



**UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

**1a An income statement (for AnAn International Limited and its subsidiaries (“the Group”)) together with a comparative statement for the corresponding period of the immediately preceding financial year**

<b>Group</b>	<b>Three months ended 30 Jun 2021</b>	<b>Three months ended 30 Jun 2020</b>	<b>Increase / (decrease)</b>	<b>Six months ended 30 Jun 2021</b>	<b>Six months ended 30 Jun 2020</b>	<b>Increase / (decrease)</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>		<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Revenue	440,624	199,882	120	816,403	567,928	44
Cost of sales	(423,907)	(185,141)	129	(785,316)	(539,330)	46
<b>Gross profit</b>	<b>16,717</b>	<b>14,741</b>	<b>13</b>	<b>31,087</b>	<b>28,598</b>	<b>9</b>
Other operating income	176	807	(78)	148	883	(83)
Selling and distribution expenses	(15,257)	(11,450)	33	(28,496)	(22,865)	25
Administrative expenses	(1,083)	(1,098)	(1)	(2,246)	(2,231)	1
Other operating expenses	(475)	(129)	268	(733)	(444)	65
Finance expenses	(681)	(408)	67	(1,178)	(1,192)	(1)
Share of results of associates and joint ventures	16	100	(84)	693	152	355
<b>(Loss)/profit before income tax</b>	<b>(587)</b>	<b>2,563</b>	<b>N.M</b>	<b>(725)</b>	<b>2,901</b>	<b>N.M</b>
Income tax credit/(expenses)	426	(1,269)	N.M	(180)	(1,988)	(91)
<b>(Loss)/profit for the period</b>	<b>(161)</b>	<b>1,294</b>	<b>N.M</b>	<b>(905)</b>	<b>913</b>	<b>N.M</b>
<b>Other comprehensive (loss)/income:</b>						
<b>Item that may be reclassified subsequently to profit or loss</b>						
Exchange differences on translating foreign operations	627	628	(0)	(1,599)	124	N.M
<b>Other comprehensive income for the period</b>	<b>627</b>	<b>628</b>	<b>(0)</b>	<b>(1,599)</b>	<b>124</b>	<b>N.M</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>466</b>	<b>1,922</b>	<b>(76)</b>	<b>(2,504)</b>	<b>1,037</b>	<b>N.M</b>
<b>(Loss)/profit attributable to:</b>						
Owners of the Company	(416)	405	N.M	(992)	(267)	272
Non-controlling interests	255	889	(71)	87	1,180	(93)
<b>(Loss)/profit for the period</b>	<b>(161)</b>	<b>1,294</b>	<b>N.M</b>	<b>(905)</b>	<b>913</b>	<b>N.M</b>
<b>Total comprehensive (loss)/income attributable to:</b>						
Owners of the Company	(56)	769	N.M	(1,980)	(196)	910
Non-controlling interests	522	1,153	(55)	(524)	1,233	N.M
<b>Total comprehensive (loss)/income for the period</b>	<b>466</b>	<b>1,922</b>	<b>(76)</b>	<b>(2,504)</b>	<b>1,037</b>	<b>N.M</b>

The Group's (loss)/profit before income tax is arrived at after charging / (crediting):

<b><u>Group</u></b>	<b>Three months ended 30 Jun 2021 US\$'000 (Unaudited)</b>	<b>Three months ended 30 Jun 2020 US\$'000 (Unaudited)</b>	<b>Increase /(decrease) % (Unaudited)</b>	<b>Six months ended 30 Jun 2021 US\$'000 (Unaudited)</b>	<b>Six months ended 30 Jun 2020 US\$'000 (Unaudited)</b>	<b>Increase /(decrease) % (Unaudited)</b>
Loss/(gain) on disposal of property, plant and equipment	4	(1)	N.M	2	-	N.M
Interest income	(18)	(56)	(68)	(86)	(226)	(62)
Depreciation and amortisation	2,246	1,986	13	4,403	3,895	13
(Reversal) / allowance for trade debts	(308)	3	N.M	(265)	(10)	2,550
Bad debts written-off	368	32	1,050	394	203	94
Directors' fees	39	51	(24)	78	122	(36)
Finance expenses	681	408	67	1,178	1,192	(1)
Professional fees	438	591	(26)	901	953	(5)
Rental expenses	185	144	28	262	296	(11)
Staff costs (including key management personnel compensation)	8,451	6,394	32	15,607	12,579	24
Travelling expenses	35	27	30	220	163	35
Negative goodwill	-	(623)	N.M	-	(623)	N.M

