Nil	Nil	Nil
Jiang Hao	16 August 2017	26 April 2018	Nil	Nil	General Manager of Orient-Salt Chemicals (Shanghai) Co., Ltd. (previously disclosed as Dong Yan Chemical (Shanghai) Co., Ltd.)

Name	Date of Appointment	Date of last re-election	Past Directorships in Listed	Present Directorships in Listed	Other Principal Commitments
Chan Cher Boon	6 December 2007	26 April 2018	Nil	Nil	Director of CCB Management Services Pte Ltd
Tham Hock Chee	2 January 2015	26 April 2017	China Sports International Limited	Ouhua Energy Holdings	Nil
Francis Yau Thiam Hwa	2 January 2015	26 April 2018	Nil	Advancer Global Ltd	Chief Financial Officer of Megachem Limited

Note:

(1) As disclosed in this report, under the Company's Constitution, the Managing Director is not subject to retirement by rotation. Nonetheless, the Company will pursuant to the SGX Listing Rules Transitional Practice Note 3 ensure that the Managing Director of the Company, Mr Sam Kok Yin, retires and submits himself for re-appointment to the Board at a general meeting of the Company within three years of the effective date of this rule (i.e. no later than 31 December 2021).

CHAIRMAN AND MANAGING DIRECTOR (PRINCIPLE 3)

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The positions of the Chairman and the Managing Director are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the Managing Director are not related to each other.

The Chairman, Mr Shi Jiangang, assisted by the Managing Director, Mr Sam Kok Yin, is responsible for the effective working of the Board such as ensuring that Board meetings are held when necessary, assisting in compliance with the Company's guidelines on corporate governance, acting as a facilitator at Board meetings and maintaining regular dialogue with the Management on all operational matters, besides being responsible for the overall business operations and management of the Group's business, particularly in the Group's new chemical and investment businesses. Minutes of the Board meetings are circulated to all Directors for their review. The Company Secretaries assist the Chairman in scheduling the Board and Board Committee meetings respectively in consultation with the Financial Controller. The Chairman, assisted by the Managing Director, Mr Sam Kok Yin, reviews Board papers before they are presented to the Board and ensures that Board members are provided with adequate and timely information. The Company has not appointed a Chief Executive Officer and the roles and responsibilities typically taken on by a chief executive officer are being fulfilled by Mr Sam Kok Yin, the Managing Director.

All major decisions relating to the operations and management of the Company are jointly and collectively made by the Board after taking into account the opinion of all the Directors. In addition, all major decisions and policy changes are conducted through the respective Board or Board Committees. As such, there is a balance of power and authority and therefore no individual controls or dominates the decision-making process of the Company.

In line with the 2012 Code, since the Chairman is part of the Management team and not an Independent Director, the Company has appointed an Independent Director, Mr Chan Cher Boon, to be the Lead Independent Director. His role is to enhance the independence of the Board and to assist the Chairman in the discharge of his duties when the need arises. He is also available to address shareholders' concerns on issues that cannot be appropriately dealt with by the Chairman, the Managing Director (equivalent to the Chief Executive Officer) or the Financial Controller (equivalent to the Chief Financial Officer).

BOARD MEMBERSHIP (PRINCIPLE 4)
There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Nominating Committee

The NC comprises the following Independent Directors:

Chan Cher Boon (Chairman)
Francis Yau Thiam Hwa
Tham Hock Chee

The NC meets at least once during each financial year. Attendances at NC meetings are provided on page 14.

The principal functions of the NC are:

- reviewing the Board structure, size and composition and making recommendations to the Board, where appropriate;

- determining the process for search, nomination, selection and appointment of new Board members and assessing nominees or candidates for appointment and re-election to the Board;

- reviewing Board succession plans for directors, in particular, the Chairman and the Managing Director;

- making recommendations to the Board on the nomination of retiring Directors and those appointed during the year standing for re-election at the Company's annual general meeting, having regard to the Director's contribution and performance and ensuring that all Directors submit themselves for re-election at regular intervals;

- identifying suitable candidates and reviewing all nominations for appointment and re-appointment to the Board;

- assessing the effectiveness of the Board as a whole, and the contributions of each individual Director to the effectiveness of the Board;

- deciding how the Board's performance may be evaluated and to propose objective performance criteria for Board approval;

- determining annually whether a Director is independent, bearing in mind the circumstances set forth in the 2012 Code and any other salient factors;

- reviewing training and professional development programmes for the Board; and

- determining whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple Board representations.

Procedure for the Selection and Appointment of New Directors and the Re-appointment of Directors

The NC has in place a process for the selection of new Directors and the re-appointment of Directors to increase transparency of the nominating process in identifying and evaluating nominees or candidates for appointment or re-appointment. In selecting potential new Directors, the NC will seek to identify the competencies and expertise required to enable the Board to fulfil its responsibilities.

Before making its recommendation to the Board, the NC will evaluate the suitability of the nominee or candidate based on his qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board. The NC will also determine if the nominee or candidate would be able to commit time to his appointment having regard to his other Board appointments and principal commitments, and if he is independent.

The evaluation process will also involve an interview or meeting with the nominee or candidate. Recommendations of the NC are then put to the Board for consideration. Any appointments to Board Committees are reviewed and approved at the same time.

Pursuant to its terms of reference, the NC also determines on an annual basis whether a director with multiple board representations is able to and has been adequately carrying out his duties as a director of the Company. As a guide, Directors of the Company should not have more than six listed company board representations and other principal commitments. In view of this and having considered the confirmations received from Mr Chan Cher Boon, Mr Francis Yau Thiam Hwa and Mr Tham Hock Chee, the NC has concluded that any such multiple Board representations had not hindered each Director from carrying out his duties as a Director of the Company and is satisfied that each of these Directors is able to devote adequate time and attention to fulfil his duties as Directors of the Company, despite their multiple board representations.

In recommending a candidate for re-appointment to the Board, the NC considers, amongst other things, his contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Company's or Group's business and affairs) and his independence. The Board has the discretion to accept or reject the NC's recommendation and its decision is final.

All Directors, including newly appointed Directors will be briefed and given an orientation by Management to familiarise themselves with the businesses and operations of the Group. Directors who do not have prior experience or are not familiar with the duties and obligations required of a listed company in Singapore, will undergo the necessary training and briefing. In line with Rule 406(3)(a) of the Catalist Rules, the Company will arrange for newly-appointed directors who have no prior experience as directors of an issuer listed on the SGX to undergo the mandatory SGX prescribed training on their roles and responsibilities within one (1) year of their appointment unless the NC otherwise at its discretion waives the need for the newly-appointed Director to attend the mandatory SGX prescribed training.

The Directors also have the opportunity to visit the Group's operating facilities and meet with the Management to gain a better understanding of the Group's business operations and governance practices. The Directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time to apprise themselves of legal, financial and other regulatory developments. As an ongoing exercise, the Directors will also be briefed by professionals during Board meetings or at separate seminars on amendments and requirements of the Catalist Rules and other statutory and regulatory changes which may have an important bearing on the Company and the Directors' obligations to the Company, from time to time.

Article 91 of the Company's Constitution provides for one-third of the directors to retire from office by rotation at each Annual General Meeting ("**AGM**") and Article 97 provides for all newly-appointed Directors to retire at the next AGM following their appointments by the Board. Pursuant to Rule 720(4) of the Catalist Rules, the Company will also ensure that all directors submit themselves for re-nomination and re-appointment at least once every three years. Currently, all Directors of the Company are subject to retirement by rotation at least once every three years under the Company's Constitution except for Mr Sam Kok Yin as under the Company's Constitution, the Managing Director is not subject to retirement by rotation. The Company will pursuant to the SGX Listing Rules Transitional Practice Note 3 ensure that the Managing Director of the Company, Mr Sam Kok Yin, retires and submits himself for re-appointment to the Board at a general meeting of the Company within three years of the effective date of this rule (i.e. no later than 31 December 2021).

The NC is responsible for the nomination of retiring Directors for re-election. In recommending a candidate for re-appointment to the Board, the NC considers, amongst other things, his contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Company's or Group's business and affairs) and his/her independence.

Accordingly, each of Mr Shi Jiangang and Mr Tham Hock Chee will retire by rotation pursuant to Article 91 of the Company's Constitution. The NC, having considered their contributions to the Company as well as Board processes, had recommended the nominations of these Directors for re-election at the forthcoming AGM.

The NC had also reviewed the independence of Board members with reference to the guidelines set out in the 2012 Code. The NC is of the view that Mr Chan Cher Boon, Mr Francis Yau Thiam Hwa and Mr Tham Hock Chee are independent and free from any relationship outlined in the 2012 Code. Each of the Independent Directors has also confirmed his independence.

The recommendation of the NC for the nomination of the Directors for re-election was made to the Board. The Board had accepted the NC's recommendations and being eligible, each of Mr Shi Jiangang and Mr Tham Hock Chee will be offering themselves for re-election at the AGM.

BOARD PERFORMANCE (PRINCIPLE 5)

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board has established a set of criteria for evaluating the effectiveness of the Board and the Board Committees, as well as the contribution of each individual Director.

The NC has in place an annual Board performance evaluation to assess the effectiveness of the Board and to facilitate discussion to enable the Board to discharge its duties more effectively. The annual Board performance evaluation is carried out by means of a questionnaire relating to the size and composition of the Board, information flow to the Board, Board procedures and accountability, matters concerning the Chairman/Key Management Personnel and standards of conduct of Board members being completed by each individual Director. The Board did not engage an external facilitator to conduct an assessment of the performance of the Board, the Board Committees and each Director for FY2018.

The results of the completed questionnaires are collated and the findings analysed and discussed by the NC, before reporting to the Board. Recommendations to further enhance the effectiveness of the Board are implemented, as appropriate.

An evaluation of the Board performance was conducted for FY2018. The evaluation exercise provided feedback from each NC member, his views on the Board, procedures, processes and effectiveness of the Board as a whole. The NC and the Board were satisfied with the overall results of the Board performance evaluation for FY2018. The NC would also continue to review its procedures and effectiveness from time to time.

ACCESS TO INFORMATION (PRINCIPLE 6)
In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To assist the Board in fulfilling its responsibilities effectively, the Management provides the Board with reports containing complete, adequate and timely information prior to Board meetings and, where necessary, on an on-going basis. The Board reports include background or explanatory information relating to matters to be brought before the Board. Board members also have full access to any additional information they may require. To facilitate direct and independent access, Board members are provided with the contact details of members of Key Management Personnel and the Company Secretaries.

One of the Company Secretaries and/or her representative(s) also attends all Board and Board Committee meetings and is responsible for ensuring that Board procedures are observed and that the applicable rules and regulations are complied with. The Board is also periodically updated by a Company Secretary on relevant laws and regulatory changes affecting the Company and concerning the duties and responsibilities of directors.

The appointment and removal of the Company Secretaries is a matter for the Board as a whole.

Where decisions to be taken require expert opinion or specialized knowledge, the Directors whether as a group or individually, may seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such independent professional advisor is subject to approval by the Board.

B. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (PRINCIPLE 7)
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Remuneration Committee

The RC comprises the following Independent Directors:

Tham Hock Chee (*Chairman*)
Chan Cher Boon
Francis Yau Thiam Hwa

The RC meets at least once during each financial year. Attendances at RC meetings are provided on page 14.

The principal functions of the RC are:

- reviewing and recommending to the Board a framework of remuneration for Executive Directors and Key Management Personnel, including employees related to the Executive Directors and controlling shareholders, and to ensure that the framework is competitive and sufficient to attract, retain and motivate Key Management Personnel of the required calibre to run the Company effectively;

- considering what compensation commitments in the Directors' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance;

- reviewing and recommending the remuneration of the Non-Executive Directors, taking into account factors such as their effort, time spent and their responsibilities;

- reviewing whether the Executive Directors and Key Management Personnel should be eligible for benefits under any long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith; and

- carrying out other duties as may be agreed by the RC and the Board, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

In reviewing and determining the remuneration packages of the Executive Directors and Key Management Personnel, the RC shall consider, amongst other things, their responsibilities, skills, expertise and contribution to the Company's performance and if the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent. The RC makes its recommendation to the Board which has the discretion to accept or vary the recommendations.

If necessary, the RC may seek expert advice inside and/or outside the Company on remuneration of the Directors and Key Management Personnel. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for FY2018.

LEVEL AND MIX OF REMUNERATION (PRINCIPLE 8)

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The remuneration structure of the Executive Directors and Key Management Personnel includes a direct performance-based variable component. This is in line with both market and best practices of structuring a proportion of Key Management Personnel's remuneration to be directly linked to corporate and individual performance.

The Company had entered into service agreements with Mr Shi Jiangang and Mr Sam Kok Yin in respect of their appointment as Executive Chairman and Managing Director of the Company respectively whilst the service agreement with Mr Jiang Hao in respect of his appointment as Executive Director was entered into via the Company's wholly-owned subsidiary, Orient-Salt Chemicals Pte. Ltd. (each a "**Service Agreement**"). A "claw-back clause" is included in the Service Agreement for Mr Shi Jiangang and Mr Sam Kok Yin to be in line with the recommendations under the 2012 Code, to allow the Company to deduct from the remuneration payable under each Service Agreement any sum due to the Company including, but not limited to, any damage or loss to the Company caused by the respective appointee. As at the date of this Annual Report, Mr Jiang Hao's Service Agreement does not contain any "claw-back clause" and the Company will undertake a review of Mr Jiang Hao's Service Agreement at an appropriate time in the future to determine if any "claw-back clause" should be included.

Annually, the Board submits a proposal for payment of Directors' fees as a lump sum for shareholders' approval at the Company's AGM. This sum is paid to the Non-Executive Directors with those having additional responsibilities as, members of Board Committees or Lead Independent Director receiving a higher portion of the approved fees.

The Board has proposed directors' fees amounting to approximately S$99,000 for FY2018 (FY2017: S$99,000). RC members abstain from deliberation in respect of their own remuneration.

The Company currently does not have any long-term incentive scheme or employee share option scheme.

DISCLOSURE ON REMUNERATION (PRINCIPLE 9)

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Remuneration of Directors

Details of the remuneration paid/payable by the Company and the Group to the Directors for FY2018 are approximately as follows:

	Name of Directors	**FY2018**			
		Salary (Including CPF)	**Fees**	**Bonus (Including CPF)**	**Other Benefits**
Below S$500,000 but above S$250,000	Shi Jiangang	100%	0%	0%	0%
	Sam Kok Yin	90%	0%	0%	10%
	Jiang Hao	24.8%	0%	64.9%	10.3%
Below S$250,000	Chan Cher Boon	0%	100%	0%	0%
	Francis Yau Thiam Hwa	0%	100%	0%	0%
	Tham Hock Chee	0%	100%	0%	0%

The total remuneration of each Director has not been disclosed in dollar terms given the sensitivity of remuneration matters and to maintain the confidentiality of the remuneration packages of these Directors.

Remuneration of top Key Management Personnel (who are not Directors)

In addition to the Executive Directors, the Company had two additional Key Management Personnel (who are not Directors) during FY2018. The breakdown of their remuneration is set out below:

Remuneration below S$250,000	**FY2018**			
	Salary (Including CPF)	**Bonus (Including CPF)**	**Other Benefits**	**Total**
Lee Wai Keong, Michael(1)	100%	0%	0%	100%
Tan Pei Shan(2)	85.3%	14.7%	0%	100%

Notes:

(1) Mr Lee Wai Keong, Michael resigned as Financial Controller of the Company with effect from 25 May 2018. Remuneration information is provided based from 1 January 2018 until 25 May 2018.

(2) Ms Tan Pei Shan was appointed as Financial Controller of the Company with effect from 16 April 2018. Remuneration information is provided based from 16 April 2018 until 31 December 2018.

The remuneration of the Key Management Personnel (who are not Directors) did not exceed S$250,000.

The aggregate remuneration of the Key Management Personnel (who are not Directors) has not been disclosed in dollar terms given the sensitivity of remuneration matters and to maintain the confidentiality of the remuneration package of the Key Management Personnel.

Remuneration of Employees who are Immediate Family Members of a Director or the CEO

Remuneration above S$250,000 and up to S$300,000	FY2018			
	Salary (Including CPF)	Bonus (Including CPF)	Other Benefits	Total
Jiang Jie	100%	0%	0%	100%

During FY2018, there was one employee who is related to a Director and who was in the employment of Touen Japan Co., Ltd, a subsidiary of Orient-Salt Chemicals Pte. Ltd, a wholly-owned subsidiary of the Company. Mr Jiang Jie is Mr Jiang Hao's brother. Mr Jiang Jie's remuneration exceeded S$250,000.

The remuneration of this employee has not been disclosed in dollar terms given the sensitivity of remuneration matters and to maintain the confidentiality of the remuneration package of this employee.

C. ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY (PRINCIPLE 10)
The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board endeavours to ensure that the annual audited financial statements and half-yearly announcements of the Group's results present a balanced and understandable assessment of the Group's position and prospects. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial and other price sensitive information are disseminated to shareholders through announcements via SGXNET.

RISK MANAGEMENT SYSTEM AND INTERNAL CONTROLS (PRINCIPLE 11)
The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for ensuring that there is a sound internal control system (including financial, operational, compliance and information technology controls) and effective risk management system to provide reasonable assurance to safeguard shareholders' investments and the Group's assets.

The Group's control environment provides the foundation upon which all other components of internal controls are built upon. It provides discipline and structure, setting the tone of the organisation and influencing the control consciousness of its staff. A weak control environment foundation hampers the effectiveness of even the best designed internal control procedure.

The AC is responsible for overseeing the internal controls and risk management of the Group and the Board of Directors, with the assistance of the internal and external auditors, reviews the adequacy of the Company's internal control systems, including financial controls, operational control, IT controls and compliance controls, and risk management policies and systems established by the Management on an annual basis.

The internal auditors and external auditors have, during the course of their audit, carried out a review of the effectiveness of key internal controls within the scope of their audit. Non-compliance and internal control weaknesses noted during their respective audits and their recommendations are reported to the AC. It was noted that there were no systemic issues to be highlighted. The AC has reviewed the internal auditors and external auditors' comments and findings to ensure that there are adequate internal controls in the Group and follow up on actions implemented in their next audit review.

In line with the 2012 Code, the AC, with the concurrence of the Board, had adopted a Management Assurance Confirmation Statement ("**Management Assurance Statement**") in May 2013, confirming that the financial records of the Company have been properly maintained, the Company's financial statements give a true and fair view of the Company's operations and finances and an effective risk management and internal control system has been put in place. The Management Assurance Statement would be signed by the Managing Director (equivalent of the Chief Executive Officer) and the Financial Controller (equivalent of the Chief Financial Officer) of the Company and tabled at each half-year and full year meetings. Consequent to the above, the Board noted that the AC had received the duly signed Management Assurance Statement for FY2018 from the Managing Director (equivalent of the Chief Executive Officer) and the Financial Controller (equivalent of the Chief Financial Officer) of the Company.

In view of the above and as required under Rule 1204(10) of the Catalist Rules, based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews carried out by the Management, various Board Committees and the Board in respect of the internal controls (including financial, operational, compliance and information technology controls) and the risk management system, the Board with the concurrence of the AC is satisfied with the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology control) and risk management systems in the Group for FY2018.

The Board recognises that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The review of the Group's internal control systems is a concerted and continuing process.

On a half-yearly basis, the AC reviews interested person transactions ("**IPTs**").

Risk Management Policies and Processes

The Board currently does not have in place a Risk Management Committee. However, the Board considers risk management as an ongoing process and reviews the Group's business and operational activities on a regular basis to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks to safeguard the assets of the Company and its business viability. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

The key risks which have been identified and are monitored and managed by the AC and Management and the Board as a whole include, without limitation, the following:

(i) Fall in prices of inventories

Chemicals costs are also subject to fluctuations determined by supply and demand for the material in the global market. To the extent possible, the Group tries to mitigate such risks by passing on this risk to its customers through entering into contracts with suppliers and customers.

(ii) Foreign Currency Risk

The Group is exposed to foreign exchange fluctuations as a significant percentage of its sales are exports and denominated in foreign currencies. To mitigate adverse fluctuations in exchange rates, the Group monitors its foreign currencies transactions to determine if an appropriate functional currency for each entity of the Group has been used and whether an appropriate presentation currency has been used for the Group. The Group also utilises forward contracts to hedge foreign currency transactions.

(iii) Credit Risk

The Group is subject to intense competition in securing new orders and is exposed to credit risk arising from trade receivables. To minimise exposure to bad debts, the Group monitors receivables on an ongoing basis and where possible, request customers for letters of credit or advance payment to mitigate credit risk.

More information on the Group's risk management policies is provided in 'Notes to the Financial Statements' on pages 119 to 128 of this annual report.

AUDIT COMMITTEE (PRINCIPLE 12)

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises the following Independent Directors:

Francis Yau Thiam Hwa (*Chairman*)
Chan Cher Boon
Tham Hock Chee

The Chairman of the AC, Mr Francis Yau Thiam Hwa, has extensive background in financial and risk management and is currently the chief financial officer of another Catalist listed company in Singapore. All the AC members, having accounting or related financial and business management expertise or experience, are appropriately qualified to discharge their responsibilities. None of the members of the AC are a former partner or director of the Company's easing auditing firm or auditing corporation.

The AC is required by its own terms of reference to meet at least twice a year. Attendances at AC meetings are provided on page 14. The AC meets separately with the internal and external auditors without the presence of Management at least once each year.

The AC carried out the following functions:

- reviewing with the internal and external auditors their audit plan, evaluation of the system of internal controls, audit report, letter to the Management and the Management's response thereto;

- reviewing the Company's half-year and full year financial statements and announcements including audited financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, going concern statement, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;

- reviewing the internal control procedures, ensure co-ordination between the internal and external auditors, co-operation from the Management and assistance given to facilitate their respective audits;

- discussing issues and concerns, if any, arising from the interim and final audits, and any matters which the internal and external auditors may wish to discuss in the absence of the Management, where necessary;

- reviewing and discussing with the external auditors any suspected fraud irregularity or suspected infringement of any relevant laws, rules or regulations which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response thereto;

- ensuring that the internal audit function is adequately resourced and staffed with persons who have the relevant qualifications and experience;

- reviewing annually the cost effectiveness of the audit, independence, objectivity and performance of the internal and external auditors;

- overseeing the internal controls and risk management of the Company and assessing the adequacy and effectiveness of these internal controls and risk management systems;

- reviewing the scope and results of the internal audit function and ensuring co-ordination between the internal and external auditors and the Management;

- making recommendations to the Board on the appointment, re-appointment, resignation and removal of the internal and/or external auditors, including approving the remuneration and terms of engagement of the external auditors;

- reviewing interested person transactions in accordance with the Catalist Rules;

- reviewing potential conflicts of interests, if any;

- reviewing whistle-blowing arrangements by which, staff of the Company or of the Group or any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters and, to conduct an independent investigation of such matters for appropriate follow up action;

- undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

- generally undertaking such other functions and duties as may be required by statute or Catalist Rules, or by such amendments as may be made from time to time.

The AC has the authority to investigate any matter within its terms of reference. The AC has full access to the Management and also has full discretion to invite any director or executive officer to attend its meetings or be provided with reasonable resources to enable it to discharge its functions properly.

The AC meets with the Group's internal auditors and Foo Kon Tan LLP ("**FKT**"), the external auditors, and the Management, to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

For FY2018, the AC had:

(i) reviewed the internal and external audit plans, including the nature and scope of work before commencement of these audits;

(ii) met up with the internal and external auditors, without the presence of the Management, to review and discuss the findings set out in their respective reports to the AC. Both the internal and external auditors confirmed that they had received the full cooperation of the Management and no restrictions were placed on the scope of audit;

(iii) reviewed and approved the consolidated statement of comprehensive income, statements of financial position, consolidated statement of changes in equity, consolidated cash flows and auditors' reports;

(iv) conducted a review of the non-audit services provided by FKT. Audit fees amounting to S$78,100 are to be paid to FKT for FY2018. No non-audit fees were paid to FKT for the provision of non-audit services to the Group. FKT had also confirmed their independence in this respect;

(v) confirmed that the Company had complied with Rule 712 of the Catalist Rules in relation to the appointment of a suitable auditing firm to meet its audit obligations.