**1b(i) A balance sheet (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year**

	<u>Group</u>		<u>Company</u>	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>ASSETS</b>				
<b>Non-current assets:</b>				
Property, plant and equipment	37,801	36,184	-	-
Right-of-use assets	6,228	7,324	-	-
Intangible assets	15,100	15,684	-	-
Investments in subsidiaries	-	-	50,000	50,000
Investments in associates	13,287	13,093	-	-
Investments in joint ventures	45,568	45,897	-	-
Available-for-sale financial assets	150	143	-	-
Deferred tax assets	1,436	1,485	-	-
Other receivables	458	440	-	-
Total non-current assets	120,028	120,250	50,000	50,000
<b>Current assets:</b>				
Inventories	103,080	81,309	-	-
Trade and other receivables	217,780	153,901	41	5
Amounts due from subsidiaries	-	-	152	318
Loan to holding company	1,200	219	-	-
Amounts due from related companies	9,215	2,308	-	-
Tax recoverable	1,265	728	-	-
Derivative financial assets	-	78	-	-
Cash and cash equivalents	8,568	11,607	-	-
Total current assets	341,108	250,150	193	323
<b>Total assets</b>	<b>461,136</b>	<b>370,400</b>	<b>50,193</b>	<b>50,323</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Provisions	8	8	-	-
Trade and other payables	233,384	189,211	1,167	1,177
Derivative financial liabilities	4,580	1,154	-	-
Loans and borrowings	93,401	45,430	-	-
Lease liabilities	1,055	1,647	-	-
Amounts due to holding company	821	873	-	-
Amounts due to related companies	8	78	-	-
Income tax payable	-	1,298	-	-
Total current liabilities	333,257	239,699	1,167	1,177
<b>Non-current liabilities:</b>				
Provisions	9,759	9,690	-	-
Lease liabilities	4,950	5,459	-	-
Deferred tax liabilities	5,532	5,975	-	-
Loans and borrowings	12,267	11,689	-	-
Other payables	1,703	1,716	-	-
Total non-current liabilities	34,211	34,529	-	-
<b>Total liabilities</b>	<b>367,468</b>	<b>274,228</b>	<b>1,167</b>	<b>1,177</b>
<b>Equity:</b>				
Share capital	545	545	545	545
Share premium	196,308	196,308	196,308	196,308
Accumulated losses	(129,924)	(128,932)	(147,827)	(147,707)
Foreign currency translation reserve	2,558	3,546	-	-
	69,487	71,467	49,026	49,146
<b>Non-controlling interests</b>	<b>24,181</b>	<b>24,705</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>93,668</b>	<b>96,172</b>	<b>49,026</b>	<b>49,146</b>
<b>Total liabilities and equity</b>	<b>461,136</b>	<b>370,400</b>	<b>50,193</b>	<b>50,323</b>

**1b(ii) Aggregate amount of the Group's borrowings and debt securities**

	<u>Unsecured</u>		<u>Secured</u>	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amount payable in one year or less or on demand	6,069	8,004	88,387	39,073
Amount payable after one year	17,217	17,148	-	-

Details of any collateral

The secured borrowings of US\$88,386,597 are secured with trade receivables of the subsidiaries.