FKT, the appointed auditors of the Group, is registered with the Accounting and Corporate Regulatory Authority in Singapore. With eleven partners, FKT currently has total staff strength of about 250. Mr Chang Fook Kay is the audit partner in charge of the Group for FY2018.

Having considered the various factors including, amongst others, the adequacy of the resources and experience of FKT and the audit engagement partner assigned to the audit, FKT's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff who were assigned to the audit of the Group, the AC was satisfied that the resources and experience of FKT, the Audit Engagement Partner and his team assigned to the team were adequate; and

(vi) confirmed that the Company had complied with Rule 715 of the Catalist Rules in relation to the appointment of the same auditing firm based in Singapore to audit its accounts, and its Singapore-incorporated subsidiaries. The Group's subsidiaries are disclosed under Note 5 of the Notes to the Financial Statements on page 82 to page 84 this annual report.

The AC is kept abreast of the changes to accounting standards and issues which have a direct impact on financial statements by way of updates given by the external auditors at every AC meeting.

In the review of the financial statements, the AC discussed with the Management and the external auditors on significant issues and assumptions that impact the financial statements. The most significant matter had also been included in the external auditors' report under "Key Audit Matters", namely, the valuation of put and call option and interest-free loan. Based on its review as well as discussion with the Management and the external auditors, the Audit Committee is satisfied that those matters, including the four key audit matters, have been properly dealt with and recommended the Board to approve the financial statements for FY2018 and the Board has approved them.

The AC, with the concurrence of the Board, had recommended the re-appointment of FKT as external auditors of the Company at the Company's forthcoming AGM.

The Company has a whistle-blowing policy, which was adopted in May 2007 and which comes under the purview of the AC, to provide well-defined and accessible channels in the Group through whereby employees of the Group may in confidence, raise their concerns and possible improprieties, fraudulent activities, malpractices within the Group in a responsible and effective manner in matters of financial reporting or other matters ("**Whistle Blowing Policy**"). The Whistle Blowing Policy had been updated in November 2013 to extend to "any other persons" in addition to all employees of the Group, in line with the 2012 Code. The objective of the Whistle Blowing Policy is to ensure that arrangements and processes are in place to facilitate independent investigation of such concerns and for appropriate follow-up action. There were no whistle blowing reports received in FY2018.

INTERNAL AUDIT (PRINCIPLE 13)

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has established and maintains on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits. The Company has outsourced its internal audit functions to an independent consulting firm, One e-Risk Services Pte. Ltd. The internal auditors ("**IA**") carry out their functions under the direction of the AC, and report their findings and recommendations directly to the AC.

The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The role of the IA is to support the AC in ensuring that the Company maintains a sound system of internal controls by monitoring and assessing the effectiveness of the key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigation as directed by the AC.

The IA shall remain independent of management and shall report directly to the Chairman of the AC. The IA shall be responsible for the preparation of internal audit plans to be reviewed and approved by the AC.

The AC meets at least once annually to ensure the adequacy of the internal audit functions. The AC reviewed and approved the internal audit plan proposed by the IA.

For FY2018, the AC had reviewed the adequacy of the IA and is satisfied with the IA independence and is also satisfied that it is sufficiently resourced and able to perform its functions effectively and objectively.

D. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS (PRINCIPLE 14)

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Act, the Board's policy is that all shareholders should be informed regularly and on a timely basis of all major developments that impact the Group.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNET. No dividends were declared or paid by the Company in FY2018 in view of the Group's loss for the year.

COMMUNICATION WITH SHAREHOLDERS (PRINCIPLE 15)

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Board is mindful of its obligation to provide full, accurate and timely disclosure of material information in accordance with the Catalist Rules. Half-yearly and full-year financial results are announced to shareholders and the public through the SGXNET. The annual report or circular(s) are published and sent to all shareholders on a timely basis. The notice of AGM is dispatched to shareholders with the annual report (together with explanatory notes or a circular/letter to shareholders on items of special business, if applicable) at least 14 days before the AGM if ordinary resolutions are to be transacted at the meeting or at least 21 days before a general meeting if special resolutions are to be transacted at such general meeting. Notices of the Company's AGMs are announced via newspaper publications and the SGXNET. The Company does not practice selective disclosure. In the event that there is any inadvertent disclosure made to a select group, the Company would also make the same disclosure publicly to all others as promptly as possible via an announcement on SGXNET.

In addition, the Company endeavours to maintain constant and effective communication with Shareholders through timely and comprehensive announcements of material and price-sensitive information that are disseminated through SGXNET. Question and Answer sessions are also held at AGMs and extraordinary general meetings to address shareholders' questions and at the same time, understand their views. In summary, the Group's material development and information are disclosed in:

(i) the Company's announcement of periodic financial results on the SGXNET;
(ii) notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings; and
(iii) circular or letters to shareholders to provide the shareholders with more information on its major transactions.

Shareholders of the Company may contact the Company at the email address and contact number set out in the section entitled "Corporate Information" of this Annual Report to express any concerns and views on matters relating to the Company.

CONDUCT OF SHAREHOLDER MEETINGS (PRINCIPLE 16)

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board encourages shareholder participation at AGMs and welcomes constructive views on matters affecting the Company. The Board (including the Chairman of the respective Board Committees) and the Management attend the Company's AGMs to address any questions that shareholders may have.

Each distinct issue is proposed as a separate resolution at the general meeting.

Shareholders are invited to attend shareholders' meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend these meetings, he/she (save for Relevant Intermediaries (as defined under the Act) who are entitled to appoint multiple proxies) is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms which are sent together with the Company's annual reports or circulars. The duly completed and original proxy form is required to be submitted not less than 72 hours before the shareholders' meeting and deposited at the registered office of the Company.

At the AGM, the shareholders are given opportunities to voice their views and seek clarification on issues relating to the Group's business as outlined in the agenda of the notice of AGM.

The Chairmen of the AC, NC and RC, Lead Independent Director and the external auditors are normally present at the AGM to answer questions raised by shareholders.

In line with the Catalist Rules, the Company conducts its voting by poll at its general meetings.

Dealings in the Company's Securities

The Company had adopted a Code of Best Practice on Securities Transactions to provide guidance to its directors, officers and employees with regard to dealings in the Company's securities and implications of Insider Trading (the "**Securities Code**") in compliance with Rule 1204(19) of the Catalist Rules. Under the provisions of the Code of Best Practice on Securities Transactions, the window period for dealing in the Company's securities is closed before the release of the results announcement.

As the Company does not fall within any of the categories in Rule 705(2) of the Catalist Rules, it is not required to announce quarterly results. As such, the "closed window period" only applies before the release of half-yearly and full-year results announcement.

Directors, officers and employees are not permitted to deal in the securities of the Company during the "closed window period", which is one month before the release of half-yearly and full-year results, or when they are in possession of price-sensitive information. Dealing may resume a day after the release of the said announcement.

In addition, the Directors, key officers and employees of the Group are discouraged from dealing in the Company's securities on short-term considerations. The Group confirmed that it had adhered to its Code of Best Practice on Securities Transactions.

INTERESTED PERSON AND RELATED PARTY TRANSACTIONS

The Company has established internal control policies to ensure that transactions with interested persons are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The AC and the Board had reviewed all interested person transactions ("**IPTs**") for FY2018 and were satisfied that the transactions were conducted at arm's length. It was noted that save as described in the table below, the IPTs entered into by the Company in FY2018 were within the threshold limits set out under Chapter 9 of the Catalist Rules and no announcements or shareholders' approval was, therefore, required.

The Company had obtained shareholders' approval for the adoption of an IPT mandate (the "**IPT Mandate**") for FY2018 at the AGM of the Company held on 26 April 2018 in respect of transactions that may be entered into between the Group and the following entities which Mr Shi Jiangang is interested in:

(a) Jiangsu Feixiang Chemical Co., Ltd (江苏飞翔化工股份有限公司);
(b) Kellin Chemicals (Zhangjiagang) Co., Ltd (凯凌化工（张家港）有限公司);
(c) Jiangsu Feymer Technology Co., Ltd (江苏富淼科技股份有限公司);
(d) Nantong Boyi Chemicals Co., Ltd (南通博亿化工有限公司);
(e) Jiangsu Feymer Membrane-Tech Co., Ltd (江苏富淼膜科技有限公司);
(f) Suzhou Gelan Resin Materials Technology Co., Ltd (苏州歌蓝树脂材料科技有限公司);
(g) Jiangsu Fopia Chemicals Co., Ltd (江苏富比亚化学品有限公司);
(h) Qingdao Fusilin Chemical Science and Technology Co., Ltd (青岛富斯林化工科技有限公司);
(i) Yancheng Hengsheng Chemicals Co., Ltd (盐城恒盛化工有限公司);
(j) Shanghai Tiantan Auxiliaries Co., Ltd (上海天坛助剂有限公司);
(k) Dalian Keduo Envirotech Co., Ltd (大连科铎环境科技有限公司);
(l) Zhongke Catalyst New Technology (Dalian) Co., Ltd (中科催化新技术（大连）股份有限公司);
(m) Suzhou Juwei Environmental Technology Co., Ltd. (苏州聚微环保科技有限公司); and
(n) Suzhou Jinqu Environmental Technology Co., Ltd. (苏州金渠环保科技股份有限公司).

Further details of the IPT Mandate are set out in the Letter to Shareholders dated 9 April 2019.

The Company had entered into transactions pursuant to the IPT Mandate during FY2018.

Details of IPTs (excluding transactions less than S$100,000) of the Group for FY2018 are as follows:

	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (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) - Sales and purchases of chemicals	-	102,545
Jiangsu Feymer Technology Co., Ltd (江苏富淼科技股份有限公司) - Sales of chemicals	-	1,503
Orient-Salt Chemicals (Shanghai) Co., Ltd. (上海东盐化工有限公司) - Rental of office	156	-
Orient-Salt Chemicals (Shanghai) Co., Ltd. (上海东盐化工有限公司) - Rental of motor vehicles	125	-

The Board is proposing that the IPT Mandate be renewed at the upcoming Annual General Meeting of the Company. The particulars of the IPTs in respect of which the IPT Mandate is sought to be renewed remain unchanged. For further details on the proposed renewal of the IPT Mandate, please refer to the Letter to Shareholders dated 9 April 2019.

MATERIAL CONTRACTS

There were no material contract entered into by the Company and its subsidiaries which involved the interests of any director or controlling shareholder during FY2018 save for the transactions set out in the "Interested Person and Related Party Transactions" section above.

CORPORATE SOCIAL RESPONSIBILITY

The Group advocates good environmental practices. In line with the concerns of global warming, the Group has undertaken environmentally-friendly measures to reduce energy usage and office consumables. We strive to reduce paper usage by encouraging employees to print on both sides of the paper and print documents only when necessary. We also encourage employees to recycle all used paper and use recycled materials where possible.

Employees are also encouraged to reduce power consumption. Electrical devices are required to be switched off when not in use and lights in the premises appropriately dimmed or switched off after office hours.

We are working to raise the level of awareness of good environmental practices amongst employees and will continue to step up recycling and energy conservation efforts in our operations and business.

In accordance with the Catalist Rules, the Group will issue its Sustainability Report on or before 10 May 2019 and upload the full Sustainability Report on SGXNET and on the Company's website.

CATALIST SPONSOR

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. Stamford Corporate Services Pte Ltd ("**Stamford**") is the current continuing sponsor of the Company. In compliance with Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to Stamford for FY2018.

Directors' statement
for the financial year ended 31 December 2018

We are pleased to present this statement to the members together with the audited financial statements of Abundance International Limited (“the Company”) and its subsidiaries (“the Group”) and the statement of financial position of the Company for the financial year ended 31 December 2018.

In our opinion,

(a) the accompanying financial statements of the Group and Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

The directors of the Company in office at the date of this statement are:

Shi Jiangang (Chairman)
Sam Kok Yin (Managing Director)
Jiang Hao (Executive Director)
Chan Cher Boon (Lead Independent Director)
Francis Yau Thiam Hwa (Independent Director)
Tham Hock Chee (Independent Director)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or of any other corporate body.

Directors’ interests in shares or debentures

According to the Register of Directors’ Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

The Company	**Holdings registered in the name of director**		**Holdings in which director is deemed to have an interest**	
Number of ordinary shares	As at 1.1.2018	**As at 31.12.2018**	As at 1.1.2018	**As at 31.12.2018**
Shi Jiangang	238,405,706	**238,405,706**	-	**-**
Sam Kok Yin [(1)]	-	**3,690,000**	105,411,100	**105,411,100**
Jiang Hao	117,600,000	**117,600,000**	-	**-**

Directors' interests in shares or debentures (Cont'd)

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
The Company				
Aggregate principal amount of Zero Coupon Bonds (2)	As at 1.1.2018 S$	**As at 31.12.2018 S$**	As at 1.1.2018 S$	**As at 31.12.2018 S$**
Shi Jiangang	4,768,114	**4,768,114**	-	**-**
Sam Kok Yin (3)	2,505,512	**2,505,512**	203,180	**203,180**
Jiang Hao	2,352,000	**2,352,000**	-	**-**
Number of European Warrants (2)	As at 1.1.2018	**As at 31.12.2018**	As at 1.1.2018	**As at 31.12.2018**
Shi Jiangang	238,405,706	**238,405,706**	-	**-**
Sam Kok Yin (3)	127,836,600	**127,936,800**	10,159,000	**10,159,000**
Jiang Hao	117,600,000	**117,600,000**	-	**-**
Number of Option Shares (4)				
Shi Jiangang	138,750,000	**-**	-	**-**
Sam Kok Yin	71,250,000	**-**	-	**-**

Notes:

1. Mr Sam Kok Yin, the Managing Director of the Company, is deemed interested in 10,159,000 shares held by his wife, Ms Tan Hui Har. Mr Sam Kok Yin is also deemed to have an interest in the 95,252,100 shares which he to transferred to a nominee company, Raffles Nominees (Pte). Ltd, during the last financial year. Mr Sam Kok Yin has direct interest of 3,690,000 shares, which are acquired during the financial year.

2. On 17 June 2016, the Company announced a renounceable non-underwritten rights issue of up to S$12,855,000 in principal amount of zero coupon bonds due 2021, with principal amount of S$0.02 and at an issue price of S$0.016 for each zero coupon 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. 642,750,000 zero coupon bonds with Warrants had been allotted and issued on 31 January 2017.

3. Mr Sam Kok Yin is deemed interested in the S$203,180 aggregate principal amount of zero-coupon bonds and the 10,159,000 Warrants held by his wife, Ms Tan Hui Har.

4. As disclosed in Note 19 under Non-transferrable convertible bond, on 25 September 2014, S$9,250,000 and S$4,750,000 of non-transferable convertible bonds due on 24 March 2016 were issued to Mr Shi Jiangang and Mr Sam Kok Yin respectively at an exercise price of S$0.05 per share. On 10 December 2014, Mr Sam Kok Yin converted S$3,000,000 of the convertible bonds and was issued and allotted 60,000,000 ordinary shares in the Company. Mr Shi Jiangang did not convert any of the convertible bonds.

   As of 31 December 2015, outstanding convertible bonds were S$9,250,000 and S$1,750,000, which when converted at S$0.05 per share will result in 185,000,000 and 35,000,000 shares allotted to Mr Shi Jiangang and Mr Sam Kok Yin respectively.

Directors' interests in shares or debentures (Cont'd)

On the due date of the convertible bonds, 24 March 2016, the outstanding convertible bonds were automatically converted resulting in 185,000,000 and 35,000,000 shares in the Company issued and allotted to Mr Shi Jiangang and Mr Sam Kok Yin respectively.

In consideration of Mr Shi Jiangang's and Mr Sam Kok Yin's subscriptions of the non-transferable convertible bonds, the Company granted them 138,750,000 and 71,250,000 option shares respectively with an exercise price of S$0.05 per share and exercisable anytime between 25 September 2015 and 24 September 2018 ("Call Options"). As at 31 December 2016, 31 December 2017 and 24 September 2018, no options were exercised. As such, the Call Options have expired in accordance with the terms of the subscription agreement.

Mr Shi Jiangang, Mr Sam Kok Yin and Mr Jiang Hao, by virtue of the provisions of Section 7 of the Act, are deemed to have an interest in shares of the Company and its related corporations.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

Share Options

Call Option

Name of the director	Option shares outstanding as at beginning of financial year	Aggregate option shares granted since commencement to end of financial year	Aggregate option shares exercised since commencement to end of financial year	Aggregate option shares lapsed in the financial year	Aggregate option shares outstanding as at end of financial year
			Number of Option Shares		
Shi Jiangang	138,750,000	138,750,000	-	(138,750,000)	-
Sam Kok Yin	71,250,000	71,250,000	-	(71,250,000)	-
Total	210,000,000	210,000,000	-	(210,000,000)	-

The Call Option is exercisable between the period from 25 September 2015 to 24 September 2018 at the exercise price of S$0.05 per option share. As at 24 September 2018, no options were exercised. As such, the Call Option has expired in accordance with the terms of the subscription agreement.

Call option over 40% subsidiary shares

The Company had on 14 March 2018 entered into a Put and Call Option Agreement (the "PCOA") with Mr Shi Jiangang in relation to a newly incorporated subsidiary, Zhangjiagang Orient-hill Microorgranisms Technology Co., Ltd. in conjunction with the RMB2.40 million interest-free loan granted by Mr Shi Jiangang to the Company (the "interest-free loan") on the same date.

The interest-free loan is repayable on 13 March 2022 and provides Mr Shi Jiangang with the right to convert the interest-free loan into 40% equity interest in the shares of Orient-hill (the "40% Subsidiary Shares") (the "Call Option"), held by the Company at any time between 13 March 2019 to 13 March 2022 (the "Option Period"). In addition, under the PCOA, Mr Shi Jiangang has granted a put option to the Company which provides the Company with the right to put the 40% Subsidiary Shares to Mr Shi Jiangang over the Option Period subject to the terms and conditions of the PCOA (the "Put Option"). Refer to Note 5 of the financial statements for further details on the incorporation of new subsidiary.

Share Options (Cont'd)

Except as disclosed above, no options to take up unissued shares of Company or any subsidiaries have been granted during the financial year.

There were no unissued shares of any subsidiaries under option as at 31 December 2018.

Except as disclosed above, no shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

Audit Committee

The Audit Committee at the end of the financial year comprises the following members:

Francis Yau Thiam Hwa (Chairman)
Chan Cher Boon
Tham Hock Chee

The Audit Committee performs the functions specified in Section 201B (5) of the Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance. In performing these functions, the Audit Committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditor. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the half yearly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2018 as well as the auditor's report thereon;

(iv) effectiveness of the Company's material internal controls, including financial, operational, compliance controls and information technology controls and risk management system via reviews carried out by the internal auditors;

(v) met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(viii) reviewed the nature and extent of non-audit services provided by the external auditor;

Audit Committee (Cont'd)

(ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and

(xi) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews carried out by Management, various Board Committees and the Board, the Board with the concurrence of the Audit Committee are of the opinion that the Group's internal controls addressing financial, operational, information technology, compliance risks and risk management systems, were adequate and effective as at 31 December 2018.

Full details regarding the Audit Committee are provided in the "Corporate Governance" section of the annual report.

In appointing our auditor for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Sponsorship

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is Stamford Corporate Services Pte Ltd.

There are no non-sponsor fees paid to the sponsor by the Company for the financial year ended 31 December 2018.

Independent auditor
The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....
SAM KOK YIN

....
JIANG HAO

Dated: 27 March 2019

Independent auditor's report to the members of Abundance International Limited and its subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Abundance International Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 45 to 133.

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) in Singapore (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the members of Abundance International Limited and its subsidiaries (Cont'd)

Key Audit Matters (Cont'd)

Valuation of put and call option and interest-free loan	**Audit Response/ Procedures**
<u>Risk Identified</u> As stated in Note 5, in connection with the joint venture agreement, the put and call options have been classified and designated as derivative financial instruments and the related interest-free loan has been classified and measured at amortised cost under SFRS(I) 9 *Financial Instruments*. We have identified the valuation of the put and call options, and interest-free loan as a Key Audit Matter as the valuation requires significant management judgement and estimation.	Our audit procedures included among others: - we obtained and reviewed the terms and conditions of the put and call options agreement including the interest-free loan and the joint venture agreement. - we reviewed the nature and appropriateness of management's classification of the derivative financial instruments of the put and call options and the amortised cost of the interest-free loan against the relevant accounting standard. - we assessed the competency, capability and objectivity of the independent valuer. - we involved our valuation specialists in assessing the appropriateness of the valuation methodologies, assumptions and reasonableness of certain inputs used by the independent valuer; - we performed sensitivity analysis over the assumptions and estimates over its measurement against source data and appropriate external sources, where appropriate; and - we assessed the adequacy of disclosure in relation to the put and call options and interest-free loan in the financial statements including estimation uncertainty and key assumptions used by management.