Contingent liabilities

As at 30 June 2021, the Group has also given guarantees in the amount of US\$14 million as follows:

- i) Bank guarantees in the amount of US\$12.12 million to 5 oil product suppliers to secure certain favourable buying conditions and payment terms for 2 subsidiaries; and
- ii) Letter of support to banks in the amount of US\$1.88 million in favour of a joint venture company in France.

**1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

<b>Group</b>	<b>Three months ended 30 Jun 2021 US\$'000 (Unaudited)</b>	<b>Three months ended 30 Jun 2020 US\$'000 (Unaudited)</b>	<b>Six months ended 30 Jun 2021 US\$'000 (Unaudited)</b>	<b>Six months ended 30 Jun 2020 US\$'000 (Unaudited)</b>
<b>Operating activities</b>				
(Loss)/profit before income tax	(587)	2,563	(725)	2,901
<b>Adjustment for:</b>				
Depreciation and amortisation	2,246	1,986	4,403	3,895
(Gain)/loss on disposal of property, plant and equipment	4	(1)	2	-
Fair value measurement on derivative instrument	2,072	-	3,538	-
Impairment of assets	(6)	19	(6)	32
(Reversal)/ allowance for trade debts	(308)	3	(265)	(10)
Bad debts written-off	368	32	394	203
Interest expenses	354	236	619	743
Interest income	(18)	(56)	(86)	(226)
Share of results of associate and joint ventures	(16)	(101)	(693)	(153)
Negative goodwill (Note A)	-	(623)	-	(623)
Exchange realignment	(310)	(1,384)	874	310
Operating cash flows before changes in working capital	3,799	2,674	8,055	7,072
<b>Changes in working capital:</b>				
Inventories	(14,691)	(6,967)	(24,297)	(6,286)
Trade and other receivables	(26,404)	(1,020)	(69,010)	7,388
Trade and other payables	17,636	4,436	49,801	(54,933)
<b>Cash flows used in operations</b>	<b>(19,660)</b>	<b>(877)</b>	<b>(35,451)</b>	<b>(46,759)</b>
Income taxes (paid)/received	219	598	(555)	837
Interest paid	(354)	(236)	(619)	(743)
Interest received	18	56	86	226
<b>Net cash flows used in operating activities</b>	<b>(19,777)</b>	<b>(459)</b>	<b>(36,539)</b>	<b>(46,439)</b>
<b>Investing activities</b>				
Cash outflow from acquisition of a subsidiary	-	(660)	-	(660)
Proceeds from disposal of property, plant and equipment	-	1	5	1
Investment in available-for-sale assets	(2)	(2)	(12)	(2)
Purchases of intangible assets, property, plant and equipment	(3,654)	(1,442)	(6,493)	(3,412)
<b>Net cash flows used in investing activities</b>	<b>(3,656)</b>	<b>(2,103)</b>	<b>(6,500)</b>	<b>(4,073)</b>
<b>Financing activities</b>				
Bank deposit from acquisition of a subsidiary (Note A)	-	4,814	477	4,814
Proceeds from/(repayment of) borrowings	7,388	(957)	12,801	2,497
Repayment of lease liabilities	(439)	(329)	(888)	(652)
Repayment to holding company	-	-	-	(300)
Loan to holding company	(398)	-	(1,034)	-
Proceeds from/(repayment to) related companies	(4,977)	769	(6,976)	215
<b>Net cash flows generated from financing activities</b>	<b>1,574</b>	<b>4,297</b>	<b>4,380</b>	<b>6,574</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(21,859)</b>	<b>1,735</b>	<b>(38,659)</b>	<b>(43,938)</b>
Cash and cash equivalents at the beginning of the period	(26,396)	(20,472)	(9,040)	26,942
Effect of exchange rate changes on cash and cash equivalents	143	1,714	(413)	(27)
<b>Cash and cash equivalents at the end of the period</b>	<b>(48,112)</b>	<b>(17,023)</b>	<b>(48,112)</b>	<b>(17,023)</b>
Cash and bank balance	8,568	9,871	8,568	9,871
Bank overdrafts	(56,680)	(26,894)	(56,680)	(26,894)
Cash and cash equivalents per consolidated statement of cash flows	<b>(48,112)</b>	<b>(17,023)</b>	<b>(48,112)</b>	<b>(17,023)</b>