Independent auditor's report to the members of Abundance International Limited and its subsidiaries (Cont'd)

Other Information

Management is responsible for the other information. The other information refers to the "Directors' Statement" section of the annual report, but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the remaining sections of the annual report which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report to the members of Abundance International Limited and its subsidiaries (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent auditor's report to the members of Abundance International Limited and its subsidiaries (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Chang Fook Kay.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 27 March 2019

Statements of financial position
as at 31 December 2018

		The Group			The Company		
		31 December 2018	31 December 2017 (Restated)	1 January 2017 (Restated)	**31 December 2018**	31 December 2017 (Restated)	1 January 2017 (Restated)
	Note	**US$'000**	US$'000	US$'000	**US$'000**	US$'000	US$'000
ASSETS							
Non-Current Assets							
Subsidiaries	5	**-**	-	-	**7,869**	7,243	7,243
Property, plant and equipment	6	**13,721**	13,890	42	**13,574**	13,843	-
Deferred tax assets	7	**171**	206	2	**-**	-	-
		13,892	14,096	44	**21,443**	21,086	7,243
Current Assets							
Inventories	8	**12,685**	8,799	8,810	**8**	168	-
Trade receivables	9	**12,158**	27,089	7,226	**-**	5	-
Other receivables and deposits	10	**603**	823	249	**61**	59	78
Advances and prepayments	11	**7,668**	7,708	9,012	**15**	13	15
Amounts due from subsidiaries	12	**-**	-	-	**3,659**	4,877	2,855
Financial assets at fair value through profit or loss	13	**189**	227	111	**-**	-	-
Available for sale financial assets	14	**-**	-	648	**-**	-	-
Derivative financial instrument	15	**134**	-	-	**134**	-	-
Cash and bank balances	16	**8,338**	8,925	856	**513**	76	57
		41,775	53,571	26,912	**4,390**	5,198	3,005
Assets held-for-sale	17(a)	**-**	-	13,704	**-**	-	13,704
Assets directly associated with discontinued operations	17(b)	**-**	-	540	**-**	-	540
		-	-	14,244	**-**	-	14,244
Total assets		**55,667**	67,667	41,200	**25,833**	26,284	24,492
EQUITY							
Share capital	18	**33,246**	33,246	33,246	**33,246**	33,246	33,246
Other equity instruments	19	**2,011**	2,011	-	**2,011**	2,011	-
Reserves	20	**(14,555)**	(13,828)	(14,357)	**(19,256)**	(17,415)	(15,909)
Equity attributable to equity holders of the Company		**20,702**	21,429	18,889	**16,001**	17,842	17,337
Non-controlling interests		**16**	4	14	**-**	-	-
Total equity		**20,718**	21,433	18,903	**16,001**	17,842	17,337

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statements of financial position (Cont'd)
as at 31 December 2018

		The Group			The Company		
	Note	**31 December 2018 US$'000**	31 December 2017 (Restated) US$'000	1 January 2017 (Restated) US$'000	**31 December 2018 US$'000**	31 December 2017 (Restated) US$'000	1 January 2017 (Restated) US$'000
LIABILITIES							
Non-Current Liabilities							
Interest-free loan from a director	21(a)	**269**	-	-	**269**	-	-
Borrowings	22	**7,047**	6,253	3	**7,044**	6,246	-
Provisions	23	**11**	11	**-**	**11**	11	-
Deferred tax liabilities	7	**1,891**	1,853	**-**	**1,891**	1,853	-
		9,218	8,117	3	**9,215**	8,110	-
Current Liabilities							
Trade payables	24	**16,796**	29,540	10,827	**57**	91	-
Other payables and accruals	25	**1,351**	1,661	1,932	**330**	241	785
Advances from customers	26	**7,008**	5,377	2,907	**-**	-	-
Amounts due to directors	21(b)	**-**	1,037	3,052	**-**	-	3,052
Borrowings	22	**3**	3	9	**-**	-	-
Derivative financial instrument	15	**230**	-	-	**230**	-	-
Income tax liabilities		**343**	499	192	**-**	-	-
		25,731	38,117	18,919	**617**	332	3,837
Liabilities directly associated with discontinued operations	17(b)	**-**	-	3,375	**-**	-	3,318
		-	-	3,375	**-**	-	3,318
Total equity and liabilities		**55,667**	67,667	41,200	**25,833**	26,284	24,492

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated statement of profit or loss and other comprehensive income
for the financial year ended 31 December 2018

	Note	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 (Restated) US$'000
Revenue			
Sale of goods	27	**413,402**	524,017
Other operating income	28	**182**	435
Total Revenue		**413,584**	524,452
Expenses			
Changes in inventories		**(398,006)**	(506,434)
Employee benefits expense	29	**(3,018)**	(2,738)
Depreciation of property, plant and equipment	6	**(454)**	(853)
Freight and handling charges		**(7,339)**	(7,252)
Sub-contractors costs		**-**	(122)
Other expenses	30	**(4,303)**	(6,420)
Finance costs	31	**(1,042)**	(863)
Loss before taxation	32	**(578)**	(230)
Tax expense	33	**(168)**	(300)
Loss for the year		**(746)**	(530)
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
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation differences - foreign operations (nil tax effect)		**(347)**	992
Other comprehensive income for the year, net of tax		**16**	1,091
Total comprehensive (loss)/ income for the year		**(730)**	561
(Loss)/ Profit for the year attributable to:			
- Equity holders of the Company		**(743)**	(536)
- Non-controlling interests		**(3)**	6
Total loss for the year		**(746)**	(530)
Total comprehensive (loss)/ income attributable to:			
- Equity holders of the Company		**(727)**	555
- Non-controlling interests		**(3)**	6
Total comprehensive (loss)/ income for the year		**(730)**	561
Loss per share attributable to equity holders of the Company			
Basic and diluted (cents)	34	**(0.12)**	(0.08)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated statement of changes in equity
for the financial year ended 31 December 2018

	<------- Attributable to equity holders of the Company ------->								
The Group	**Share capital US$'000**	**Other equity instruments US$'000**	**Translation reserve US$'000**	**Asset revaluation reserve US$'000**	**Accumulated losses US$'000**	**Discount/ (premium) paid on acquisition of non-controlling interests US$'000**	**Total US$'000**	**Non-controlling interests US$'000**	**Total equity US$'000**
At 1 January 2017	33,246	-	(1,851)	9,909	(23,827)	1,412	18,889	14	18,903
(Loss)/ profit for the year	-	-	-	-	(683)	-	(683)	6	(677)
Other comprehensive income for the year	-	-	1,170	99	-	-	1,269	-	1,269
Total comprehensive income/ (loss) for the year, as previously stated	-	-	1,170	99	(683)	-	586	6	592
Prior year adjustment (Note 43)	-	-	(178)	-	147	-	(31)	-	(31)
Total comprehensive income/ (loss) for the year, as restated	-	-	992	99	(536)	-	555	6	561
Issuance of warrants	-	4,831	-	-	-	-	4,831	-	4,831
Prior year adjustment (Note 43)	-	(2,820)	-	-	-	-	(2,820)	-	(2,820)
Acquisition of non-controlling interests	-	-	-	-	-	(26)	(26)	(16)	(42)
At 31 December 2017, as restated	**33,246**	**2,011**	**(859)**	**10,008**	**(24,363)**	**1,386**	**21,429**	**4**	**21,433**
Loss for the year	**-**	**-**	**-**	**-**	**(743)**	**-**	**(743)**	**(3)**	**(746)**
Other comprehensive (loss)/ income for the year	**-**	**-**	**(347)**	**363**	**-**	**-**	**16**	**-**	**16**
Total comprehensive income/ (loss) for the year	**-**	**-**	**(347)**	**363**	**(743)**	**-**	**(727)**	**(3)**	**(730)**
Capital contribution by non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15**	**15**
At 31 December 2018	**33,246**	**2,011**	**(1,206)**	**10,371**	**(25,106)**	**1,386**	**20,702**	**16**	**20,718**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated statement of cash flows
for the financial year ended 31 December 2018

	Note	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 (Restated) US$'000
Cash Flows from Operating Activities			
Loss before taxation		**(578)**	(230)
Adjustments for:			
Depreciation of property, plant and equipment	6	**454**	853
Dividend income	28	**(3)**	-
Interest income	28	**(20)**	(30)
Interest expense	31	**1,042**	863
Fair value loss from derivative asset at fair value through profit or loss	15(a) & 28	**5**	-
Fair value gain from derivative liability at fair value through profit or loss	15(b) & 28	**(42)**	-
Fair value gain on financial assets at fair value through profit or loss	13 & 28	**38**	(72)
Write-down of inventories, net	8 & 30	**218**	91
Operating profit before working capital changes		**1,114**	1,475
Change in inventories		**(4,163)**	187
Change in trade and other receivables and deposits		**15,146**	(20,164)
Change in advances and prepayments		**40**	1,304
Changes in trade and other payables and accruals		**(13,054)**	17,809
Change in advances from customers		**1,631**	2,470
Cash generated from operations		**714**	3,081
Interest income received		**20**	30
Interest paid		**(72)**	(166)
Income tax refund		**(291)**	7
Net cash generated from operating activities		**371**	2,952
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	6	**(115)**	(13)
Purchase of financial assets at fair value through profit or loss	13	**(127)**	(241)
Disposal of available-for-sale financial assets	14	**-**	648
Proceeds from disposal of financial assets at fair value through profit and loss	13	**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			
Proceeds from trade receivables factoring		**5**	67
Repayments to finance lease liabilities		**(4)**	(2)
Net repayments for amount due to directors		**(1,037)**	(3,298)
Interest-free loan from a director		**382**	-
Capital contribution from non-controlling interest		**15**	-
Proceeds from issue of bonds with detachable warrants		**-**	7,393
Interest paid		**(20)**	-
Net cash (used in)/ generated from financing activities		**(659)**	4,160
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 year		**8,551**	856
Cash and cash equivalents at end of year	16	**7,966**	8,551

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated statement of cash flows (Cont'd)
for the financial year ended 31 December 2018

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:

		Cash flows		Non-cash changes		
	1 January 2018 US$'000	Proceeds US$'000	Repayment US$'000	Currency translation differences US$'000	Non-cash adjustments US$'000	31 December 2018 US$'000
Trade receivable factoring	(12)	5	-	7	-	**-**
Finance lease liabilities	10	-	(4)	-	-	**6**
Bond payables and detachable warrants	8,257	-	-	(132)	930 [2]	**9,055**
Capital contribution from non-controlling interest	-	15	-	-	-	**15**
Interest-free loan from a director	-	382	-	-	(113) [1]	**269**
Amount due to directors	1,037	2,224	(3,261)	-	-	**-**

		Cash flows		Non-cash changes		
	1 January 2017 US$'000	Proceeds US$'000	Proceeds US$'000	Currency translation differences (Restated) US$'000	Non-cash adjustments (Restated) US$'000	31 December 2017 (Restated) US$'000
Trade receivable factoring	(76)	67	-	(3)	-	(12)
Finance lease liabilities	12	-	(2)	-	-	10
Bond payables and detachable warrants	-	7,393	-	136	728 [2]	8,257
Amount due to directors	4,138	13,517	(16,815)	197	-	1,037

[1] This represents the imputed interest expense and fair value adjustments of the interest-free loan from a director.

[2] This relates to the imputed interest expense on bond payables.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 General information

The financial statements of the Company and of the Group for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' statement.

The Company is listed on the Catalist which is a share market on Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company is incorporated in Singapore with limited liability.

The registered office is located at 9 Joo Koon Circle, Singapore 629041.

The principal activities of the Company are those of investment holding, print and paper management related activities. The principal activities of the subsidiaries are those of trading of commodity chemical products, provision of water treatment solutions using microbial and/or chemicals in the People's Republic of China ("PRC"), and in investment and trading of securities.

2 Going concern

Notwithstanding that the Group has incurred a loss of US$746,000 (Restated 2017 - US$530,000), total comprehensive loss of US$730,000 (Restated 2017 - total comprehensive income of US$561,000), the Group has recorded a net operating cash inflows of US$371,000 (2017 - US$2,952,000) for the financial year ended 31 December 2018 and the Group and the Company had net current assets as at 31 December 2018 which amounted to US$16,044,000 (2017 - US$15,454,000) and US$3,773,000 (2017 - US$4,866,000) respectively. The Group also has cash and bank balances of US$8,338,000 (2017: US$8,925,000) as at 31 December 2018. In addition, the Bond Payables of the Group and the Company of US$7,044,000 (Restated 2017: US$6,246,000) are not due until January 2021.

Accordingly, the directors are of the opinion that there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

3.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements have been presented in United States dollars ("USD" or "US$") while the Company's functional currency remain in Singapore dollars ("SGD" or "S$"). As the Group's chemical businesses are traded mainly in USD, the directors are of the view that a USD financial reporting provides more relevant presentation of the Group's financial performance and cashflows.

All financial information presented in USD have been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I).*

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

3.2 Adoption of SFRS(I) (Cont'd)

(a) Optional exemptions applied (Cont'd)

(ii) Practical expedients on adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

As permitted under paragraph C5 of SFRS(I) 15, the transaction price allocated to (partially) unsatisfied performance obligations as of 31 December 2017 is not disclosed using the transition provisions of SFRS(I) 15.

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I)

As at 1 January 2017	Note	Reported under SFRS US$'000	Prior year adjust-ments US$'000	Effects of applying SFRS(I) 1 US$'000	Effects of applying SFRS(I) 15 US$'000	Effects of applying SFRS(I) 9 US$'000	Reported under SFRS(I) US$'000
ASSETS							
Non-Current Assets							
Property, plant and equipment	A1	42	-	-	-	-	42
Deferred tax assets		2	-	-	-	-	2
		44	-	-	-	-	44
Current Assets							
Inventories		8,810	-	-	-	-	8,810
Trade receivables	B,C	-	7,226	-	-	-	7,226
Other receivables and deposits	B,C	-	249	-	-	-	249
Trade receivables and other receivables	C	7,398	(7,398)	-	-	-	-
Deposits	C	77	(77)	-	-	-	-
Advances and prepayments		9,012	-	-	-	-	9,012
Financial assets at fair value through profit or loss		111	-	-	-	-	111
Available for sale financial assets		648	-	-	-	-	648
Cash and bank balances		856	-	-	-	-	856
		26,912	-	-	-	-	26,912
Assets held-for-sale		13,704	-	-	-	-	13,704
Assets directly associated with discontinued operations		540	-	-	-	-	540
		14,244	-	-	-	-	14,244
Total assets		41,200	-	-	-	-	41,200
EQUITY							
Share capital		33,246	-	-	-	-	33,246
Reserves		(14,357)	-	-	-	-	(14,357)
Equity attributable to equity holders of the Company		18,889	-	-	-	-	18,889
Non-controlling interests		14	-	-	-	-	14
Total equity		18,903	-	-	-	-	18,903
LIABILITIES							
Non-Current Liabilities							
Borrowings		3	-	-	-	-	3
		3	-	-	-	-	3

3.2 Adoption of SFRS(I) (Cont'd)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (Cont'd)

As at 1 January 2017	Note	Reported under SFRS US$'000	Prior year adjust-ments US$'000	Effects of applying SFRS(I) 1 US$'000	Effects of applying SFRS(I) 15 US$'000	Effects of applying SFRS(I) 9 US$'000	Reported under SFRS(I) US$'000
LIABILITIES							
Current Liabilities							
Trade payables		10,827	-	-	-	-	10,827
Other payables and accruals		1,932	-	-	-	-	1,932
Advances from customers		2,907	-	-	-	-	2,907
Amounts due to directors		3,052	-	-	-	-	3,052
Borrowings		9	-	-	-	-	9
Income tax liabilities		192	-	-	-	-	192
		18,919	-	-	-	-	18,919
Liabilities directly associated with discontinued operations		3,375	-	-	-	-	3,375
		3,375	-	-	-	-	3,375
Total equity and liabilities		41,200	-	-	-	-	41,200
As at 31 December 2017							
ASSETS							
Non-Current Assets							
Property, plant and equipment	A1	13,890	-	-	-	-	13,890
Deferred tax assets		206	-	-	-	-	206
		14,096	-	-	-	-	14,096
Current Assets							
Inventories		8,799	-	-	-	-	8,799
Trade receivables	B,C	-	27,089	-	-	-	27,089
Other receivables and deposits	B,C	-	823	-	-	-	823
Trade receivables and other receivables	C	27,852	(27,852)	-	-	-	-
Deposits	C	60	(60)	-	-	-	-
Advances and prepayments		7,708	-	-	-	-	7,708
Financial assets at fair value through profit or loss		227	-	-	-	-	227
Cash and bank balances		8,925	-	-	-	-	8,925
		53,571	-	-	-	-	53,571
Total assets		67,667	-	-	-	-	67,667
EQUITY							
Share capital		33,246	-	-	-	-	33,246
Other equity instruments	C	4,831	(2,820)	-	-	-	2,011
Reserves	C	(13,797)	(31)	-	-	-	(13,828)
Equity attributable to equity holders of the Company		24,280	(2,851)	-	-	-	21,429
Non-controlling interests		4	-	-	-	-	4
Total equity		24,284	(2,851)	-	-	-	21,433

3.2 Adoption of SFRS(I) (Cont'd)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (Cont'd)

As at 31 December 2017	Note	Reported under SFRS US$'000	Prior year adjust-ments US$'000	Effects of applying SFRS(I) 1 US$'000	Effects of applying SFRS(I) 15 US$'000	Effects of applying SFRS(I) 9 US$'000	Reported under SFRS(I) US$'000
LIABILITIES							
Non-Current Liabilities							
Borrowings	C	3,402	2,851	-	-	-	6,253
Provisions		11	-	-	-	-	11
Deferred tax liabilities		1,853	-	-	-	-	1,853
		5,266	2,851	-	-	-	8,117
LIABILITIES							
Current Liabilities							
Trade payables		29,540	-	-	-	-	29,540
Other payables and accruals		1,661	-	-	-	-	1,661
Advances from customers		5,377	-	-	-	-	5,377
Amounts due to directors		1,037	-	-	-	-	1,037
Borrowings		3	-	-	-	-	3
Income tax liabilities		499	-	-	-	-	499
		38,117	-	-	-	-	38,117
Total equity and liabilities		67,667	-	-	-	-	67,667

(c) Reconciliation of the Group's total comprehensive income reported in accordance with SFRS to SFRS(I)

As at 31 December 2017	Note	Reported under SFRS US$'000	Prior year adjust-ments US$'000	Effects of applying SFRS(I) 1 US$'000	Effects of applying SFRS(I) 15 US$'000	Effects of applying SFRS(I) 9 US$'000	Reported under SFRS(I) US$'000
Revenue							
Sale of goods	D1	524,017	-	-	-	-	524,017
Other operating income		435	-	-	-	-	435
Total Revenue		524,452	-	-	-	-	524,452
Expenses							
Changes in inventories		(506,434)	-	-	-	-	(506,434)
Employee benefits expense		(2,738)	-	-	-	-	(2,738)
Depreciation of property, plant and equipment		(853)	-	-	-	-	(853)
Freight and handling charges		(7,252)	-	-	-	-	(7,252)
Sub-contractors costs		(122)	-	-	-	-	(122)
Other expenses		(6,420)	-	-	-	-	(6,420)
Finance costs	C	(1,010)	147	-	-	-	(863)
Loss before taxation		(377)	147	-	-	-	(230)
Tax expense		(300)	-	-	-	-	(300)
Loss for the year		(677)	147	-	-	-	(530)

3.2 Adoption of SFRS(I) (Cont'd)

(c) Reconciliation of the Group's total comprehensive income reported in accordance with SFRS to SFRS(I) (Cont'd)

As at 31 December 2017	Note	Reported under SFRS US$'000	Prior year adjust-ments US$'000	Effects of applying SFRS(I) 1 US$'000	Effects of applying SFRS(I) 15 US$'000	Effects of applying SFRS(I) 9 US$'000	Reported under SFRS(I) US$'000
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)		99	-	-	-	-	99
Items that may be subsequently reclassified to profit or loss							
Foreign currency translation differences - foreign operations (nil tax effect)	A2	1,170	(178)	-	-	-	992
Other comprehensive income/(loss) for the year, net of tax		1,269	(178)	-	-	-	1,091
Total comprehensive income/(loss) for the year		592	(31)	-	-	-	561

(d) There were no material adjustments to the Group's statement of cash flows arising from the transition from SFRS to SFRS(I).

(e) Explanatory notes to reconciliations:

A. Optional Exemption

As disclosed in Note 3.2(a), the Group has applied certain exemptions in preparing this first set of financial statements in accordance with SFRS(I). The exemptions that applied did not result in significant adjustments to the previously issued SFRS financial statements which were as follows:

<u>A1. Use of fair value at date of transition as deemed cost</u>

The Group has not elected to measure its plant and equipment that were previously accounted for using cost model at the date of transition at its fair value.

At date of transition on the adoption of SFRS(I), the Group's property was classified as held for sale under SFRS 105 at 31 December 2016. It was subsequently reclassified to property, plant and equipment during the financial year ended 31 December 2017 and measured at fair value in accordance with SFRS 16 *Property, Plant and Equipment*.

On adoption of SFRS(I), the Group continued to account for the property at valuation. There is no impact to the revaluation reserves on adoption of SFRS(I).

3.2 Adoption of SFRS(I) (Cont'd)

(e) Explanatory notes to reconciliations: (Cont'd)

A. Optional Exemption (Cont'd)

A2. Foreign currency translation differences - foreign operations (nil tax effect)

The Group has not elected to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to SFRS(I) on 1 January 2017 as management is able to identify and attribute the translation differences to the respective foreign operations and is of the view that the current accounting for cumulative translation differences best reflect the presentation of the financial positions of the Group.

B. Adoption of SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate comparative information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under SFRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under SFRS 107 *Financial Instruments: Disclosures* relating to items within the scope of SFRS 39 are provided for the comparative period.

The accounting policies for financial instruments under SFRS(I) 9 is as disclosed in Note 3.4.

Classification and measurement of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous SFRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. No reclassifications resulting from management's assessment.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table presents original measurement categories under SFRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

3.2 Adoption of SFRS(I) (Cont'd)

(e) Explanatory notes to reconciliations: (Cont'd)

B. Adoption of SFRS(I) 9 (Cont'd)

Group and Company	Original classification under SFRS 39 (Up to financial year ended 31 December 2017)	New classification under SFRS(I) 9 (Effective from 1 January 2018)
Financial assets		
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	Fair value through other comprehensive income
Cash and bank balances	Loan and receivables	Amortised cost

Company	Original classification under SFRS 39 (Up to financial year ended 31 December 2017)	New classification under SFRS(I) 9 (Effective from 1 January 2018)
Financial assets		
Amounts due from subsidiaries	Loan and receivables	Amortised cost

Impairment of financial assets
The Group and the Company have the following financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- Trade receivables recognised under SFRS(I) 15; and
- Advances to subsidiaries at amortised cost.

The impairment methodology under SFRS and SFRS(I) for each of these classes of financial assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Note 3.4 and Note 40.

There is no additional impairment loss allowance under SFRS(I) 9 as at 1 January 2018. This was mainly due to the short debtors' turnover days arising from chemicals trading of an average 11 days (2017: 19 days) and fast settlement.

C. Prior year adjustments

Please refer to Note 43 for details.

D. Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively. As disclosed in Note 3.2(a)(ii), the Group has also elected to apply the transition provisions under paragraph C5 of the SFRS(I) 15 at 1 January 2018.

The adoption of SFRS(I) 15 did not result in adjustments to the previously issued SFRS financial statements as the impact is not material based on the assessment performed by the management.

D1. Accounting for contracts with separate performance obligations
Under SFRS(I) 15, each contract for sales of chemical products was assessed to be one contract with revenue recognised at a point in time when the control of the goods were transferred to the buyer and when the amount of the costs of the transactions can be measured reliably.

3.2 Adoption of SFRS(I) (Cont'd)

(e) Explanatory notes to reconciliations: (Cont'd)

D. Adoption of SFRS(I) 15 (Cont'd)

D1. Accounting for contracts with separate performance obligations (Cont'd)

The Group has assessed each contract under the requirements of SFRS(I) 15 and concluded that there are two distinct performance obligations which are satisfied at different timings for certain contracts. This is applicable due to its subsidiaries, Orient-Salt Chemicals Pte. Ltd. ("OSC")'s trading businesses where shipping services are provided mainly under Cost and Freight ("CFR") international commercial term ("incoterm'), which is considered as a distinct service and, therefore, a separate performance obligation to which a proportion of the transaction price should be allocated and recognised over time as the shipping services are provided. Revenue from the sales of chemical products is recognised at a point in time as explained in the preceding paragraph.

The impact on the timing of revenue recognition of the proportion allocated to the shipping service was not significant as it represented approximately 1.4% or US$7,252,000 and 1.8% or US$7,339,000 of the total revenue of the Group of US$524.0 million and US$413.4 million respectively for the financial years ended 31 December 2017 and 2018. Therefore, such revenue may not be presented separately in the Group's financial statements.

3.3 SFRS(I) issued but not yet effective

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted:

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
SFRS(I) 16	*Leases*	1 January 2019
Amendments to SFRS(I) 9	*Prepayment Features with Negative Compensation*	1 January 2019
SFRS(I) INT 23	*Uncertainty Over Income Tax Treatments*	1 January 2019
SFRS(I) 1-19	*Plan Amendment: Curtailment or Settlement*	1 January 2019
SFRS(I) 3	*Amendments to SFRS(I) 3: Definition of a Business*	1 January 2020
SFRS(I) 1-1, SFRS(I) 1-8	*Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material*	1 January 2020

The directors do not anticipate that the adoption of the above SFRS(I)s in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except 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 will not change significantly.

3.3 SFRS(I) issued but not yet effective (Cont'd)

SFRS(I) 16 *Leases* (Cont'd)
The Group will apply 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 will be measured on transition as if the new rules had always been applied. All other ROU assets will be 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 is expected to use hindsight in determining the lease term.

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of US$381,000 (Note 35(b)). Of these commitments, approximately US$117,000 relates to short-term leases and US$9,000 to low-value leases which both are recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments the Group expects to recognise right-of-use assets of approximately of US$214,000 on 1 January 2019 and corresponding lease liabilities of US$214,000.

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 that net profit before tax will decrease by approximately US$175,000 for year 2019 as a result of adopting the new rules. Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA) used to measure segment results is expected to increase by approximately US$31,000, as the operating lease payments were included in EBITDA, but the amortisation of the ROU assets and interest on the lease liabilities are excluded from this measure.

Operating cashflows will increase and financing cashflows decrease by approximately US$144,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as lessor are not material and the Group does not expect any significant impact on the financial statements.

3.4 Summary of significant accounting policies

Consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. Information on its subsidiaries is given in Note 5 to the financial statements.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

3.4 Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

<u>A change in the ownership interest</u>
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

3.4 Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

A change in the ownership interest (Cont'd)
When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisition of businesses
The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business combination comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

Disposals
When a change in the Group's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Transactions with non-controlling interest
Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

3.4 Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Transactions with non-controlling interest (Cont'd)
Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Investment in subsidiaries
In the Company's separate financial statements, investments in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Property, plant and equipment and depreciation
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold land and buildings	Over remaining tenure of lease
Furniture, fittings and office equipment	3 - 15 years
Plant and machinery	10 years

Leasehold land and building is initially recognised at cost and subsequently stated at their revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are carried out with sufficient regularity such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the end of the reporting period.

When an asset is revalued, any increase in the carrying amount is credited directly to revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset which was previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the previous write down.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to retained earnings when the asset is de-recognised.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

3.4 Summary of significant accounting policies (Cont'd)

Property, plant and equipment and depreciation (Cont'd)
For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Impairment of non-financial assets
The carrying amounts of the Group's and Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decrease.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of the reporting period.

3.4 Summary of significant accounting policies (Cont'd)

Inventories
Inventories are carried at the lower of cost and net realisable value. Cost of paper products and chemical products is determined on a first-in-first-out and weight average basis respectively. The cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Financial assets
The accounting for financial assets before 1 January 2018 is as follows:

Financial assets, other than hedging instruments, can be divided into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date – the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment of impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

At the reporting date, the Group and the Company do not hold any held-to-maturity investments.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables, related party balances, deposits and cash and bank balances. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write back is recognised in profit or loss.

3.4 Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Loans and receivables (cont'd)

Certain trade receivables that are factored to financial institutions without recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions are recorded as borrowings if there is a draw down made by the Group.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of reporting period.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

The Group has designated its investments as financial assets at fair value through profit or loss held for trading.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in profit or loss for the period.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed in profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment losses recognised in a previous interim period in respect of available-for-sale equity investments are not reversed even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting period or end of reporting period.

3.4 Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)
Determination of fair value
The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

The accounting for financial assets from 1 January 2018 is as follows:

Classification and measurement
The Group classifies its financial assets in the following measurement categories:
- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) *Debt instruments*
Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and amount due from subsidiaries.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

3.4 Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

***Classification and measurement* (Cont'd)**

At subsequent measurement (Cont'd)

(i) Debt instruments (Cont'd)

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other operating income or other expense". Interest income from these financial assets is recognised using the effective interest rate method and presented in "other operating income".

- FVTPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other operating income and other expense".

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other operating income or other expense", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains / losses" in OCI. Dividends from equity investments are presented in profit or loss as "other operating income".

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

3.4 Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets **(Cont'd)**
For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than days past due.

The Group consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

3.4 Summary of significant accounting policies (Cont'd)

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, bank deposits with financial institution and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of the pledged fixed deposits.

Assets directly associated with discontinued operations
Assets directly associated with discontinued operations were classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount was recovered principally through a sale transaction rather than through continuing use. The assets were not depreciated or amortised while they were classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement was recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) was recognised in profit or loss.

A discontinued operation was a component of an entity that either had been disposed of, or that was classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations; or
(b) was part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) was a subsidiary acquired exclusively with a view to resale.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Other equity instruments classified as equity
Other equity instruments which do not result in the Group having a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable to the Group, are classified as equity. Distributions arising from such instruments are recognised in equity as there is no contractual obligation to pay distributions on these instruments. Incremental external costs directly attributable to the issuance of such instruments are accounted for as a deduction from equity.

Dividends
Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

3.4 Summary of significant accounting policies (Cont'd)

Financial liabilities
The Group's financial liabilities include trade payables, other payables and accruals, borrowings, amounts due to directors, interest-free loan from a director, derivative financial instruments and provisions.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. The Group determines its classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After the initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gain and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Financial liabilities are derecognised when the obligations specified in the contract are discharged or cancelled or expire.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Borrowing
Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

(a) Borrowing
Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Zero coupon bonds
Proceeds from the bond cum warrants issue are allocated separately between the value of the bonds and the value of the warrants. The fair value of the liability portion is determined using the market interest rate for an equivalent non-convertible bond; this amount is recorded as a non-current liability on the amortised cost basis until it is extinguished on conversion or maturity of the bonds. The remainder of the proceeds is ascribed to the 642,750,000 detachable warrants which are recognised as other equity instruments and an appropriate amount transferred to the share capital account as and when the warrants are exercised. The discount on the value of the bonds is amortised over the life of the bonds of 4 years and charged to profit or loss using the effective interest rate method.

3.4 Summary of significant accounting policies (Cont'd)

Borrowing (Cont'd)

(c) Interest-free loan from a director

The loan proceeds arose from the incorporation of a subsidiary and provides a director with the option ("call option") to convert the loan into certain equity interest in the shares of a subsidiary held by the Company during the option period. Simultaneously, the director has granted an option ("put option") for the Company to put certain equity interest in the shares of a subsidiary to the director during the option period. The initial carrying amount of the loan is the residual amount after separating the embedded derivatives (i.e.: put and call option).

The loan amount is recorded as a non-current liability and subsequently measured at amortised cost until it is extinguished on conversion or maturity of the loan. The discount on the value of the loan is amortised over the option period of 4 years and charged to profit or loss using the effective interest rate method.

Derivative financial instruments - Put and call options

Put and call options are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately. Put and call options are derecognised when the option holder exercised the option or when the option is expired.

Financial guarantees

The Company has issued a corporate guarantee to banks for bank facilities of its subsidiaries. This guarantee is a financial guarantee contract as it requires the Company to reimburse the bank if the subsidiary fail to make principal or interest payments when due in accordance with the terms of their facilities. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of (a) and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

A provision for restructuring is recognised for the expected costs associated with the restoration of leasehold building. The provision is based on the best estimate of the direct expenditures to be incurred which are both necessarily entailed by the restoration and not associated with the on-going activities of the Group.

3.4 Summary of significant accounting policies (Cont'd)

Provisions (Cont'd)
The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Leases
Where the Group and the Company are the lessees

i) Finance leases
Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

ii) Operating leases
Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

Where the Group and the Company are the lessor

i) Operating leases
Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

3.4 Summary of significant accounting policies (Cont'd)

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

(i) Sales of chemical products

The Group sells a range of chemical products in the marketplace. Revenue is recognised when the control of the goods has been transferred to the customer, either over time or at a point in time, depending on the contractual terms specified in the contract. The goods are usually sold without the right of return, volume discounts or warranty. No element of financing is deemed present as the sales made are usually completed within 3 months.

Revenue is recognised at a point in time when the goods are delivered to the customer or the customer has taken physical delivery according to the agreed sales term and all criteria for acceptance have been satisfied.

Revenue is recognised over time when there is involvement of performance obligations in contracts with customers. This is generally applicable to the sales whereby the Group is responsible for the shipping and handling services of the goods. The title of the goods would have been transferred to the customers at the point of loading based on the predefined International Commercial Terms ("Incoterm") specified in the contract with the customer. However, the performance obligation is satisfied upon the goods are delivered to the customer. In this case, the amount of the revenue is recognised based on the transaction price allocated to the satisfied PO. Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods.

(ii) Fair value gains or losses from financial assets at fair value through profit or loss
Trading gains or losses from investments classified as financial assets at fair value through profit or loss are recorded using the trade date method.

(iii) Interest income
Interest income is recognised on a time proportion basis using the effective interest method.

(iv) Rental income
Rental income from subleased property is presented in the profit or loss as 'other operating income'.

(v) Dividend income
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

These accounting policies are applied before the initial application date of SFRS(I) 15, 1 January 2018:

Revenue from the rendering of services is measured at the fair value of the consideration received or receivable, net of goods and services taxes or other sales taxes and trade discounts. Revenue from the provision of services is recognised in the period in which the services are rendered.

3.4 Summary of significant accounting policies (Cont'd)

Revenue recognition (Cont'd)
Revenue from trading of chemical commodities is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transactions can be measured reliably. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Trading gains or losses from investments classified as financial assets at fair value through profit or loss are recorded using the trade date method.

Interest income is recognised on a time proportion basis using the effective interest method.

Government grant
Government grants related to income are grants other than those related to assets. It is recognised as part of other operating income on a systematic basis over the periods on a receipt basis.

Employee benefits
Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans
The Group and the Company participate in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. The Company and its Singapore incorporated subsidiaries makes contribution to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore. The subsidiary incorporated in the People's Republic of China contributes to certain staff pension benefits, a defined contribution plan regulated and managed by PRC regulations. The subsidiary incorporated in Japan contributes to the Employees' Pension Insurance, a defined contribution plan regulated and managed by the Government of Japan.

The contributions to national pension scheme are charged to profit or loss in the period to which the contributions relate.

Employee leave entitlements
Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting year.

Income taxes
Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3.4 Summary of significant accounting policies (Cont'd)

Income taxes (Cont'd)
A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Related parties
A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel
Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

3.4 Summary of significant accounting policies (Cont'd)

Operating segments
An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer who makes strategic resources allocation decisions.

Functional currencies
Functional and presentation currency
Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in USD, while the Company's functional currency remain in SGD.

Conversion of foreign currencies
Transactions and balances
Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the date of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

Group entities
The results and financial position of all the entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the translation reserve.

4 Significant accounting estimates and judgements

The preparation of the financial statements in accordance with this basis of preparation requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

Significant judgements in applying accounting policies

Income tax (Notes 7 and 33)
The Group has exposures to income taxes in Singapore, Japan and China. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's deferred tax assets and liabilities as at 31 December 2018 are US$ 171,000 and US$1,891,000 (2017 - US$206,000 and US$1,853,000) respectively.

Determination of functional currency
The functional currency of the Company is Singapore dollars. Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). Notwithstanding the Singapore dollar functional currency of the Company, the financial statements of the Group and the Company have been presented in United States dollars in order to best represent the core business performance and its underlying exposures from an operational perspective as the Group carries out chemical trading in mainly United States dollars. The determination of the functional currency involves significant judgment.

The Company reconsiders its functional currency if there is a change in the underlying transactions, events and conditions which determine their primary economic environment. The determination of functional currency affects the carrying value of non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the profit or loss. It also impacts exchange gains and losses included in the profit or loss.

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Classification and valuation of leasehold land and building classified as assets directly associated with discontinued operations (Notes 6 and 17)
The Group's leasehold land and building which was classified as assets directly associated with discontinued operations in the previous year following the cessation of the internal printing operations of the Group has yet to be disposed of as at 31 December 2017. The sale was not completed within the last 2 years (since the classification) due to the poor property market whereby the Company was unable to sell the leasehold property for the amount it was valued at. As these assets are unable to meet the conditions required by SFRS 105 to continue to be classified as assets held for sale, the Company had reclassified the leasehold land and building from assets directly associated with discontinued operations to property, plant and equipment as at 31 December 2017.

4 Significant accounting estimates and judgements (Cont'd)

Significant judgements in applying accounting policies (Cont'd)

Classification and valuation of leasehold land and building classified as assets directly associated with discontinued operations (Notes 6 and 17) (Cont'd)
The Group's leasehold land and building is stated at its estimated fair value based on the valuation performed by an independent professional valuer who has adopted the Direct Comparative Method and Income Capitalisation Approach to value the leasehold land and building. The Direct Comparative Method takes into consideration the recent sales of comparable properties around and within the location of the leasehold land and building and makes appropriate adjustments for differences such as tenure, location, condition, floor area, prevailing market conditions and all other relevant factors affecting their values. The carrying value of the Group's and the Company's leasehold land and building amounted to US$13,571,000 (2017 - US$13,843,000) as at 31 December 2018.

In relying on the valuation report, management has exercised its judgment and is satisfied that the method of valuation is reflective of current market conditions and the estimates used are appropriate.

Classification of investment in joint venture (Note 5)
Entities are included within the financial statements of the Group where the Group has control over the entities. Control arises from exposure, or rights, to variable returns from involvement with an entity, where the Group has the ability to affect those returns through its power over the entity. Judgement is applied by management in assessing whether control exists. Judgement is applied in determining the relevant activities of each entity and determining whether the Group has power over these activities. This involves assessment of the purpose and design of the entity, identification of the activities which significantly affect that entity's returns and how decisions are made about those activities. In assessing how decisions are made, management considers voting and veto rights, contractual arrangements with the entity or other parties, and any rights or ability to appoint, remove or direct key management personnel or entities that have the ability to direct the relevant activities of the entity. Consideration is also given to the practical ability of other parties to exercise their rights.

The Group has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally in Zhangjiagang Orient-hill Microorganisms Technology Co., Ltd., the Group controls this entity through its 70% voting rights.

Classification of interest-free loan from a director (Note 21(a))
As disclosed in Note 21(a), the management has classified the interest-free loan as a financial liability, instead of equity transaction as the loan is considered to be entered into under normal commercial terms on the basis of the terms of the joint venture agreement.

4 Significant accounting estimates and judgements (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies

Fair value measurement and valuation of put and call options and interest-free loan (Notes 5, 15 and 21)
The Company had on 14 March 2018 entered into a Put and Call Option Agreement (the "PCOA") with Mr Shi Jiangang (Executive Chairman and Director of the Company) in relation to a newly incorporated subsidiary, Zhangjiagang Orient-hill Microorgranisms Technology Co., Ltd. ("Orient-hill") in conjunction with the RMB2.40 million interest-free loan granted by Mr Shi Jiangang to the Company (the "interest-free loan") on the same date.

The interest-free loan is repayable on 13 March 2022 and provides Mr Shi Jiangang with the right to convert the interest free loan into 40% equity interest in the shares of Orient-hill (the "40% Subsidiary Shares") (the "Call Option"), held by the Company at any time between 13 March 2019 to 13 March 2022 (the "Option Period"). In addition, under the PCOA, Mr Shi Jiangang has granted a put option to the Company which provides the Company with the right to put the 40% Subsidiary Shares to Mr Shi Jiangang over the Option Period subject to the terms and conditions of the PCOA (the "Put Option").

The fair value of the Put Option, Call Option and interest-free loan are determined based on the valuation performed by an independent professional valuer appointed by the Company who has adopted the Polynomial Option Pricing Model. Significant judgement is required to ascertain the appropriateness of the assumptions made on valuation of the Put Option, Call Option and interest-free loan in determining their fair values. The events leading to the outcome of the effect on the valuation may have possible impact on the changes to the valuation of put and call options and interest-free loan. As at 31 December 2018, the fair values of the Put Option and Call Option are US$134,000 and US$230,000 respectively. The amortised cost of interest-free loan is calculated using the effective interest rate of 10.79% based on the value of the loan at inception date.

A 1% change in risk-free rate would result in the following changes to the fair values of the Put Option, Call Option and interest-free loan:

	Interest free loan	Call Option	Put Option	Total derivatives
	US$'000	US$'000	US$'000	US$'000
Increase of risk-free rate by 0%	0.27	0.23	(0.13)	0.10
Increase of risk-free rate by 1%	0.26	0.23	(0.13)	0.10
Decrease of risk-free rate by 1%	0.28	0.23	(0.14)	0.09

Calculation of loss allowance (Notes 9, 10 and 12)
When measuring Expected Credit Loss ("ECL"), the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

4 Significant accounting estimates and judgements (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Provision for expected credit losses of trade receivables (Note 9)
As at 31 December 2018, the Group's trade receivables amounted to US$12,158,000 arising from the Group's different revenue segments – chemical and printing business.

The Group uses a provision matrix to calculate ECLs for the trade receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic condition. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 40.5.

Carrying value of inventories (Note 8)
The Group reviews the ageing analysis of inventories at each reporting date, and makes provision for obsolete and slow moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

If the net realisable values of the inventory increase/decrease by 10% from management's estimates, the Group's loss will increase/decrease by US$1,269,000 (2017 - US$880,000). The carrying amount of the inventory is disclosed in Note 8 to the financial statements.

5 Subsidiaries

The Company	**31 December 2018 US$'000**	31 December 2017 US$'000
Cost of investments		
Unquoted equity shares, at cost		
At beginning of year	**7,267**	7,267
Additions	**626**	-
At end of year	**7,893**	7,267
Less: Impairment losses		
At beginning and end of year	**(24)**	(24)
Net investment in subsidiaries	**7,869**	7,243

The subsidiaries are:

Name	Country of Incorporation/ principal place of business	Proportion of ownership interest held			Principal activities
		31 December 2018 %	31 December 2017 %	1 January 2017 %	
Held by the Company					
Abundance Resources Pte. Ltd. (1) (5) *(formerly known as Craft Print Pte. Ltd.)*	Singapore	**100**	100	100	Print and paper management related activities (Dormant)
Printing Farm Pte Ltd (1) (6)	Singapore	**100**	100	100	Commercial printing (Dormant)
Orient-Salt Chemicals Pte. Ltd. (1)	Singapore	**100**	100	100	Chemical business
Abundance Investments Pte. Ltd. (1)	Singapore	**100**	100	100	Investment holding
Zhangjiagang Orient-hill Microorgranisms Technology Co., Ltd. (2)	The People's Republic of China	**70**	-	-	Research, screening and cultivation of microbes
Held through Orient-Salt Chemicals Pte. Ltd. ("OSC")					
Orient-Salt Chemicals (Shanghai) Co., Ltd. (previously disclosed as Dong Yan Chemical (Shanghai) Co., Ltd. which was a direct translation from its name in Chinese) (3)	The People's Republic of China	**100**	100	100	Chemical business
Touen Japan Co., Ltd. (4)	Japan	**99.41**	99.41	94.12	Chemical business

(1) Audited by Foo Kon Tan LLP

(2) No audit is required in its jurisdiction. Audited by Foo Kon Tan LLP for consolidation purposes. The subsidiary was newly incorporated during the financial year by way of injection of cash for capital contribution of RMB4,300,000.

(3) Audited by Shanghai Huacheng Accounting Firm, Shanghai for consolidation purposes under FRS reporting (31 December 2017, 1 January 2017 - GP Certified Public Accountants LLP).

(4) Audited by Kasumigaseki International Accounting Office, Japan for consolidation purposes under FRS reporting.

(5) Craft Print Pte. Ltd. changed its name to Abundances Resources Pte. Ltd. on 18 January 2019.

(6) Struck off on 4 February 2019

5 Subsidiaries (Cont'd)

Non-controlling interests
The non-controlling interests arising from Zhangjiagang Orient-hill Microorgranisms Technology Co., Ltd. ("Orient-hill") and Touen Japan Co., Ltd. are relate to the shares held by third parties.

There is no subsidiary that has non-controlling interests that is considered material to the reporting entity.

Strike off of a subsidiary
A wholly-owned subsidiary, Printing Farm Pte Ltd ("Printing Farm") was struck off subsequent to the financial year end. The Company had made an impairment loss of US$812,000 relating to investment in Printing Farm in the previous financial years. The related impairment loss has been written off during the financial year.

Incorporation of a new subsidiary
On 14 March 2018, the Company entered into the following agreements, in relation to the incorporation of Orient-hill.

(i) a joint venture agreement ("JVA") with an unrelated Japanese incorporated company (the "JV Partner") to incorporate and operate an Enterprise Wholly-Owned by Foreign Investor ("Orient-hill") in the PRC.

(ii) a put and call option agreement ("PCOA") with Mr Shi Jiangang (Executive Chairman and Director of the Company) in respect of a put and call option over 40% equity shares interest of Orient-hill held by the Company at the time of incorporation, in conjunction with the RMB2.4 million interest-free loan granted by Mr Shi Jiangang to the Company on the same date.

The key terms of JVA are summarised as follows:
- At the time of incorporation, the registered share capital of Orient-hill will be RMB6.0 million, of which 70% shall be contributed by the Company, and the balance 30% shall be contributed by the JV Partner.
- The Company and the JV Partner shall make their respective capital contributions in cash in accordance with the timelines stated below:
  (a) the Company shall make its entire capital contribution of RMB4.2 million within one month from the date of incorporation of Orient-hill; and
  (b) the JV Partner shall make its capital contribution of RMB100,000 within one month from the date of incorporation of Orient-hill, RMB50,000 each before 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively, and its remaining capital contribution of RMB1.5 million within five years from the date of incorporation of Orient-hill.
- The Board of Directors of Orient-hill shall comprise five directors. The Company shall be entitled to nominate four directors, while the JV Partner shall be entitled to nominate one director. The chairman of the Board of Directors of Orient-hill (who shall also be the legal representative of Orient-hill) shall be designated by the Company. The vice-chairman of the Board of Directors of Orient-hill shall be designated by the JV Partner.

5 Subsidiaries (Cont'd)

<u>Incorporation of a new subsidiary (Cont'd)</u>
The key terms of PCOA are summarised as follows:

- The Company has granted a call option to Mr Shi Jiangang which provides Mr Shi Jiangang with the right to convert the interest free loan into 40% equity interest in the shares of Orient-hill (the "40% Subsidiary Shares") held by the Company at any time between 13 March 2019 to 13 March 2022 (the "Option Period") (the "Call Option")
- Mr Shi Jiangang has granted a put option to the Company which provides the Company with the right to sell the 40% Subsidiary Shares to Mr Shi Jiangang over the Option Period (the "Put Option"), in conjunction with the RMB2.4 million interest-free loan granted by Mr Shi Jiangang to the Company (the "interest free loan") on the same date.
- The Put Option and the Call Option in respect of the 40% Subsidiary Shares can be exercised at an option price of RMB2.4 million less any profits distribution in respect of the 40% Subsidiary Shares received by the Company up to the date of completion of the PCOA (or such other amount as may be agreed in writing (the "Option Price"). The Option Price is equivalent to the amount of capital contribution made by the Company in Orient-hill less any profit distribution which the Company may have received.
- The Option Price shall be payable by Mr Shi Jiangang to the Company by the extinguishing of the interest free loan. Any amount that remains outstanding thereafter shall be payable by the Company in cash to Mr Shi Jiangang on or before completion of the PCOA.
- The interest-free loan is repayable on 13 March 2022 to Mr Shi Jiangang in cash if it is not extinguished in accordance with payment of the Option Price above.

<u>Acquisition of additional 5.29% interest in indirect subsidiary</u>
On 11 November 2017, Orient-Salt Chemicals Pte. Ltd. entered into a sale and purchase agreement with Mr Zhang Wenqian to acquire an aggregate of 90 shares representing 5.29% of the issued and paid up share capital of Touen Japan Co., Ltd., a subsidiary of OSC for a consideration of approximately US$42,000, thereby increasing its shareholding interest in Touen Japan from 94.12% to 99.41%. This sale and purchase transaction resulted in a change in the non-controlling interest in an indirect subsidiary in which the Group already has control before the acquisition. Accordingly, the Group has recognised US$26,000 directly in equity which is the difference between the amount of non-controlling interests of US$16,000 and the fair value of the consideration paid of US$42,000.

The following summarises the effect of the change in the Group's ownership interest in Touen Japan on the equity attributable to equity holders of the Company:

	2017 US$'000
Consideration paid to non-controlling interests	42
Carrying amount of non-controlling interests acquired	(16)
Excess of consideration paid recognised in parent's equity	26

6 Property, plant and equipment

The Group	Leasehold land and buildings US$'000	Furniture, fittings and office equipment US$'000	Plant and machinery US$'000	Total US$'000
Cost or valuation:	**At valuation**	**At cost**		
At 1 January 2017	-	50	-	50
Additions	-	13	-	13
Reclassification from discontinued operations (Note 17)	13,704	-	-	13,704
Elimination of accumulated depreciation on revaluation	(843)	-	-	(843)
Revaluation surplus (Note 20)	119	-	-	119
Currency translation differences	863	-	-	863
At 31 December 2017	**13,843**	**63**	**-**	**13,906**
Additions	**-**	**12**	**103**	**115**
Write-off	**-**	**(1)**	**-**	**(1)**
Elimination of accumulated depreciation on revaluation	**(438)**	**-**	**-**	**(438)**
Revaluation surplus (Note 20)	**438**	**-**	**-**	**438**
Currency translation differences	**(272)**	**-**	**-**	**(272)**
At 31 December 2018	**13,571**	**74**	**103**	**13,748**
Accumulated depreciation and impairment loss				
At 1 January 2017	-	8	-	8
Depreciation	843	10	-	853
Elimination of accumulated depreciation on revaluation	(843)	-	-	(843)
Currency translation differences	-	(2)	-	(2)
At 31 December 2017	**-**	**16**	**-**	**16**
Depreciation	**442**	**12**	**-**	**454**
Write-off	**-**	**(1)**	**-**	**(1)**
Elimination of accumulated depreciation on revaluation	**(442)**	**-**	**-**	**(442)**
Currency translation differences	**-**	**-**	**-**	**-**
At 31 December 2018	**-**	**27**	**-**	**27**
Net book value				
At 31 December 2018	**13,571**	**47**	**103**	**13,721**
At 31 December 2017	13,843	47	-	13,890

6 Property, plant and equipment (Cont'd)

The Company	Leasehold land and buildings US$'000	Office equipment US$'000	Total US$'000
Cost or valuation:	**At valuation**	**At cost**	
At 1 January 2017	-	-	-
Reclassification from discontinued operations (Note 17)	13,704	-	13,704
Elimination of accumulated depreciation on revaluation	(843)	-	(843)
Revaluation surplus (Note 20)	119	-	119
Currency translation differences	863	-	863
At 31 December 2017	**13,843**	**-**	**13,843**
Additions	**-**	**3**	**3**
Elimination of accumulated depreciation on revaluation	**(438)**	**-**	**(438)**
Revaluation surplus (Note 20)	**438**	**-**	**438**
Currency translation differences	**(272)**	**-**	**(272)**
At 31 December 2018	**13,571**	**3**	**13,574**
Accumulated depreciation and impairment loss			
At 1 January 2017	-	-	-
Depreciation for the year	843	-	843
Elimination of accumulated depreciation on revaluation	(843)	-	(843)
At 31 December 2017	**-**	**-**	**-**
Depreciation for the year	**442**	**-**	**442**
Elimination of accumulated depreciation on revaluation	**(442)**	**-**	**(442)**
At 31 December 2018	**-**	**-**	**-**
Net book value			
At 31 December 2018	**13,571**	**3**	**13,574**
At 31 December 2017	13,843	-	13,843

The Group's and the Company's property, plant and equipment as at 31 December 2018 consists mainly of leasehold land and building of US$13,571,000 (31 December 2017 - US$13,843,000; 1 January 2017 (classified under assets associated with discontinued operations) - US$13,704,000), stated at fair value, determined based on valuations as at year end. The fair value of leasehold land and building is determined by an independent firm of professional valuer who have appropriate recognised professional qualification and recent experience in the location and category of the leasehold land and building being valued.

The valuation is based on Direct Comparison Method in arriving at the fair value of the properties. The Direct Comparison Method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the leasehold land and building. The income method takes into consideration the estimated net income at a capitalisation rate applicable to the nature and type of asset in question. These are regarded as Level 2 fair values.

If the leasehold land and building were measured using the cost model, the net carry amount would be as follows:

The Group and The Company	**2018 US$'000**	2017 US$'000
Net carrying value	**432**	882

6 Property, plant and equipment (Cont'd)

Details of property at the reporting date are as follows:

The Group and the Company

Description of property	Tenure	Unexpired lease term (year)	Existing use	Gross floor area (sq. metres)
9 Joo Koon Circle, Singapore 629041	Leasehold*	0.75	Industrial and office	8,842

*The lease period expires in September 2019 but the Company has an option to renew for a further 30-year period.

At the reporting date, leasehold land and building of the Group and the Company with total net carrying amount of approximately US$13,571,000 (31 December 2017 - US$13,843,000; 1 January 2017 (classified under assets associated with discontinued operations) - US$13,704,000), was pledged to Standard Chartered Bank, Singapore Branch for uncommitted banking facilities (trade facilities) granted to its subsidiary, Orient-Salt Chemicals Pte. Ltd.

7 Deferred income taxes

Deferred tax assets and liabilities are offsetted when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts are shown on the statements of financial position as follows:

	The Group		The Company	
	31 December 2018 US$'000	31 December 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000
Deferred income tax assets				
- To be recovered within one year	**-**	-	**-**	-
- To be recovered after one year	**171**	206	**-**	-
	171	206	**-**	-
Deferred income tax liabilities				
- To be settled within one year	**-**	-	**-**	-
- To be settled after one year	**1,891**	1,853	**1,891**	1,853
	1,891	1,853	**1,891**	1,853

Movements in deferred income tax accounts are as follows:

	The Group		The Company	
	31 December 2018 US$'000	31 December 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000
Deferred income tax assets				
Balance at 1 January	**206**	2	**-**	-
Tax charged to profit or loss (Note 33)				
- current year	**(24)**	196	**-**	-
Currency translation differences	**(11)**	8	**-**	-
Balance at 31 December	**171**	206	**-**	-

The deferred income tax assets balance comprises tax on unutilised tax losses which can be carried forward within 5 years, which will expire in year 2022.

7 Deferred income taxes (Cont'd)

	The Group		The Company	
	31 December 2018 US$'000	31 December 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000
Deferred income tax liabilities				
Balance at beginning	**1,853**	-	**1,853**	-
Reclassified from discontinued operations (Note 17)	**-**	1,720	**-**	1,720
Currency translation differences at date of reclassification	**-**	113	**-**	113
Tax charged to asset revaluation reserve (Note 20)				
- current year	**75**	20	**75**	20
Currency translation differences	**(37)**	-	**(37)**	-
Balance at end	**1,891**	1,853	**1,891**	1,853

The deferred income tax liabilities balance attributable to the revaluation of fair value of leasehold land and building.

Unrecognised temporary differences relating to investments in subsidiaries
As at 31 December 2018 and 31 December 2017, no deferred tax liability has been recognised for the taxes that would be payable on the distributable earnings of certain subsidiaries as the management does not expect the subsidiaries to distribute its earnings in the foreseeable future.

8 Inventories

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Raw materials and consumables, at net realisable value	**8**	168	-	**8**	168	-
Goods in transit, at cost	**2,577**	-	1,654	**-**	-	-
Finished goods, at cost	**10,100**	8,631	7,156	**-**	-	-
Balance at end	**12,685**	8,799	8,810	**8**	168	-
Changes in inventories						
- Continuing operations	**398,006**	506,434	103,557	-	-	-
Raw materials and consumables used						
- Discontinued operations	**-**	-	170	-	-	170

During the financial year ended 31 December 2018, there was a write off of inventories which amounted to US$Nil (31 December 2017 - US$62,000; 1 January 2017 - US$Nil).

During the financial year ended 31 December 2018, there was a write down of inventories which amounted to US$218,000 (31 December 2017 - US$91,000; 1 January 2017 - US$Nil).

The inventory for the financial year ended 31 December 2018 comprise of US$12,677,000 (31 December 2017 - US$8,631,000; 1 January 2017 - US$8,810,000) of chemical products in relation to its chemical trading business and US$8,000 (31 December 2017 - US$168,000; 1 January 2017 (classified under assets associated with discontinued operations) - US$267,000) of printing paper.

9 Trade receivables

	The Group			The 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
Trade receivables						
- external parties	**9,890**	27,569	7,233	**673**	2,215	-
- related party	**3,030**	1,822	-	**-**	-	-
- under trade receivables factoring[1]	**-**	5	-	**-**	5	-
Total trade receivables	**12,920**	29,396	7,233	**673**	2,220	-
Less: Loss allowances						
At beginning of year	**2,307**	7	-	**2,215**	-	-
Reclassified from discontinued operation	-	2,147	-	**-**	2,065	-
Allowance for the year	**1**	13	7	**-**	16	-
Write off	**(1,518)**	-	-	**(1,514)**	-	-
Currency translation differences	**(28)**	140	-	**(28)**	134	-
At end of year	**762**	2,307	7	**673**	2,215	-
Net trade receivables	**12,158**	27,089	7,226	**-**	5	-

(1) Trade receivables factoring are those trade receivables factored with the finance institution without recourse.

Trade receivables are non-interest bearing and are generally on 0 to 90 (31 December 2017 - 0 and 90; 1 January 2017 - 0 and 90) days' term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

At the end of the reporting period, trade receivables arising from Chemical trading amounting to US$4,364,000 (31 December 2017 - US$18,324,000; 1 January 2017 - US$3,327,000) are arranged to be settled via letters of credit issued by reputable banks in countries where the customers are based.

Further details of the foreign currencies denomination of trade receivables and the Group's financial risk management of foreign currency risk exposure are set out in Note 40.2.

Credit risks exposure
The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

9 Trade receivables (Cont'd)

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as follows:

	Current	Past due				Total
		Within 30 days	31 to 60 days	61 to 90 days	More than 90 days	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
The Group						
Chemicals Trading						
Trade receivables - Gross	**11,624**	**541**	**-**	**-**	**-**	**12,165**
Loss allowance	**(7)**	**-**	**-**	**-**	**-**	**(7)**
Printing services						
Trade receivables - Gross	**-**	**-**	**-**	**-**	**755**	**755**
Loss allowance	**-**	**-**	**-**	**-**	**(755)**	**(755)**
The Company						
Printing services						
Trade receivables - Gross	**-**	**-**	**-**	**-**	**673**	**673**
Loss allowance	**-**	**-**	**-**	**-**	**(673)**	**(673)**

Significant concentration of credit risks
Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total exposure. The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis.

The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	The Group			The 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
By geographical areas						
PRC	**8,757**	13,877	7,115	**-**	-	-
Asia - Others	**3,401**	10,083	111	**-**	-	-
Others	**-**	3,129	-	**-**	5	-
	12,158	27,089	7,226	**-**	5	-

There are no significant concentrations of credit risk, whether through exposure to individual customers, business segment and/or geographical regions.

Previous accounting policy for impairment of trade receivables
In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The trade receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:
• Significant financial difficulties of the debtor;
• Probability that the debtor will enter bankruptcy or financial reorganisation; and
• Default or delinquency in payments (more than 90 days overdue).

9 Trade receivables (Cont'd)

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS 39 as at 31 December 2017 and 1 January 2017 are set out in the provision matrix as follows:

	Past due				
	Within 30 days US$'000	30 to 60 days US$'000	61 to 90 days US$'000	More than 90 days US$'000	Total US$'000
The Group					
As at 31 December 2017 (Restated)					
Trade receivables					
Gross carrying amount					
- Not past due					25,148
- Past due but not impaired	1,396	302	2	241	1,941
- Past due and impaired	-	-	-	2,307	2,307
	1,396	302	2	2,548	29,396
Less: Allowance for impairment	-	-	-	(2,307)	(2,307)
Net carrying value	1,396	302	2	241	27,089
As at 1 January 2017 (Restated)					
Trade receivables					
Gross carrying amount					
Not past due					6,569
Past due but not impaired	657	-	-	7	664
Past due and impaired	-	-	-	-	-
	657	-	-	7	7,233
Less: Allowance for impairment	-	-	-	(7)	(7)
Net carrying value	657	-	-	-	7,226
The Company					
As at 31 December 2017 (Restated)					
Trade receivables					
Gross carrying amount					
- Not past due					-
- Past due but not impaired	-	-	-	5	5
- Past due and impaired	-	-	-	2,215	2,215
	-	-	-	2,220	2,220
Less: Allowance for impairment	-	-	-	(2,215)	(2,215)
Net carrying value	-	-	-	5	5

Financial assets that are neither past due nor impaired
Trade receivables that are neither past due nor impaired are creditworthy debtors with a good payment record with the Group.

Receivables that are past due but not impaired
Based on historical records, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 3 months. These receivables are mainly arising from customers that have a good credit record with the Group.

Financial assets that are past due and impaired
The impaired trade receivables arise mainly due to those balances which are not considered to be collectible.

Further details of the Group's financial risk management of credit risk are disclosed in Note 40.5.

10 Other receivables and deposits

	The Group			The 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
Other receivables:						
Goods and service tax receivables	**463**	512	122	**2**	12	7
Others	**78**	361	50	**52**	153	45
	541	873	172	**54**	165	52
Less: Loss allowances						
At beginning of year	**110**	-	-	**110**	-	-
Reclassified from discontinued operation	**-**	103	-	**-**	103	-
Write off	**(109)**	-	-	**(109)**	-	-
Currency translation differences	**(1)**	7	-	**(1)**	7	-
At end of year	**-**	110	-	**-**	110	-
Net other receivables (i)	**541**	763	172	**54**	55	52
Deposits (ii)	**62**	60	77	**7**	4	26
Net other receivables and deposits (i) + (ii)	**603**	823	249	**61**	59	78

Other receivables are non-interest bearing and are generally on 0 to 90 (31 December 2017 - 0 and 90; 1 January 2017 - 0 and 90) days' term.

Further details of the foreign currencies denomination and the Group's financial risk management of foreign currency risk exposure are set out in Note 40.2.

The Group's and the Company's credit risk exposure in relation to other receivables under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as follows:

	Current	Past due				Total
		Within 30 days	31 – 60 days	61 – 90 days	More than 90 days	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
The Group						
Other receivables - Gross	**541**	**-**	**-**	**-**	**-**	**541**
Loss allowance	**-**	**-**	**-**	**-**	**-**	**-**
The Company						
Other receivables - Gross	**54**	**-**	**-**	**-**	**-**	**54**
Loss allowance	**-**	**-**	**-**	**-**	**-**	**-**

<u>Previous accounting policy for impairment of other receivables</u>
In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

10 Other receivables and deposits (Cont'd)

The Group considered that there was evidence if any of the following indicators were present:
• Significant financial difficulties of the debtor;
• Probability that the debtor will enter bankruptcy or financial reorganisation; and
• Default or delinquency in payments (more than 90 days overdue).

The Group's and the Company's credit risk exposure in relation to other receivables under SFRS 39 as at 31 December 2017 and 1 January 2017 are set out in the provision matrix as follows:

	Past due				
	Within 30 days	30 to 60 days	61 to 90 days	More than 90 days	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
The Group					
As at 31 December 2017 (Restated)					
Other receivables					
Gross carrying amount					
- Not past due					763
- Past due but not impaired	-	-	-	-	-
- Past due and impaired	-	-	-	110	110
	-	-	-	110	873
Less: Allowance for impairment	-	-	-	(110)	(110)
Net carrying value	-	-	-	-	763
As at 1 January 2017 (Restated)					
Other receivables					
Gross carrying amount					
Not past due					172
Past due but not impaired	-	-	-	-	-
Past due and impaired	-	-	-	-	-
	-	-	-	-	172
Less: Allowance for impairment	-	-	-	-	-
Net carrying value	-	-	-	-	172
The Company					
As at 31 December 2017 (Restated)					
Other receivables					
Gross carrying amount					
- Not past due					55
- Past due but not impaired	-	-	-	-	-
- Past due and impaired	-	-	-	110	110
	-	-	-	110	165
Less: Allowance for impairment	-	-	-	(110)	(110)
Net carrying value	-	-	-	-	55
As at 1 January 2017 (Restated)					
Other receivables					
Gross carrying amount					
Not past due					52
Past due but not impaired	-	-	-	-	-
Past due and impaired	-	-	-	-	-
	-	-	-	-	52
Less: Allowance for impairment	-	-	-	-	-
Net carrying value	-	-	-	-	52

10 Other receivables and deposits (Cont'd)

The impaired other receivables arise mainly due to those balances which are not considered to be collectible.

Further details of the Group's financial risk management of credit risk are disclosed in Note 40.5.

11 Advances and prepayments

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Advances to suppliers	**7,646**	7,695	8,997	**-**	-	-
Prepayments	**22**	13	15	**15**	13	15
	7,668	7,708	9,012	**15**	13	15

As part of the current core business, the Group procures chemical products for sales to customers.

The advances to suppliers amounting to US$7,646,000 (31 December 2017 - US$7,695,000; 1 January 2017 - US$8,997,000) were made for the procurement of chemical supplies in respect of OSC's chemical trading business. The chemical supplies amounting to US$6,195,000 (31 December 2017 - US$7,695,000; 1 January 2017 - US$8,997,000) were subsequently physically received and sold after the reporting date.

12 Amounts due from subsidiaries

The Company	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Amount due from subsidiaries			
- Trade	**723**	821	-
- Non-trade	**3,661**	5,638	2,855
	4,384	6,459	2,855
Less: Loss allowances			
At beginning of year	**1,582**	-	-
Reclassified from discontinued operations	**-**	1,482	-
Allowance for the year	**-**	4	-
Write off	**(834)**	-	-
Currency translation differences	**(23)**	96	-
At end of year	**725**	1,582	-
	3,659	4,877	2,855

Non-trade amounts due from subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash except for an amount of US$2,889,000 (31 December 2017 - US$3,985,000; 1 January 2017 - US$2,360,000) which bears interest at 3% (31 December 2017 - 3%; 1 January 2017 - 3%) per annum.

During the financial year ended 31 December 2018, the Company recognised impairment losses of US$Nil (31 December 2017 - US$4,000; 1 January 2017 – US$Nil) for amounts due from subsidiaries which are not fully recoverable because these subsidiaries have ceased operations. The Company has written off US$834,000 (31 December 2017 - US$Nil; 1 January 2017 - US$Nil) for amounts due from a subsidiary that are currently in the process of strike off as at the end of the reporting year.

Further details of the foreign currencies denomination and the Group's financial risk management of foreign currency risk exposures are set out in Note 40.2.

Further details of the Group's financial risk management of credit risk are disclosed in Note 40.5.

13 Financial assets at fair value through profit or loss ("FVTPL")

	The Group		The Company	
	31 December 2018 US$'000	31 December 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000
Held for trading				
- Quoted equity investments:				
At beginning of year	**227**	111	-	-
Additions [(a)]	**129**	241	-	-
Disposals	**(125)**	(197)	-	-
Fair value (loss)/gain recognised in profit or loss (Note 28)	**(38)**	72	-	-
Currency translation differences	**(4)**	-	**-**	-
At end of year	**189**	227	-	-

(a) Additions of US$2,000 (2017 - US$Nil) was in the form of scrip dividend. Net cash purchase of financial asset at fair value through profit or loss was US$127,000 (2017 - US$241,000).

There is no impact on classification and measurement on financial assets at FVTPL on adoption of SFRS(I) 9.

The fair values of quoted equity investments are determined by reference to SGX-ST closing quoted market prices on the last market day of the financial year and are denominated in Singapore dollar. Further details of the Group's financial risk management of market price risk are disclosed in Note 40.3.

14 Available for sale financial assets

	The Group		The Company	
	31 December 2018 US$'000	31 December 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000
At beginning of year	-	648	-	-
Disposal	-	(648)	-	-
At end of year	-	-	-	-

Debt securities classified as available-for-sale financial assets of the Group with a carrying amount of US$648,000 at 31 December 2016 were non-guaranteed interest bearing short-term investment products held with Bank of Communications Limited in China and have variable interest rates of 2% to 3% per annum. Depending on the Group's working capital requirements, these investments are withdrawn and then reinvested every few days. There is no impact on classification and measurement on available for sale financial assets on adoption of SFRS(I) 9.

Further details of the Group's financial risk management of credit risk are disclosed in Note 40.5.

15 Derivative financial instruments

	The Group		The Company	
	31 December 2018 US$'000	31 December 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000
Derivative asset				
At inception date	**139**	-	**139**	-
Fair value loss recognised in profit or loss (Note 28)	**(5)**	-	**(5)**	-
Currency translation differences	**- ***	-	**- ***	-
At year end	**134**	-	**134**	-
Derivative liability				
At inception date	**273**	-	**273**	-
Fair value gain recognised in profit or loss (Note 28)	**(42)**	-	**(42)**	-
Currency translation differences	**(1)**	-	**(1)**	-
At end of year	**230**	-	**230**	-

* *Amount less than US$1,000*

SFRS(I) 9 *Financial instruments* retains the existing requirements in SFRS 39 for the classification and measurement at initial recognition of financial liabilities including derivative financial instruments and almost all of the existing requirements in SFRS 39 on the subsequent measurement of financial liabilities.

Pursuant to the PCOA as mentioned in Note 5 to the financial statements, a director has granted the Company an interest-free loan that is repayable on 13 March 2022 (refer to Note 21(a)) and provides the director with a Call Option to convert the loan into 40% Subsidiary Shares held by the Company at any time between 13 March 2019 to 13 March 2022 (the "Option Period"). In addition, under the PCOA, Mr Shi Jiangang has granted a Put Option to the Company which provides the Company with the right to put the 40% Subsidiary Shares to Mr Shi Jiangang over the Option Period subject to the terms and conditions of the PCOA.

The fair value of the Put Option and Call Option have been determined by an independent professional 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 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.

Derivative asset and derivative liability are denominated in Renminbi (31 December 2017 - Nil; 1 January 2017 - Nil). Further details of the Group's financial risk management of foreign currency risk exposures are set out in Note 40.2.

16 Cash and bank balances

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Cash on hand	**4**	3	1	**3**	1	1
Cash at banks	**7,744**	8,548	855	**510**	75	56
Fixed deposits	**590**	374	-	**-**	-	-
	8,338	8,925	856	**513**	76	57

16 Cash and bank balances (Cont'd)

Cash at banks earns interest at floating rates based on daily bank deposit rates. The fixed deposits are made for varying periods of between one month and one year (31 December 2017 - one year; 1 January 2017 - Nil), depending on the immediate cash requirements of the Group and earn interests at the respective fixed deposit rates. The weighted average effective interest rates as at 31 December 2018 for the Group was range from 0.7% to 1.5% (31 December 2017 - 1.3%; 1 January 2017 - Nil %) per annum.

For the purpose of the consolidated statement of cash flows, the year-end cash and cash equivalents comprises of the following:

The Group	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Cash and bank balances, as above	**8,338**	8,925	856
Less: Fixed deposits pledged	**(372)**	(374)	-
Cash and cash equivalents per consolidated statement of cash flows	**7,966**	8,551	856

For the year ended 31 December 2018, fixed deposits of US$372,000 (31 December 2017 - US$374,000; 1 January 2017 - US$Nil) has been pledged to a financial institution to obtain trade facilities.

Included in cash and cash equivalents of US$601,000 (31 December 2017 - US$3,373,000; 1 January 2017 - US$288,000) held in People's Republic of China are subject to local exchange control regulations. These regulations places restriction on the amount of currency being exported other than through dividends.

Further details of the foreign currencies denomination of cash and cash equivalents and the Group's financial risk management of foreign currency risk exposures are set out in Note 40.2.

Further details of the Group's financial risk management of credit risk are disclosed in Note 40.5.

17(a) Assets held-for-sale

The Group's and the Company's leasehold land and building of US$13,704,000 which was classified as assets directly associated with discontinued operations in the previous years following the cessation of the internal printing operations of the Group has yet to be disposed of as at 31 December 2017. The sale was not completed within the last 2 years due to the poor property market conditions whereby the Company was unable to sell the leasehold property for the amount that it was valued at. As these assets are unable to meet the conditions required by SFRS 105 to continue to be classified as assets held for sale, the Company has reclassified the leasehold land and building from assets directly associated with discontinued operations to property, plant and equipment as at 31 December 2017.

17(b) Discontinued operation and disposal group classified as held for sale

The Group announced on 30 December 2015 its intention to cease internal production in respect of the Printing Business by 31 December 2015. Any outstanding and new sales orders that have been or may be received in respect of the Printing Business will be outsourced to other printers to produce on behalf of the Group.

17(b) Discontinued operation and disposal group classified as held for sale (Cont'd)

Subsequent to the scaling down of the Printing Business, the Group will focus more of its resources and efforts on the Chemical Business and Investment Business of the Group. Based on the requirement of SFRS 105, Non-current Assets Held for Sale and Discontinued Operations, the internal production in respect of the Printing Business was treated as discontinued operations since the year ended 31 December 2015. That is, the income and expenses of the internal production in respect of the Printing Business were reported separately from the continuing operations of the Group. Assets and liabilities in respect of the Printing Business were reported as assets directly associated with discontinued operations and liabilities directly associated with discontinued operations respectively.

17(b)(i) Details of the assets and liabilities classified as discontinued operations are as follows:

	31 December 2016	
	The Group US$'000	The Company US$'000
ASSETS		
Non-Current		
Current		
Inventories	267	267
Trade and other receivables	273	273
Total assets	540	540
LIABILITIES		
Non-Current		
Provisions	11	11
Deferred tax liabilities [1]	1,720	1,720
	1,731	1,731
Current		
Trade payables	300	298
Other payables and accruals	334	279
Amounts due to director [2]	1,086	1,086
Borrowings	(76)	(76)
	1,644	1,587
Total liabilities	3,375	3,318

[1] The deferred tax liabilities are attributable to fair value revaluation of leasehold land and building. As these liabilities are related to assets that are unable to meet the conditions required by FRS 105 to continue to be classified as assets held for sale, the Company has reclassified these liabilities from liabilities directly associated with discontinued operations to deferred tax liabilities as at 31 December 2017.

[2] The amounts due to director, comprising advances was granted to the Company by Mr Sam Kok Yin, the managing director of the Company. These advances, bearing interest at 3%, were denominated in Singapore dollar, unsecured, and repayable on demand. The amounts had been fully repaid during the financial year ended 31 December 2017.

17 Discontinued operation and disposal group classified as held for sale (Cont'd)

17(b)(ii) The results of the discontinued operations of the disposal group in previous year were as follows:

	Year ended 31 December 2016 US$'000
Other operating income	875
Total revenue	875
Changes in inventories of finished goods and goods in transit	(170)
Employee benefits expense	(201)
Freight and handling charges	(20)
Repair and maintenance	(50)
Other expenses	(553)
Loss before taxation	(119)
Tax expense	-
Loss for the year	(119)

17(b)(iii) The impact of the discontinued operations on the cash flows of the Group was as follows:

The Group	Year ended 31 December 2016 US$'000
Operating cash outflows	(384)
Investing cash inflows	1,391
Financing cash outflows	(3,362)
Total cash outflows	(2,355)

The Group and the Company have inventories with a carrying value of US$267,000 as at 31 December 2016. As the Group had decided to cease internal production in respect of the Printing Business as at 31 December 2015, quotations were obtained from third parties in determining the recoverability of inventories to mitigate any uncertainty over the realisable value of the inventories for sale.

18 Share capital

The Group and the Company	No. of shares		Amount	
	31 December 2018 US$'000	31 December 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000
Issued and fully paid ordinary shares with no par value:				
At beginning and at end of year	**642,750**	642,750	**33,246**	33,246

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

19 Other equity instruments

The Group and the Company	**31 December 2018** **US$'000**	31 December 2017 (Restated) US$'000	1 January 2017 US$'000
Warrants	**2,011**	2,011	-
Non-transferrable convertible bonds	**-**	-	-
At end of year	**2,011**	2,011	-

Warrants

The Group and the Company	**31 December 2018** **US$'000**	31 December 2017 (Restated) US$'000
At beginning of year	**2,011**	-
Issuance of warrants	**-**	2,011
At end of year	**2,011**	2,011

On 31 January 2017, the Company allotted and issued a renounceable non-underwritten rights issue of S$12,855,000 in principal amount consisting of zero-coupon bonds due in 2021 with principal amount of S$0.02 for each bond, together with 642,750,000 free detachable European warrants. Each warrant carries the right to subscribe for one new ordinary share at an exercise price of S$0.02 each, in the capital of the Company. The main terms of the warrants are as follows:

(a) Each warrant carries the right to subscribe for one new share in the Company at an exercise price of S$0.02 for each new share. The warrant is exercisable on the market day immediately preceding the fourth anniversary of the date of issue of the warrants. The number of new shares to be allotted and issued by the Company, pursuant to the full exercise of the warrants, is 642,750,000 shares, which represents 100 percent of the number of issued shares in the Company.

(b) The warrants are immediately detachable from the bonds upon issue, issued in registered form and listed and traded separately on the SGX-ST under the book-entry (scripless) settlement system, upon the listing of and quotation for the warrants on the SGX-ST, subject to, amongst others, an adequate spread of holdings of the warrants to provide for an orderly market in the warrants.

(c) The new shares arising from the exercise of the warrants, upon issue and allotment, will rank pari passu in all respects with the then existing shares in issue, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the new shares.

The warrant (equity conversion) which is not closely related to the zero-coupon bonds was classified as other equity instruments based on its fair value at inception date.

Non-transferrable convertible bonds

On 8 May 2014, the Company entered into a subscription agreement with Mr Shi Jiangang and Mr Sam Kok Yin (collectively, the "Subscribers" and each, a "Subscriber"), to issue to the Subscribers non-transferrable convertible bonds due 2016 in aggregate principal amount of S$14,000,000 (the "Convertible Bonds"), convertible into an aggregate of 280,000,000 new ordinary shares in the capital of the Company (the "Conversion Shares"), and to grant to the Subscribers an option to require the Company to allot and issue an aggregate of 210,000,000 new ordinary shares in the capital of the Company at the price of S$0.05 per option share (the "Call Option"). The main terms of the agreement are as follows:

19 Other equity instruments (Cont'd)

Non-transferrable convertible bonds (Cont'd)

(a) The Convertible Bonds have principal amount of S$14,000,000 and each Subscriber has the right to convert the Convertible Bonds at S$0.05 per Conversion Share any time during the eighteen (18) months' period from the date of the Convertible Bonds issue (the "conversion period"). Such conversion is to be exercised in a minimum amount of S$3,000,000 and integral multiples thereof, provided that in respect of any remaining lesser amount, such Bonds shall be converted in full in that amount. The Convertible Bonds are not transferrable during the conversion period. The new shares shall rank pari passu in all respects with the existing shares of the Company.

(b) There is no interest payable during the period of the Convertible Bonds.

(c) Such Convertible Bonds that are not exercised within the conversion period will be automatically converted into Conversion Shares at the expiration of the conversion period.

(d) In consideration of the Subscribers agreeing to subscribe for the Convertible Bonds, the Company shall irrevocably grant to each Subscriber a Call Option to require the Company to allot and issue an aggregate of 210,000,000 new ordinary shares in the Capital of the Company at the price of S$0.05 per option share. This Call Option is exercisable (in whole and not in part only) once by each of the Subscribers at any time during the period of three (3) years commencing on the first anniversary of the date of completion of the Convertible Bonds.

The completion of the Convertible Bonds issue had taken place on 25 September 2014. The amount of the Convertible Bonds classified as equity of S$13,916,000 is net of attributable transaction costs of S$84,000.

During the financial year ended 31 December 2016, pursuant to the subscription agreement, all Convertible Bonds outstanding were automatically converted and the Company issued and allotted 185,000,000 and 35,000,000 new ordinary shares to Mr Shi Jiangang and Mr Sam Kok Yin respectively.

Details of the options of the Company granted to directors of the Company are as follows:

Call Option

Name of the director	Option shares outstanding as at beginning of financial year	Aggregate option shares granted since commencement to end of financial year	Aggregate option shares exercised since commencement to end of financial year	Aggregate option shares lapsed in the financial year	Aggregate option shares outstanding as at end of financial year
			Number of Option Shares		
2018					
Shi Jiangang	138,750,000	138,750,000	-	(138,750,000)	-
Sam Kok Yin	71,250,000	71,250,000	-	(71,250,000)	-
Total	210,000,000	210,000,000	-	(210,000,000)	-
2017					
Shi Jiangang	138,750,000	138,750,000	-	-	138,750,000
Sam Kok Yin	71,250,000	71,250,000	-	-	71,250,000
Total	210,000,000	210,000,000	-	-	210,000,000

19 Other equity instruments (Cont'd)

Non-transferrable convertible bonds (Cont'd)
The Call Option is exercisable between the period of 25 September 2015 to 24 September 2018 at the exercise price of S$0.05 per option share. The Call Option was assessed and met the criteria to be classified as equity in nature.

The total amount to be recognised at inception in equity is determined by reference to the fair value of the Call Option granted on the date of the grant. As the Call Option is equity instrument, they are not re-measured subsequently. Due to the significant uncertainties over the new business as determined on inception date, the probabilities of the various estimates (in relation to the valuation of the Call Option) within the range cannot be reasonably assessed and used in estimating the fair value, hence the Call Option are deemed to have insignificant value. As at 24 September 2018, no options were exercised. As such, the Call Option has expired in accordance with the terms of the subscription agreement.

20 Reserves

	The Group			The 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
Translation reserve (1)	**(1,206)**	(859)	(1,851)	**(1,272)**	(1,084)	(1,784)
Asset revaluation reserve (2)	**10,371**	10,008	9,909	**10,371**	10,008	9,909
Discount/(premium) paid on acquisition of non-controlling interests (3)	**1,386**	1,386	1,412	**-**	-	-
Accumulated losses	**(25,106)**	(24,363)	(23,827)	**(28,355)**	(26,339)	(24,034)
	(14,555)	(13,828)	(14,357)	**(19,256)**	(17,415)	(15,909)

(1) Translation reserve
Translation reserve comprises all foreign currency differences arising from the translation of the financial statements from functional currency to presentation currency of United States Dollars.

(2) Asset revaluation reserve
The asset revaluation reserve is used to record increases in the fair value of leasehold land and building and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. The movements in the asset revaluation reserve are as follows:

The Group and the Company	**31 December 2018 US$'000**	31 December 2017 US$'000
At beginning of year	**10,008**	9,909
Surplus on revaluation of leasehold land and building (Note 6)	**438**	119
Charge of deferred tax liabilities (Note 33.2)	**(75)**	(20)
At end of year	**10,371**	10,008

20 Reserves (Cont'd)

(3) Discount/(premium) paid on acquisition of non-controlling interests

The Group	**31 December 2018 US$'000**	31 December 2017 US$'000
Balance at beginning	**1,386**	1,412
Change in interest of a subsidiary (Note 5)	**-**	(26)
At end of year	**1,386**	1,386

This represents the difference between the consideration paid and the carrying amount of additional equity interest of a subsidiary acquired from non-controlling interests.

21 Amounts due to directors

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Non-Current						
(a) Interest-free loan from a director	**269**	-	-	**269**	-	-
Current						
(b) Amounts due to directors	**-**	1,037	3,052	**-**	-	3,052

21(a) Interest-free loan from a director

As disclosed in Note 5 to the financial statements, pursuant to the PCOA entered on 14 March 2018, a director has granted the Company an interest-free loan of RMB2.40 million that is repayable on 13 March 2022 and provides the director with 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.

Subject to the terms of the contract and save for any profit distribution, the RMB2.40 million interest-free loan mirrors the exercise price on the Call Option and Put Option of a consideration sum of RMB2.40 million (less any profit to be distributed).

The fair value of the interest-free loan of US$249,000 (31 December 2017 - US$ Nil; 1 January 2017 - US$ Nil) has been determined by an independent professional valuer, Jones Lang Lasalle Corporate Advisory Pte Ltd at inception.

The movements in the interest-free loan are as follows:

The Group and the Company	**31 December 2018 US$'000**
Balance at beginning	**-**
Add: fair value of interest-free loan at inception	**249**
Add: accretion of interest (Note 31)	**20**
Balance at end	**269**

The interest free loan from a director is denominated in Renminbi. Further details of the Group's financial risk management of foreign currency risk and liquidity risk exposures are set out in Note 40.

21 Amounts due to directors (Cont'd)

21(b) Amounts due to directors

The amounts due to directors, comprising mainly advances of US$ Nil (31 December 2017 - US$1,037,000; 1 January 2017 - US$1,719,000) denominated in United States dollars granted to the Group by Mr Shi Jiangang, the chairman of the Company in respect of the chemical trading business and US$Nil (31 December 2017 - US$Nil; 1 January 2017 - US$1,333,000) denominated in Singapore dollars granted to the Group by Mr Sam Kok Yin, the managing director of the Company. These advances bear interest at 3% (31 December 2017 - 3%; 1 January 2017 - 3%) per annum, are unsecured, repayable on demand and are to be settled in cash.

Further details of the Group's financial risk management of liquidity risk exposures are set out in Note 40.

22 Borrowings

	The Group			The 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						
Obligations under finance leases (Note 22.1)	**3**	7	3	**-**	-	-
Bond payables (Note 22.2)	**7,044**	6,246	-	**7,044**	6,246	-
	7,047	6,253	3	**7,044**	6,246	-
Current						
Obligations under finance leases (Note 22.1)	**3**	3	9	**-**	-	-
	3	3	9	**-**	-	-
Total borrowings	**7,050**	6,256	12	**-**	-	-

22.1 Obligations under finance leases

	The Group			The Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
Minimum lease payments payable:						
Due not later than one year	**3**	3	9	-	-	-
Due later than one year and not later than five years	**3**	7	3	-	-	-
	6	10	12	-	-	-
Less: Finance charges allocated to future periods	**-***	-*	**-***	-	-	-
Present value of minimum lease payments	**6**	10	12	-	-	-
Present value of minimum lease payments:						
Due not later than one year	**3**	3	9	-	-	-
Due later than one year and not later than five years	**3**	7	3	-	-	-
	6	10	12	-	-	-

* Finance charges allocated to future periods are insignificant.

22 Borrowings (Cont'd)

22.1 Obligations under finance leases (Cont'd)

			The Group			The Company		
	Nominal interest rate %	**Maturity**	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Current:								
Finance lease liabilities	1.8%	2019/ 2018	**3**	3	9	**-**	-	-
Non-current:								
Finance lease liabilities	1.8%	2020	**3**	7	3	**-**	-	-
			6	10	12	**-**	-	-

Finance lease liabilities are secured by the underlying assets acquired under the finance lease arrangements. The carrying amounts of finance lease liabilities approximate their fair values.

Finance lease liabilities are denominated in the Japanese Yen (31 December 2017 - Japanese Yen; 1 January 2017 - Japanese Yen).

The weighted average interest rates of finance lease liabilities as of the reporting date is 1.8% (31 December 2017 - 1.8%; 1 January 2017 - 1.8%) per annum.

Further details of the Company's financial risk management of foreign currency risk, interest rate risk and liquidity risk exposures are set out in Note 40.

22.2 Bond payables

The Group and the Company

On 17 June 2016, the Company and the Group announced a rights issue of up to S$12,855,000 in principal amount of zero-coupon bonds (non-interest bearing) with principal amount of S$0.02 for each bond, together with 642,750,000 free detachable European warrants. The issue price of the bonds will comprise 80% of the principal amount. 642,750,000 bonds with detachable warrant had been allotted and issued on 31 January 2017.

The bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Group and the Company and shall at all times rank pari passu and without any preference among themselves. The Group and the Company reserves the right to incur further debt and take on further borrowings which rank in priority to the Bonds.

Unless previously redeemed or purchased and cancelled, the Group and the Company will redeem each bond at one hundred percent (100%) of its principal amount on the maturity date at 30 January 2021.

The bond is measured at amortised cost using the effective interest rate of 15%, based on the value of the debt liability at inception date. The amortised cost of the convertible bond is calculated using cash flows of the convertible bond at its corresponding discount rate.

The fair value of the bond payables as at 31 December 2017 is US$6,545,000.

The bond payables are denominated in Singapore dollars. Further details of the Company's financial risk management of liquidity risk exposures are set out in Note 40.

Please refer to Note 43 for prior year adjustment made.

23 Provisions

	The Group		The Company	
	31 December 2018 US$'000	31 December 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000
At beginning and at end of year	**11**	-	**11**	-
Reclassified from discontinued operations (Note 17)	**-**	11	**-**	11
Balance at end	**11**	11	**11**	11

This relates to provision for restoration cost in respect of the leasehold buildings. The provision is denominated in Singapore dollars. The Group assumed that the leased land will be restored using technology and materials that are currently available. The unwinding of discount during the year is insignificant. The total expected costs to be incurred is US$11,000.

Further details of the Company's financial risk management of liquidity risk exposures are set out in Note 40.

24 Trade payables

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Trade payables	**16,796**	29,540	10,827	**57**	91	-

Trade payables are non-interest bearing and have credit terms of between 15 and 90 (31 December 2017 - 0 and 90; 1 January 2017 - 0 and 90) days.

Further details of the foreign currencies denomination of trade payables and the Group's foreign currency risk management of foreign currency risk exposures and liquidity risk are disclosed in Note 40.

25 Other payables and accruals

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Accrued operating expenses	**393**	523	369	**139**	108	184
Accrued employee benefits	**661**	586	530	**8**	25	383
Other payables	**297**	552	1,033	**183**	108	218
	1,351	1,661	1,932	**330**	241	785

Other payables are non-interest bearing and normally settled on 1 to 90 (31 December 2017 - 30 to 90; 1 January 2017 - 30 and 90) days' terms.

Further details of the foreign currencies denomination of other payables and accruals and the Group's foreign currency risk management of foreign currency risk exposures liquidity risk of other payables and accruals are disclosed in Note 40.

26 Advances from customers

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Advances from customers	**7,008**	5,377	2,907	**-**	-	-

The advance from customers were made in relation to the sales of chemical supplies in respect of OSC's chemical trading business.

27 Revenue

The Group	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Chemical trading – point in time	**413,402**	523,890
Outsourced printing services	**-**	127
	413,402	524,017

Disaggregation of revenue from contracts with customers
The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	At point in time US$'000	**Over time US$'000**	**Total US$'000**
2018			
- PRC	**293,061**	**-**	**293,061**
- Other countries in Asia	**99,959**	**-**	**99,959**
- Others	**20,382**	**-**	**20,382**
	413,402	**-**	**413,402**
2017			
- PRC	453,316	-	453,316
- Other countries in Asia	46,477	-	46,477
- Others	24,097	-	24,097
	523,890	-	523,890
Outsourced printing services			
- Singapore	127	-	127
	127	-	127
	524,017	-	524,017

There is no unsatisfied performance obligation as at 31 December 2018, 31 December 2017 and 1 January 2017.

28 Other operating income

The Group	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Compensation from a supplier for cancellation of contract	**40**	-
Dividend income	**3**	-
Exchange gain, net	**-**	187
Fair value loss from derivative asset at FVTPL	**(5)**	-
Fair value gain from derivative liability at FVTPL	**42**	-
Fair value (loss)/gain from financial assets at FVTPL	**(38)**	72
Gain on disposal of paper inventory	**33**	118
Gain on sales of scrap material	**1**	1
Government grants	**1**	1
Insurance claim	**14**	-
Interest income	**20**	30
Rental income	**37**	26
Others	**34**	-
	182	435

29 Employee benefits expense

The Group	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Salaries, bonuses and other costs	**2,776**	2,611
Employer's contribution to defined contribution plans	**242**	127
	3,018	2,738

Included in the above is key management personnel compensation, excluding fees paid to non-executive directors, which is included in Note 37.

30 Other expenses

The Group	Note	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Auditors' remuneration of the Company		**74**	65
Bank charges		**324**	302
Commission expense		**111**	666
Demurrage		**148**	-
Directors' fee		**73**	72
Entertainment expense		**284**	333
Exchange loss, net		**558**	-
Impairment loss on trade receivables, net		**1**	13
Insurance expenses		**43**	102
Legal and professional fee		**283**	305
Management fee		**21**	21
Office expenses		**55**	19
Operating lease expenses		**1,430**	3,467
Property tax		**89**	90
Security fee		**87**	84
Telephone expenses		**42**	49
Transport expenses		**7**	14
Travel expenses		**156**	227
Utilities		**21**	19
Write-down of inventories, net	8	**218**	91
Others		**278**	481
		4,303	6,420

31 Finance costs

The Group	Note	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 (Restated) US$'000
Interest expense			
- Interest expenses of zero-coupon bonds		**930**	728
- Interest on advances from directors		**20**	65
- Non-cash interest expenses of interest-free loan from a director	21(a)	**20**	-
- Letter of credit		**72**	47
- Others		**-**	23
		1,042	863

32 Loss before taxation

The Group	Note	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Loss before taxation has been arrived at after charging/ (crediting):			
Auditors' remuneration of the Company		**74**	65
Changes in inventories		**398,006**	506,434
Employee benefits expense		**3,018**	2,738
Exchange loss/ (gain), net		**558**	(187)
Depreciation of property, plant and equipment		**454**	853
Directors' fee		**73**	72
Freight and handling charges		**7,339**	7,252
Impairment loss on trade receivables, net	9	**1**	13
Operating lease expenses		**1,430**	3,467
Write-down of inventories, net		**218**	91
Write-off of inventories, net		**-**	62

33 Taxation

33.1 Income tax recognised in profit or loss

The Group	Note	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Current tax expense			
- Current year		**343**	496
- Under provision in prior year		**48**	-
- Tax losses carryforward used in group relief		**(247)**	-
Deferred taxation			
- Current year	7	**24**	(196)
Tax expense		**168**	300

33 Taxation (Cont'd)

Reconciliation of effective tax rate

The tax expense on the results of the financial year varies from the amount of income tax determined by applying each entity's domestic rates of income tax on the Group's results as a result of the following:

The Group	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 (Restated) US$'000
Loss before taxation	**(578)**	(230)
Tax at the domestic rates applicable to profit/(loss) in the countries concerned [(1)]	**(148)**	(25)
Non-deductible expenses [(2)]	**320**	380
Non-taxable income	**(2)**	(25)
Effect of partial tax exemption and tax rebate	**(27)**	(48)
Utilisation of prior year tax losses	**(94)**	(139)
Tax losses carryforward used in group relief [(3)]	**(247)**	-
Deferred tax assets on current year losses not recognised	**318**	150
Underprovision in prior year	**48**	-
Others	**-**	7
	168	300

[(1)] The domestic tax rates applicable to profit of the following companies are as follows:

	Country	Rate	Basis
Abundance International Limited	Singapore	17.0%	Full tax
Abundance Resources Pte. Ltd.	Singapore	17.0%	Full tax
Printing Farm Pte Ltd	Singapore	17.0%	Full tax
Orient-Salt Chemicals Pte. Ltd.	Singapore	17.0%	Full tax
Abundance Investments Pte. Ltd.	Singapore	17.0%	Full tax
Orient-Salt Chemicals (Shanghai) Co., Ltd.	PRC	25.0%	Full tax
Zhangjiagang Orient-hill Microorganisms Technology Co., Ltd.	PRC	25.0%	Full tax
Touen Japan Co., Ltd.	Japan	34.6%	Full tax

[(2)] This relates to disallowed expenditure incurred in the ordinary course of business. The decrease was mainly due to reduce in depreciation of the Group's and Company's leasehold property which was reclassified from assets directly associated with discontinued operations in the year 2017.

[(3)] The Company transferred unabsorbed capital allowance and trade losses of US$1,427,000 in total one of its subsidiary company under the group relief system during the financial year, subject to compliance with the relevant rules and procedures and agreement of Inland Revenue Authorities of Singapore.

After the transfer of the unabsorbed capital allowances and trade losses as mentioned above, the Group has unabsorbed tax losses of US$11,619,000 (2017: US$9,749,000) available for offset against future taxable income subject to the agreement of Inland Revenue Authority of Singapore and compliance with certain provisions of the Singapore Income Tax Act. The tax losses have no expiry date.

33 Taxation (Cont'd)

33.2 Other comprehensive loss, net of tax

The Group	Before tax US$'000	Tax expense US$'000	Net of tax US$'000
31 December 2018			
Asset revaluation reserve	**438**	**(75)**	**363**
Currency translation difference	**(347)**	**-**	**(347)**
	91	**(75)**	**16**
31 December 2017			
Asset revaluation reserve	119	(20)	99
Currency translation difference (Restated)	992	-	992
	1,111	(20)	1,091

34 Loss per share

Basic and diluted loss per share are calculated by dividing the net loss for the year attributable to equity holder of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The Group	**Year ended 31 December 2018**	Year ended 31 December 2017 (Restated)
Net loss attributable to equity holders of the Company (US$'000) (A)	**(743)**	(536)
Weighted average number of ordinary shares outstanding for basic loss per share (B)	**642,750,000**	642,750,000
Weighted average number of ordinary shares outstanding for diluted loss per share (C)	**642,750,000**	642,750,000
Basic loss per share (cents per share) (A)/(C)	**(0.12)**	(0.08)
Diluted loss per share (cents per share) (A)/(B)	**(0.12)**	(0.08)

The effect of the warrants as potential ordinary shares is antidilutive. This is because the conversion to ordinary shares would decrease loss per share. Accordingly, the calculation of diluted loss per share does not assume conversion because that would have an antidilutive effect on loss per share.

The effect of Put Option in Orient-hill, a subsidiary is anti-dilutive. Hence, it was disregarded in the calculation of dilutive loss per share calculation at Group.

35 Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	The Group		The Company	
	31 December 2018 US$'000	31 December 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000
Capital commitments in respect of plant and equipment	**325**	-	**8**	-

(b) Operating lease commitments – where the Group is a lessee

At the reporting date, the Group was committed to making the following payments but not recognised as liabilities in respect of non-cancellable operating leases for leasehold land, offices, motor vehicles and office equipment:

The Group	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Within one year	**259**	134
Between one and five years	**122**	85
	381	219

These operating leases expire between August 2019 and September 2019. The leasehold land is renewable for 30 years upon maturity of the lease in September 2019.

(c) Operating lease commitments – where the Group is a lessor

At the reporting date, the Group sub-lease certain factory space to a non-related party under non-cancellable operating lease. The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period are as follows:

The Group	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Within one year	**17**	17
Between one and five years	**8**	25
	25	42

These operating leases expire in June 2020.

36 Related party transactions

Other than as disclosed elsewhere in the financial statements, significant transactions with related parties on terms agreed between the parties are as follows:

The Group	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Interest incurred on advances from directors	**(20)**	(66)
Non-cash interest expenses on a interest-free loan from a director	**(20)**	-
Advances from directors	**2,595**	13,517
Sales to related parties	**39,711**	38,338
Purchases from related parties	**(37,430)**	17,680
Rental of office space	**(114)**	(111)
Rental of vehicles	**(87)**	(62)

During the financial year ended 31 December 2018, the Company charged management fees of US$360,000 (2017 - US$360,000) and transferred its trade loss benefits of US$247,000 (2017 - US$Nil) under the group relief system to a subsidiary. The group relief transfer is subject to compliance with the relevant rules, procedures and agreement of Inland Revenue Authority of Singapore.

37 Key management personnel compensation

	The Group		The Company	
	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Short-term employee benefits	**706**	645	**506**	562
Employer's contribution to defined contribution plans	**38**	27	**31**	27
	744	672	**537**	589

Remuneration paid to employees who are family members of the directors

	The Group		The Company	
	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Short-term employee benefits	**181**	178	**-**	-
Employer's contribution to defined contribution plans	**15**	-	**-**	-
	196	178	**-**	-

38 Operating segments

Business segments

For management reporting purposes, the Group is organised into the following reportable operating segments which are the Group's strategic business units as follows:

(i) Chemicals – covers the chemical trading business and provision of water treatment solutions using microbial and/or chemicals.

(ii) Printing related – covers the paper management related activities including outstanding and new sales orders that were received in respect of the Printing Business which were outsourced to other printers to produce on behalf of the Group.

(iii) Investment – covers the investment business

There are no operating segments that have been aggregated to form the above reportable operating segments.

Sales to external customers disclosed in geographical segments are based on the geographical location of the customers.

The Managing Director monitors the operating results of its operating segments for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Group financing and income taxes are managed on a group basis and are not allocated to operating segments. Sales between operating segments are carried out at arm's length.

38 Operating segments (Cont'd)

	Chemicals		Printing Related		Investment		Consolidated	
	Year ended 31 December 2018	Year ended 31 December 2017	**Year ended 31 December 2018**	Year ended 31 December 2017	**Year ended 31 December 2018**	Year ended 31 December 2017	**Year ended 31 December 2018**	Year ended 31 December 2017 (Restated)
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Sales to external customers	**413,402**	523,890	**-**	127	**-**	-	**413,402**	524,017
Segment revenue	**413,402**	523,890	**-**	127	**-**	-	**413,402**	524,017
Segment results	**2,354**	2,310	**(1,849)**	(1,744)	**(41)**	67	**464**	633
Gain from operating activities							**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:								
Impairment (loss)/reversal of impairment loss of trade receivables, net	**(1)**	3	**-**	(16)	**-**	-	**(1)**	(13)
Write-down of inventories, net	**(218)**	(91)	**-**	-	**-**	-	**(218)**	(91)
Write-off of inventories	**-**	-	**-**	(62)	**-**	-	**-**	(62)
Capital expenditure	**112**	13	**3**	-	**-**	-	**115**	13
Depreciation of property, plant and equipment	**(11)**	(10)	**(443)**	(843)	**-**	-	**(454)**	(853)

38 Operating segments (Cont'd)

Information by segment on the Group's operations has not been analysed by assets employed because it is not meaningful, as the Group's operations are not distinctly delineated in terms of the assets of the Group.

Geographical segments
Revenue information based on geographical location of customers are as follows:

	China		Other Countries in Asia		Others		Consolidated	
	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000	**Year ended 31 December 2018 US$'000**	Year ended 31 December 2017 US$'000
Segment revenue								
External revenue	**293,061**	453,316	**99,959**	46,604	**20,382**	24,097	**413,402**	524,017
Total revenue							**413,402**	524,017

Revenue is attributed to geographical areas based on the geographical location of the Group's customers. The Group acts as a principal in the trading of chemical products because it has the primarily responsibility for providing the goods to the customers or for fulfilling the order. In addition, the Group bears the inventory risk, credit risk and has latitude in establishing prices. The chemical products are sourced from numerous suppliers and the Group resell to its customers mainly based on Freight on Board ("FOB") or CFR terms. The Group earned a spread of 3.7% (2017 - 3.4%) for trading in chemical products.

The Group's assets are substantially located in Singapore.

There is no customer with 10% or more of the entity's revenue.

Accordingly, segment asset, segment liabilities and capital expenditure information is not presented as it is not meaningful.

39 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	The Group			The Company		
Continuing operations	**31 December 2018 US$'000**	31 December 2017 (Restated) US$'000	1 January 2017 (Restated) US$'000	**31 December 2018 US$'000**	31 December 2017 (Restated) US$'000	1 January 2017 (Restated) US$'000
Financial assets at amortised costs:						
Trade receivables	**12,158**	27,089	7,226	**-**	5	-
Other receivables (less goods and services tax receivables) and deposits	**140**	311	127	**59**	47	71
Amounts due from subsidiaries	**-**	-	-	**3,659**	4,877	2,855
Cash and bank balances	**8,338**	8,925	856	**513**	76	57
Sub-total	**20,636**	36,325	8,209	**4,231**	5,005	2,983
Financial assets at FVTPL:						
Financial assets at FVTPL	**189**	227	111	**-**	-	-
Derivative asset	**134**	-	-	**134**	-	-
Available for sale at fair value:						
Available for sale financial assets	**-**	-	648	**-**	-	-
	20,959	36,552	8,968	**4,365**	5,005	2,983
Financial liabilities carried at amortised cost:						
Trade payables	**16,796**	29,540	10,827	**57**	91	-
Other payables and accruals	**1,351**	1,661	1,932	**330**	241	785
Amounts due to directors	**-**	1,037	3,052	**-**	-	3,052
Interest-free loan from a director	**269**	-	-	**269**	-	-
Borrowings	**7,050**	6,256	12	**7,044**	6,246	-
Provisions	**11**	11	-	**11**	11	-
Sub-total	**25,477**	38,505	15,823	**7,711**	6,589	3,837
Financial assets at FVTPL:						
Derivative liability	**230**	-	-	**230**	-	-
	25,707	38,505	15,823	**7,941**	6,589	3,837

39 Financial instruments (Cont'd)

Accounting classifications of financial assets and financial liabilities (Cont'd)

The discontinued operations' carrying amounts of financial assets and financial liabilities in each category are as follows:

	The Group			The Company		
Discontinuing operations	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Loans and receivables (carried at amortised costs):						
Trade and other receivables	-	-	273	-	-	273
Financial liabilities carried at amortised cost:						
Trade payables	-	-	300	-	-	298
Other payables and accruals	-	-	334	-	-	279
Amounts due to directors	-	-	1,086	-	-	1,086
Borrowings	-	-	(76)	-	-	(76)
	-	-	1,644	-	-	1,587

40 Financial risk management objectives and policies

The Group and the Company have documented financial risk management policies. These policies set out the Group's and the Company's overall business strategies and their risk management philosophy. The Group and the Company are exposed to financial risks arising from their operations. The key financial risks included market risk (including interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Finance Division identifies and evaluates financial risks in close co-operation with the Group's and the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and liquidity risk.

There has been no change to the Group's and Company's exposure to these financial risks or the manner in which they manage and measure the risk. Market risk exposures are measured using sensitivity analysis indicated below.

40.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from its bank balances and borrowings. The Group and the Company do not enter into derivative financial instruments contracts to hedge interest rate risk. The Group's policies are to obtain the most favourable interest rates available without increasing their foreign currency exposure. The Group and the Company are not exposed to significant interest rate risk as it does not have significant monetary financial instruments with variable interest rates.

40.2 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group and the Company are exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies in which these transactions primarily are denominated are the Singapore dollars and United States dollars.

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

40 Financial risk management objectives and policies (Cont'd)

40.2 Foreign currency risk (Cont'd)

The Group's and the Company's exposures to currency risks are as follows (continuing operations):

The Group US$'000	Singapore Dollar **31 Dec 2018**	31 Dec 2017	1 Jan 2017	US Dollar **31 Dec 2018**	31 Dec 2017	1 Jan 2017	Renminbi **31 Dec 2018**	31 Dec 2017	1 Jan 2017	Australian Dollar **31 Dec 2018**	31 Dec 2017	1 Jan 2017	British Pound **31 Dec 2018**	31 Dec 2017	1 Jan 2017	Euro **31 Dec 2018**	31 Dec 2017	1 Jan 2017
Financial Assets																		
Trade receivables	**-**	-	-	**52**	52	-	**-**	-	-	**-**	5	-	**-**	-	-	**-**	-	-
Derivative financial instrument	**-**	-	-	**-**	-	-	**134**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
Cash and bank balances	**502**	507	10	**309**	1,202	11	**-**	10	-	**17**	2	2	**1**	2	1	**1**	1	1
	502	507	10	**361**	1,254	11	**134**	10	-	**17**	7	2	**1**	2	1	**1**	1	1
Financial Liabilities																		
Trade payables	**-**	-	-	**1**	1	-	**-**	-	-	**-**	-	-	**-**	-	-	**6**	7	-
Other payables and accruals	**16**	19	22	**5**	14	6	**509**	-	-	**8**	10	8	**3**	21	3	**-**	-	-
Interest-free loan from a director	**-**	-	-	**-**	-	-	**269**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
Amounts due to directors	**-**	-	-	**-**	-	1,719	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
Derivative financial instrument	**-**	-	-	**-**	-	-	**230**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
	16	19	22	**6**	15	1,725	**1,008**	-	-	**8**	10	8	**3**	21	3	**6**	7	-
Net currency exposure on financial assets and (financial liabilities)	**486**	488	(12)	**355**	1,239	(1,714)	**(874)**	10	-	**9**	(3)	(6)	**(2)**	(19)	(2)	**(5)**	(6)	1

40 Financial risk management objectives and policies (Cont'd)

40.2 Foreign currency risk (Cont'd)

The Company US$'000	US Dollar **31 Dec 2018**	US Dollar 31 Dec 2017	US Dollar 1 Jan 2017	Renminbi **31 Dec 2018**	Renminbi 31 Dec 2017	Renminbi 1 Jan 2017	Australian Dollar **31 Dec 2018**	Australian Dollar 31 Dec 2017	Australian Dollar 1 Jan 2017	British Pound **31 Dec 2018**	British Pound 31 Dec 2017	British Pound 1 Jan 2017	Euro **31 Dec 2018**	Euro 31 Dec 2017	Euro 1 Jan 2017
Financial Assets															
Trade receivables	**-**	-	-	**-**	-	-	**-**	5	-	**-**	-	-	**-**	-	-
Derivative financial instrument	**-**	-	-	**134**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
Amount due from subsidiaries	**360**	-	1,665	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
Cash and bank balances	**187**	1	11	**-**	-	-	**17**	2	2	**1**	2	1	**1**	1	1
	547	1	1,676	**134**	-	-	**17**	7	2	**1**	2	1	**1**	1	1
Financial Liabilities															
Trade payables	**1**	1	-	**-**	-	-	**-**	-	-	**-**	-	-	**6**	7	-
Other payables and accruals	**6**	6	6	**-**	-	-	**8**	8	8	**3**	3	3	**-**	-	-
Interest-free loan from a director	**-**	-	-	**269**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
Amounts due to directors	**-**	-	1,719	-	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instrument	**-**	-	-	**230**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
	7	7	1,725	**499**	-	-	**8**	8	8	**3**	3	3	**6**	7	-
Net currency exposure on financial assets and (financial liabilities)	**540**	(6)	(49)	**(365)**	-	-	**9**	(1)	(6)	**(2)**	(1)	(2)	**(5)**	(6)	1

40 Financial risk management objectives and policies (Cont'd)

40.2 Foreign currency risk (Cont'd)

The Group's and the Company's exposures to currency risks are as follows (discontinued operations - Note 17)

	US Dollar			**Australian Dollar**			**British Pound**			**Euro**		
The Group US$'000	**31 Dec 2018**	31 Dec 2017	1 Jan 2017	**31 Dec 2018**	31 Dec 2017	1 Jan 2017	**31 Dec 2018**	31 Dec 2017	1 Jan 2017	**31 Dec 2018**	31 Dec 2017	1 Jan 2017
Financial Assets												
Trade and other receivables	**-**	-	15	**-**	-	30	**-**	-	-	**-**	-	-
	-	-	15	**-**	-	30	**-**	-	-	**-**	-	-
Financial Liabilities												
Trade payables	**-**	-	3	**-**	-	-	**-**	-	-	**-**	-	6
Other payables and accruals	**-**	-	8	**-**	-	2	**-**	-	17	**-**	-	-
Borrowings	**-**	-	-	**-**	-	14	**-**	-	-	**-**	-	-
	-	-	11	**-**	-	16	**-**	-	17	**-**	-	6
Net currency exposure on financial assets and (financial liabilities)	**-**	-	4	**-**	-	14	**-**	-	(17)	**-**	-	(6)

40 Financial risk management objectives and policies (Cont'd)

40.2 Foreign currency risk (Cont'd)

The Group's and the Company's exposures to currency risks are as follows (discontinued operations - Note 17)

The Company US$'000	US Dollar **31 Dec 2018**	31 Dec 2017	1 Jan 2017	Australian Dollar **31 Dec 2018**	31 Dec 2017	1 Jan 2017	British Pound **31 Dec 2018**	31 Dec 2017	1 Jan 2017	Euro **31 Dec 2018**	31 Dec 2017	1 Jan 2017
Financial Assets												
Trade and other receivables	**-**	-	15	**-**	-	30	**-**	-	-	**-**	-	-
	-	-	15	**-**	-	30	**-**	-	-	**-**	-	-
Financial Liabilities												
Trade payables	**-**	-	3	**-**	-	-	**-**	-	-	**-**	-	5
Borrowings	**-**	-	-	**-**	-	14	**-**	-	-	**-**	-	-
	-	-	3	**-**	-	14	**-**	-	-	**-**	-	5
Net currency exposure on financial assets and (financial liabilities)	**-**	-	12	**-**	-	16	**-**	-	-	**-**	-	(5)

40 Financial risk management objectives and policies (Cont'd)

40.2 Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk
A 5% (31 December 2017 - 5%; 1 January 2017 - 5%) strengthening of the above currencies against the respective functional currencies of the Group entities at year ended would have increased/decreased loss before tax and decreased/increased equity by the amounts shown below. Similarly, a 5% (31 December 2017 - 5%; 1 January 2017 - 5%) weakening would have the equal but opposite effect. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular interest rates, remain constant.

	Increase/(Decrease)					
	-----31 December 2018-----		------31 December 2017-----		--------1 January 2017---------	
Continuing operations	**Loss before tax US$'000**	**Equity US$'000**	Loss before tax US$'000	Equity US$'000	Loss before tax US$'000	Equity US$'000
The Group						
Singapore dollar	**(24)**	**24**	(24)	24	1	(1)
United States dollar	**(18)**	**18**	(62)	62	86	(86)
Renminbi	**44**	**(44)**	-	-	-	-
The Company						
United States dollar	**(27)**	**27**			2	(2)
Renminbi	**18**	**(18)**	-	-	-	-

Sensitivity analysis for foreign currency risk exposure to the discontinued operations is as follows:

	Increase/(Decrease)					
	-----31 December 2018-----		------31 December 2017-----		--------1 January 2017---------	
Discontinued operations	**Loss before tax US$'000**	**Equity US$'000**	Loss before tax US$'000	Equity US$'000	Loss before tax US$'000	Equity US$'000
The Group						
United States dollar	**-**	**-**	-	-	(1)	1
Australian dollar	**-**	**-**	-	-	(1)	1
British Pound	**-**	**-**	-	-	1	(1)
The Company						
United States dollar	**-**	**-**	-	-	(1)	1
Australian dollar	**-**	**-**	-	-	(1)	1
British Pound	**-**	**-**	-	-	-	-

40.3 Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices. The Group is exposed to market price risks arising from its investment in equity investments quoted on the SGX-ST in Singapore classified as financial asset at fair value through profit or loss.

Market price sensitivity
At the end of reporting period, if the Straits Times Index ("STI") had been 5% higher/lower with all other variables held constant, the Group's loss net of tax would have been US$9,000 (31 December 2017 - US$11,000; 1 January 2017 - US$6,000) lower/higher, arising as a result of higher/lower fair value gains on financial assets at fair value through profit or loss in equity instruments.

The Group's sensitivity to market prices has not changed significantly from the prior year.

40 Financial risk management objectives and policies (Cont'd)

40.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or other financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's objective is to maintain sufficient cash and continues funding through an adequate amount of credit facilities.

The table below analyses the maturity profile of the Company's and the Group's non-derivative financial liabilities based on contractual undiscounted cash flows:

Continuing operations		----Contractual undiscounted cash flows----		
The Group	Carrying amount US$'000	Within 1 year US$'000	Within 2 to 5 years US$'000	Total US$'000
As at 31 December 2018				
Trade payables	**16,796**	**16,796**	**-**	**16,796**
Other payables and accruals	**1,351**	**1,351**	**-**	**1,351**
Borrowings	**7,050**	**3**	**9,433**	**9,436**
Interest-free loan from a director	**269**	**-**	**349**	**349**
Provisions	**11**	**-**	**11**	**11**
	25,477	**18,150**	**9,793**	**27,943**
As at 31 December 2017				
Trade payables	29,540	29,540	-	29,540
Other payables and accruals	1,661	1,661	-	1,661
Borrowings (restated)	6,256	3	9,626	9,629
Amounts due to directors	1,037	1,037	-	1,037
Provisions	11	-	11	11
	38,505	32,241	9,637	41,878
As at 1 January 2017				
Trade payables	10,827	10,827	-	10,827
Other payables and accruals	1,932	1,932	-	1,932
Borrowings	12	9	3	12
Amounts due to directors	3,052	3,052	-	3,052
	15,823	15,820	3	15,823

Continuing operations		----Contractual undiscounted cash flows----		
The Company	Carrying amount US$'000	Within 1 year US$'000	Within 2 to 5 years US$'000	Total US$'000
As at 31 December 2018				
Trade payables	**57**	**57**	**-**	**57**
Other payables and accruals	**330**	**330**	**-**	**330**
Borrowings	**7,044**	**-**	**9,430**	**9,430**
Interest-free loan from a director	**269**	**-**	**349**	**349**
Provisions	**11**	**-**	**11**	**11**
Corporate guarantee contracts	**9,229**	**9,229**	**-**	**9,229**
	16,940	**9,616**	**9,790**	**19,406**

40 Financial risk management objectives and policies (Cont'd)

40.4 Liquidity risk (Cont'd)

Continuing operations		----Contractual undiscounted cash flows----		
The Company	Carrying amount US$'000	Within 1 year US$'000	Within 2 to 5 years US$'000	Total US$'000
As at 31 December 2017				
Trade payables	91	91	-	91
Other payables and accruals	241	241	-	241
Borrowings (restated)	6,246	-	9,619	9,619
Provisions	11	-	11	11
Corporate guarantee contracts	23,449	23,449	-	23,449
	30,038	23,781	9,630	33,411
As at 1 January 2017				
Other payables and accruals	785	785	-	785
Amounts due to directors	3,052	3,052	-	3,052
Corporate guarantee contracts	13,567	13,567	-	13,567
	17,404	17,404	-	17,404

The table below analyses the maturity profile of the discontinued operations' financial liabilities based on contractual undiscounted cash flows:

Discontinued operations		----Contractual undiscounted cash flows----		
The Group	Carrying amount US$'000	Within 1 year US$'000	Within 2 to 5 years US$'000	Total US$'000
As at 1 January 2017				
Trade payables	300	300	-	300
Other payables and accruals	334	334	-	334
Borrowings	(76)	(76)	-	(76)
Amounts due to directors	1,086	1,086	-	1,086
Provisions	11	-	11	11
	1,655	1,644	11	1,655
The Company				
As at 31 December 2016				
Trade payables	298	298	-	298
Other payables and accruals	279	279	-	279
Borrowings	(76)	(76)	-	(76)
Amounts due to directors	1,086	1,086	-	1,086
Provisions	11	-	11	11
	1,598	1,587	11	1,598

40.5 Credit risk

Credit risk refers to the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group and the Company adopt the policy dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. The Group closely monitors and avoids any significant concentration of credit risk. In addition, receivable balances and payment profile of the debtors are monitored on an ongoing basis. The Group also uses factoring and credit insurance or request customers' letters of credit to mitigate credit risk. For other financial assets, the Group and the Company adopt policy dealing only with high credit quality counterparties.

40 Financial risk management objectives and policies (Cont'd)

40.5 Credit risk (Cont'd)

The Group's objective is to seek continual growth while minimising losses arising from credit risk exposure.

Exposure to credit risk
As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follow:

The Company	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Corporate guarantees provided to banks on subsidiaries' credit facilities	**9,229**	23,449	13,567

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off

Please refer to Notes 9 and 10 to the financial statements for further details on expected credit losses and movements in credit loss allowance.

The Group's and the Company's major classes of financial assets are bank deposits and trade and other receivables. Cash is held with reputable financial institutions of high credit ratings. Cash and bank balances, interest bearing loan to a subsidiary are subject to immaterial credit loss.

These trade receivables are creditworthy counterparties with good track record of credit history. Other than as disclosed in Notes 9 and 10 to the financial statements, management believes that no additional credit risk lies in the Group's trade and other receivables.

Advances to subsidiaries, financial assets and derivative financial instruments at fair value through profit or loss are subject to immaterial credit loss.

Financial guarantee contract
The Company has issued financial guarantees to banks for credit facilities of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

41 Fair values measurement

41.1 Fair value measurement of financial instruments

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
  Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 : unobservable inputs for the asset or liability.

The following table shows an analysis of each class of assets and liabilities measured at fair value at end of the reporting period:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
31 December 2018				
Financial assets				
Financial assets at fair value through profit or loss	**189**	**-**	**-**	**189**
Derivative financial instruments	**-**	**-**	**134**	**134**
Non-financial assets				
Leasehold land and building	**-**	**13,571**	**-**	**13,571**
Financial liabilities				
Derivative financial instruments	**-**	**-**	**230**	**230**
31 December 2017				
Financial assets				
Financial assets at fair value through profit or loss	227	-	-	227
Non-financial assets				
Leasehold land and building	-	13,843	-	13,843
1 January 2017				
Financial assets				
Financial assets at fair value through profit or loss	111	-	-	111
Available for sale financial assets				
- Debt securities	-	648	-	648
Non-financial assets				
Leasehold land and building	-	13,704	-	13,704

There were no transfers between Level 1, Level 2 and Level 3 of fair value hierarchy during the financial year ended 31 December 2018 and 2017.

41 Fair values measurement (Cont'd)

41.1 Fair value measurement of financial instruments (Cont'd)

Leasehold land and building (Level 2)
Fair value of the leasehold land and building is estimated based on appraisals performed by independent professional property valuer. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and Audit Committee at each reporting date. The fair value was assessed at US$13,571,000 (31 December 2017 – US$13,843,000; 1 January 2017 (classified under assets associated with discontinued operations - US$13,704,000).

Leasehold land and building is carried at fair values at the end of the reporting period as determined by independent professional valuer. The valuation is based on Direct Comparison Method and Income Approach in arriving at the fair value of the properties. The Direct Comparison Method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the leasehold land and buildings. The income method takes into consideration the estimated net rent at a capitalisation rate applicable to the nature and type of asset in question.

Derivative financial instruments (Level 3)
Fair values of the derivative financial instruments are estimated based on appraisals performed by independent professional valuer. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and Audit Committee at each reporting date. The fair values of the derivative asset and derivative liability were assessed at US$134,000 and US$230,000 respectively.

42 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;
(b) To support the Group's stability and growth;
(c) To provide capital for the purpose of strengthening the Group's risk management capability; and
(d) To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its equity and debt capital structure to ensure optimal capital management and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently does not adopt any formal dividend policy.

The Group manages their equity and debt capital structure and make adjustments to them, whenever necessary, in the light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 2017.

The Company and its subsidiaries are not subject to any externally imposed capital requirements.

The Group monitors capital using Gearing Ratio, which is total liabilities (excluding income tax liability and deferred tax liabilities) divided by total equity.

42 Capital management (Cont'd)

The Group	**31 December 2018** **US$'000**	31 December 2017 (Restated) US$'000	1 January 2017 US$'000
Total liabilities (A)	**32,715**	43,882	22,105
Total equity (B)	**20,718**	21,433	18,903
Gearing ratio (times) (A)/(B)	**1.58**	2.05	1.17

43 Prior year adjustments

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 in accordance with guidance from U.S.GAAP 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 based on International Financial Reporting Standards ("IFRSs").

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:

	As at 31 December 2017					
	The Group			The Company		
Statements of financial position	**As previously reported** US$'000	**Adjustments** US$'000	**As restated** US$'000	**As previously reported** US$'000	**Adjustments** US$'000	**As restated** US$'000
Non-current liabilities						
Borrowings:						
- Finance lease obligation	7	-	7	-	-	-
- Bond payables	3,395	2,820[(a)] 31[(b)]	6,246[(c)]	3,395	2,820[(a)] 31[(b)]	6,246[(c)]
	3,402	2,851	6,253	3,395	2,851	6,246
Equity						
- Other equity instruments	4,831	(2,820)[(a)]	2,011	4,831	(2,820)[(a)]	2,011
- Reserves	(13,797)	(31)[(b)]	(13,828)	(17,384)	(31)[(b)]	(17,415)
Net asset value per ordinary share (US cents)	3.78 cents	(0.45 cents)	3.33 cents	3.22 cents	(0.44 cents)	2.78 cents

[(a)] Adjustment on the financial liability component on the bond payables at inception.
[(b)] Adjustment on the foreign currency translation reserves on the bond payables as at 31 December 2017.

43 Prior year adjustments (Cont'd)

(c) The reconciliation of the restated bond payables since its inception on 31 January 2017 to 31 December 2017 is as follows:

	US$'000
Restated bond payables at inception	5,160
Add: Restated interest expense for the period from inception to 31 December 2017	728
Add: Exchange loss on revaluation of Singapore dollar bond payables	358
Restated bond payables at 31 December 2017	6,246

The Group	**Year ended 31 December 2017**		
	As previously reported US$'000	**Adjustments** US$'000	**As restated** US$'000
Consolidated statement of profit or loss			
- Interest expense on zero-coupon bond	875	(147)	728
- Loss per share - Basic and diluted (cents)	(0.11)	0.03	(0.08)
Consolidated statement of other comprehensive income			
- Foreign currency translation difference	1,170	(178)	992
- Loss attributable to equity holders of the Company	(683)	147	(536)
- Total comprehensive income for the year	592	(31)	561
Consolidated Statement of cash flows			
Cash flows from operating activities:			
- Loss before taxation	(377)	147	(230)
- Interest expense	(1,010)	147	(863)
Reconciliation of liabilities arising from financing activities:			
Bond payables and detachable warrants			
- Currency translation differences	(42)	178	136
- Non-cash adjustments	875	(147)	728

	As at 31 December 2017					
	The Group			The Company		
Notes to the financial statements	**As previously reported** US$'000	**Adjustments** US$'000	**As restated** US$'000	**As previously reported** US$'000	**Adjustments** US$'000	**As restated** US$'000
Reserves (Note 20)						
- Translation reserve	(681)	(178)	(859)	(906)	(178)	(1,084)
- Accumulated losses	(24,510)	147	(24,363)	(26,486)	147	(26,339)
Borrowing (Note 22)						
- Bond payables (Non-current)	3,395	2,851	6,246	3,395	2,851	6,246
Financial Instruments and liquidity risk (Notes 39 and 40.4)						
- Borrowings	3,405	2,851	6,256	3,395	2,851	6,246

43 Prior year adjustments (Cont'd)

The Group	As at 31 December 2017 As previously reported US$'000	Adjustments US$'000	As restated US$'000
Notes to the financial statements			
Finance costs (Note 31)			
- Interest expenses of zero-coupon bonds	875	(147)	728
Taxation (Note 33)			
Reconciliation of effective tax rate:			
Loss before taxation	(377)	147	(230)
Tax at the domestic rates applicable to profit/(loss) in the countries concerned	(50)	25	(25)
Non-deductible expenses	405	(25)	380
Other comprehensive loss, net of tax (Note 33.2)			
Currency translation difference	1,170	(178)	992
Capital management (Note 42)			
Total liabilities (A)	41,031	2,851	43,882
Total equity (B)	24,284	(2,851)	21,433
Gearing ratio (times) (A)/(B)	1.69	0.36	2.05

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			
	The Group		The Company	
Statement of financial position	**As previously reported** US$'000	**As restated** US$'000	**As previously reported** US$'000	**As restated** US$'000
Trade and other receivables	27,852	-	60	-
Deposits	60	-	4	-
Trade receivables	-	27,089	-	5
Other receivables and deposits	-	823	-	59

The Group	Year ended 31 December 2017 As previously reported US$'000	As restated US$'000
Statement of cash flows		
Change in trade and other receivables	(20,181)	-
Change in deposits, advances and prepayments	1,321	-
Change in trade and other receivables and deposits	-	(20,164)
Change in advances and prepayments	-	1,304

43 Prior year adjustments (Cont'd)

	As at 31 December 2017			
	The Group		The Company	
	As previously reported US$'000	**As restated** US$'000	**As previously reported** US$'000	**As restated** US$'000
Notes to the financial statements				
Financial Instruments (Note 39)				
Trade and other receivables (less goods and services tax receivables)	27,340	-	48	-
Deposits	60	-	4	-
Trade receivables	-	27,089	-	5
Other receivables (less goods and services tax receivables) and deposits	-	311	-	47
Trade and other receivables (excluded Good and service tax receivables) - By geographical areas (Note 9)				
PRC	14,585	-	-	-
Asia - Others	9,626	-	43	-
Others	3,129	-	5	-
	27,340	-	48	-
Trade receivables - By geographical areas (Note 9)				
PRC	-	13,877	-	-
Asia - Others	-	10,083	-	-
Others	-	3,129	-	5
	-	27,089	-	5

The interest income received and inventory write-down were omitted in the consolidated statement of cash flows in the prior year which have been now included. The effects of the inclusion of interest income and inventories write-down are as follow:

	Year ended 31 December 2017	
The Group	**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
Inventories write-down, net	-	91
Changes in inventories	278	187

44 Events after end of reporting period

Investment in Shanghai Sunrise Polymer Material Co., Ltd. ("Target Company")
The Company's wholly-owned subsidiary, Abundance Investments Pte. Ltd., has on 13 March 2019 entered into a subscription agreement with the Target Company to subscribe for 7,334,067 new shares to be issued in the Target Company representing 18.18% of the enlarged share capital of the Target Company for a consideration amount of RMB20 million (approximately US$2,908,000).

STATISTICS OF SHAREHOLDINGS AS AT 13 MARCH 2019

Number of shares issued	:	642,750,000 ordinary shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Treasury Shares and Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	1	0.08	36	0.00
100 - 1,000	758	58.76	734,275	0.11
1,001 - 10,000	281	21.78	1,494,500	0.23
10,001 - 1,000,000	229	17.75	28,180,620	4.39
1,000,001 and above	21	1.63	612,340,569	95.27
	1,290	100.00	642,750,000	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 13 MARCH 2019

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	% [1]	Deemed Interest	% [1]
Shi Jiangang	-	-	238,405,706 [2]	37.09
Shi Minyuan	238,405,706	37.09	- [3]	-
Jiang Hao	117,600,000	18.30	- [4]	-
Sam Kok Yin	3,690,000	0.57	105,411,100 [5]	16.40
Chan & Ong Holdings Pte Ltd	55,118,600	8.58	-	-
Chan Charlie [6] [7]	2,000,000	0.31	64,269,959	10.00
Ong Kwee Cheng (Dora) [6] [7]	9,151,359	1.42	57,118,600	8.89

Notes:

(1) Calculated based on the Existing Issued Share Capital of 642,750,000 Shares. The shareholding of each substantial shareholder as well as the Existing Issued Share Capital, do not take into account the European style warrants issued by the Company on 31 January 2017.

(2) Mr Shi Jiangang, the Executive Chairman of the Company, is deemed to be interested in 238,405,706 Shares held by his daughter, Ms Shi Minyuan. He is also deemed interested in 238,405,706 unissued Shares that will be issued to Ms Shi Minyuan in the event of the exercise of the warrants held by her. Such unissued Shares constitute 37.09% of the Existing Share Capital and 18.55% of the further enlarged share capital of the Company, being 1,285,500,000 Shares, assuming that all the warrants issued pursuant to the Company's rights issue on 31 January 2017 (and as disclosed in the Company's announcement dated 31 January 2017 on the same) (the "**Rights Issue**') are exercised.

(3) Ms Shi Minyuan is deemed to be interested in 238,405,706 unissued Shares that will be issued to her in the event of the exercise of the warrants held by her. Such unissued Shares constitute 37.09% of the Existing Share Capital and 18.55% of the further enlarged share capital of the Company, being 1,285,500,000 Shares, assuming that all the warrants issued pursuant to the Rights Issue are exercised.

(4) Mr Jiang Hao is deemed to be interested in 117,600,000 unissued Shares that will be issued to him in the event of the exercise of the warrants held by him. Such unissued Shares constitute 18.30% of the Existing Share Capital and 9.15% of the further enlarged share capital of the Company, being 1,285,500,000 Shares, assuming that all the warrants issued pursuant to the Rights Issue are exercised.

(5) Mr Sam Kok Yin is deemed to be interested in Ms Tan Hui Har's shareholdings in the Company as they are spouses. Ms Tan Hui Har holds 10,159,000 Shares. Mr Sam Kok Yin is also deemed to be interested in the 95,252,100 Shares held in the name of Raffles Nominee (Pte). Ltd., a nominee company. Mr Sam Kok Yin is also deemed to be interested in 138,095,800 unissued Shares that will be issued to him in the event of the exercise of the warrants granted to him. Such unissued Shares constitute 21.49% of the Existing Share Capital and 10.74% of the further enlarged share capital of the Company, being 128,550,000 Shares, assuming that all the warrants issued pursuant to the Rights Issue are exercised.

(6) Mr Chan Charlie and Mdm Ong Kwee Cheng (Dora) are the Directors of Chan & Ong Holdings Pte Ltd ("C&O") and their shareholdings are 23% and 77% respectively. Accordingly, they are deemed to be interested in C&O's 55,118,600 shares in the capital of the Company.

(7) Mdm Ong Kwee Cheng Dora and Mr Chan Charlie are deemed to be interested in each other's shareholdings as they are spouses.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Phillip Securities Pte Ltd	384,070,306	59.75
2.	Raffles Nominees (Pte) Limited	95,302,800	14.83
3.	Chan & Ong Holdings Pte Ltd	55,118,600	8.58
4.	UOB Kay Hian Pte Ltd	24,335,800	3.79
5.	Tan Hui Har	10,159,000	1.58
6.	Ong Kwee Cheng @ Dora Chan	9,151,359	1.42
7.	Citibank Nominees Singapore Pte Ltd	7,075,900	1.10
8.	Lum Tain Fore	4,000,000	0.62
9.	Sam Kok Yin (Shen Guoxian)	3,690,000	0.57
10.	Koh Boon Tong	2,860,000	0.45
11.	Goon Eu Jin Terence	2,423,900	0.38
12.	Chan Charlie	2,000,000	0.31
13.	OCBC Securities Private Ltd	1,941,404	0.30
14.	Kong Hwai Ming	1,708,800	0.27
15.	BNP Paribas Nominees Singapore Pte Ltd	1,500,000	0.23
16.	Thio Seng Tji	1,430,000	0.22
17.	Chong Eng Teik Kenneth	1,200,000	0.19
18.	Tan Weiren Vincent (Chen Weiren Vincent)	1,150,000	0.18
19.	Ng Ching Thiam	1,120,100	0.17
20.	Ramesh s/o Pritamdas Chandiramani	1,089,300	0.17
	Total	611,327,269	95.11

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 13 March 2019, approximately 16.92% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules"). Accordingly, Rule 723 of the Catalist Rules is complied with.

STATISTICS OF WARRANTHOLDINGS AS AT 13 MARCH 2019

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholding			Number of Warrantholders	%	Number of Warrants	%
1	-	99	0	0.00	0	0.00
100	-	1,000	3	2.54	2,100	0.00
1,001	-	10,000	14	11.86	89,500	0.01
10,001	-	1,000,000	84	71.19	21,541,100	3.36
1,000,001		and above	17	14.41	621,117,300	96.63
			118	100.00	642,750,000	100.00

TWENTY LARGEST WARRANTHOLDERS

No.	Name of Warrantholders	Number of Warrants	%
1.	Phillip Securities Pte Ltd	392,635,806	61.09
2.	Sam Kok Yin (Shen Guoxian)	127,936,800	19.90
3.	UOB Kay Hian Pte Ltd	25,300,000	3.94
4.	Maybank Kim Eng Securities Pte. Ltd.	14,962,800	2.33
5.	Chan & Ong Holdings Pte Ltd	10,600,000	1.65
6.	Tan Hui Har	10,159,000	1.58
7.	Morgan Stanley Asia (S) Securities Pte Ltd	8,796,600	1.37
8.	Goon Eu Jin Terence	8,736,894	1.36
9.	Lum Tain Fore	4,700,000	0.73
10.	Koh Boon Tong	3,560,000	0.55
11.	Ramesh s/o Pritamdas Chandiramani	3,200,000	0.50
12.	Ong Kwee Cheng @ Dora Chan	2,636,000	0.41
13.	Eng Koon Hock	2,400,000	0.37
14.	Thio Seng Tji	1,530,000	0.24
15.	Edmun Seng Chian Song	1,500,000	0.23
16.	Leong Chan Teik	1,250,000	0.19
17.	Tan Lye Seng	1,213,400	0.19
18.	Chen Yuan Melvin	1,000,000	0.16
19.	Gan Seng Kuei	1,000,000	0.16
20.	Tay Hui San	1,000,000	0.16
	Total	624,117,300	97.11

NOTICE OF ANNUAL GENERAL MEETING

ABUNDANCE INTERNATIONAL LIMITED
(Incorporated in Singapore with limited liability)
(Co. Reg. No: 197501572K)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ABUNDANCE INTERNATIONAL LIMITED (the "**Company**") will be held at 168 Robinson Road Capital Tower, #09-04/05 The Brain (Training rooms) Singapore 068912 on 24 April 2019 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect the following Directors retiring pursuant to Article 91 of the Company's Constitution:

   Mr Shi Jiangang **(Resolution 2)**

   Mr Tham Hock Chee **(Resolution 3)**

   Mr Shi Jiangang, upon re-election as a Director of the Company, will remain as an Executive Director.

   Mr Tham Hock Chee, upon re-election as a Director of the Company, will remain as an Independent Director.

3. To approve the payment of Directors' fees of S$99,000 for the period ended 31 December 2018 (FY2017: S$99,000).

   (Resolution 4)

4. To re-appoint Foo Kon Tan LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.

   (Resolution 5)

5. To transact any other ordinary business which may be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

ABUNDANCE INTERNATIONAL LIMITED
(Incorporated in Singapore with limited liability)
(Co. Reg. No: 197501572K)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

All capitalised terms in Resolution 7 below and defined in the Letter to Shareholders dated 9 April 2019 shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Letter to Shareholders dated 9 April 2019.

6. **SHARE ISSUE MANDATE**

That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Act**") and Rule 806 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be given to the Directors of the Company to issue shares ("**Shares**") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed hundred percent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares,

and in sub-paragraph (a) above and this sub-paragraph (b), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST, Section B: Rules of Catalist;

(c) and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities.

[See Explanatory Note (i)]

(Resolution 6)

7. **RENEWAL OF INTERESTED PERSON TRANSACTIONS MANDATE**

That:

(a) approval be and is hereby given, for the renewal of the mandate for the purposes of Chapter 9 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Chapter 9**"), for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into the interested person transactions pursuant to Chapter 9 ("**IPTs**") with the Interested Persons, particulars of which are set out in the Letter to Shareholders dated 9 April 2019, provided that such transactions are (i) made on normal commercial terms and will not be prejudicial to the interest of the Company and its minority Shareholders and (ii) in accordance with the review procedures for such IPTs (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company;

(c) the Non-Interested Directors of the Company and each of them be and are hereby authorised to do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the IPT Mandate as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company; and

(d) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time.

[See Explanatory Note (ii)]

(Resolution 7)

By Order of the Board

Ong Beng Hong/Tan Swee Gek
Company Secretaries
Singapore, 9 April 2019

Explanatory Notes on Resolutions to be passed:

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding one hundred percent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty percent (50%) may be issued other than on a pro rata basis.

(ii) The Ordinary Resolution 7 proposed in item 7 above relates to the renewal of a mandate given by Shareholders to the Company on 26 April 2017 (which was subsequently renewed on 26 April 2018), allowing the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into interested person transactions pursuant to Chapter 9. Please refer to the Letter to Shareholders dated 9 April 2019 for details.

Notes:

1. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Annual General Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

2. A proxy need not be a Member of the Company.

3. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 9 Joo Koon Circle, Singapore 629041 not less than seventy-two (72) hours before the time appointed for holding the Meeting.

5. A depositor shall not be regarded as a member of a Company entitled to attend, speak and vote at the Annual General Meeting unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289) seventy-two (72) hours before the time fixed for the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Tham Hock Chee and Mr Shi Jiangang are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 24 April 2019 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Retiring Directors as required under Appendix 7F to the Catalist Rules of the SGX-ST is set out below:

	Mr Tham Hock Chee	**Mr Shi Jiangang**
Date of Appointment	2 January 2015	25 September 2014
Date of last re-appointment	26 April 2017	26 April 2017
Age	69	57
Country of principal residence	Singapore	The People's Republic of China (the "**PRC**")
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board having considered the recommendation of the Nominating Committee and having reviewed and assessed Mr Tham Hock Chee's qualifications and experience, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as an Independent Director.	The Board having considered the recommendation of the Nominating Committee and having reviewed and assessed Mr Shi Jiangang's qualifications and experience, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as an Executive Director.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive. Mr Shi Jiangang is responsible for the overall business operations and management of the Group's business, particularly in the Group's new chemical and investment businesses.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director Chairman of Remuneration Committee Member of Audit Committee and Nominating Committee	Executive Director Executive Chairman
Professional qualifications	Bachelor in Industrial Engineering	-
Working experience and occupation(s) during the past 10 years	China Sports International Limited (2007-2016) Ouhua Energy Holdings Limited (2010-Now) Sun East Group Limited (2011)	Mr Shi Jiangang has been the president of the Feixiang group of companies since 2001. The Feixiang Group mainly operates in the fine chemicals industry. Currently, Mr Shi Jiangang has other diversified business interests, including property development in both the PRC and Sydney, Australia and education.

	Mr Tham Hock Chee	Mr Shi Jiangang
Shareholding interest in the listed issuer and its subsidiaries	No	**Shares** Deemed Interest: 238,405,706 shares **Warrants** Deemed interest: 238,405,706 warrants
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	Mr Shi Jiangang is the father of Ms Shi Minyuan, a substantial shareholder of the Company.
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years) Present	 China Sports International Limited Ouhua Energy Holdings Limited	 Shanghai Tiantan Auxiliaries Co., Ltd Jiangsu Feixiang Chemicals Co., Ltd. Jiangsu Feymer Technology Co., Ltd Jiangsu Alsio Technology Co., Ltd. Suzhou Feixiang Institute of New Materials Co., Ltd Suzhou WPT PharmaChem Group Co., Ltd. Hwa-An International Limited Hwa-Cheng International Limited Feixiang Holdings Private Limited Phoenix OPC Trading Fenghuang Holdings Limited Zhangjiagang Yangtze Petrochemicals Co., Ltd Max Bloom Group Limited SYNtesis Med Chem (Hong Kong) Limited Wilmington PharmaTech Company LLC SYNthesis Med Chem Pty Ltd Catalyst & Catalysts Technology Co. Ltd. Zeavion Holding Pte Ltd Gymbo Global Pte Ltd Gymboree Hong Kong Limited Gymbo Global Educational Investment Co. Ltd

	Mr Tham Hock Chee	Mr Shi Jiangang
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory equirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

	Mr Tham Hock Chee	Mr Shi Jiangang
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

	Mr Tham Hock Chee	Mr Shi Jiangang
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N/A as Mr Tham Hock Chee is a Retiring Director seeking re-election	N/A as Mr Shi Jiangang is a Retiring Director seeking re-election

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IMPORTANT:
CPF Investors
1. For investors who have used their CPF monies to buy the Company's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

Personal Data Privacy
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Company's Notice of Annual General Meeting.

Multiple Proxies
5. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two proxies to attend, speak and vote at the AGM.

PROXY FORM

(Please see notes overleaf before completing this Form)

ABUNDANCE INTERNATIONAL LIMITED
(Incorporated in Singapore with limited liability)
(Co. Reg. No: 197501572K)

*I/We, ...

of ....

*being a member/members of **ABUNDANCE INTERNATIONAL LIMITED** (the "**Company**"), hereby appoint:*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at 168 Robinson Road Capital Tower, #09-04/05 The Brain (Training rooms) Singapore 068912 on 24 April 2019, at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

(If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	For	Against
1	Directors' Statement and Audited Financial Statements for the financial year ended 31December 2018		
2	Re-election of Mr Shi Jiangang as a Director		
3	Re-election of Mr Tham Hock Chee as a Director		
4	Approval of Directors' fees amounting to S$99,000 for the financial year ended 31 December 2018		
5	Re-appointment of Foo Kon Tan LLP as Auditors		
6	Authority to allot and issue new shares		
7	Authority to enter into transactions with interested persons		

**Delete where inapplicable*

Dated this _________ day of April 2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)/
and, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 9 Joo Koon Circle, Singapore 629041 not less than 72 hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

ABUNDANCE INTERNATIONAL LIMITED

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