**Note A: Acquisition of a Subsidiary**

The bank deposit acquired was recognised due to the assessment under the purchase price allocation exercise on the acquisition of a subsidiary (SARL ANEO) in the financial year ended 31 December 2020.

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

	Attributable to the owners of the Company						Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	(Accumulated losses)/ retained earnings US\$'000	Foreign currency translation reserve US\$'000	Equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	
<b>Group</b>							
At 1 January 2021	545	196,308	(128,932)	3,546	71,467	24,705	96,172
Loss for the period, representing total comprehensive income for the period	-	-	(992)	-	(992)	87	(905)
Exchange differences on translating foreign operations	-	-	-	(988)	(988)	(611)	(1,599)
Balance at 30 June 2021	545	196,308	(129,924)	2,558	69,487	24,181	93,668
At 1 January 2020	545	196,308	(131,213)	1,050	66,690	18,838	85,528
Loss for the period, representing total comprehensive income for the period	-	-	(267)	-	(267)	1,180	913
Exchange differences on translating foreign operations	-	-	-	71	71	53	124
Balance at 30 June 2020	545	196,308	(131,480)	1,121	66,494	20,071	86,565

	Attributable to the owners of the Company			Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Accumulated losses US\$'000	
<b>Company</b>				
At 1 January 2021	545	196,308	(147,707)	49,146
Loss for the period, representing total comprehensive income for the period	-	-	(120)	(120)
Balance at 30 June 2021	545	196,308	(147,827)	49,026
At 1 January 2020	545	196,308	(147,160)	49,693
Loss for the period, representing total comprehensive income for the period	-	-	(248)	(248)
Balance at 30 June 2020	545	196,308	(147,408)	49,445

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

There have been no changes in the Company's share capital since the end of the previous period reported.

The Company did not have any treasury shares, subsidiary holdings or other convertibles as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

The total number of issued shares as at end of 30 June 2021 and 31 December 2020 was 4,233,185,850 shares. There were no shares held as treasury shares and the Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 30 June 2021 and 31 December 2020.

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

Not applicable as the Company does not have any treasury shares.

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

During the financial period, there was no transaction pertaining to subsidiary holdings.

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

These figures have neither been reviewed nor audited by the Company's auditors.

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

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

The Management is awaiting for the audit of the financial statements of FY2018 to be completed and have the audit qualifications stated in the audited financial statements for FY2017 to be satisfactory resolved. The Board confirmed that the impact of all outstanding audit issues on financial statements have been adequately disclosed.

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

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recent audited financial statements as well as all the applicable new/revised International Financial Reporting Standards ("IFRS") and IFRS interpretations ("INT IFRS") which came into effect for the financial years beginning on or after 1 January 2021.

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

In the current financial year, the Group has adopted the new and revised IFRS, and INT IFRS that are relevant to its operations and effective for the current financial year. The adoption of these new or revised IFRS or INT IFRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

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

	<b>Group</b>			
	<b>Three months ended</b>	<b>Three months ended</b>	<b>Six months ended</b>	<b>Six months ended</b>
	<b>30 Jun 2021</b>	<b>30 Jun 2020</b>	<b>30 Jun 2021</b>	<b>30 Jun 2020</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>(Losses)/profit attributable to owners of the Company</b>	(415,509)	404,583	(991,440)	(267,462)
<b>(Losses)/profit per ordinary share</b>	<b>US Cents</b>	<b>US Cents</b>	<b>US Cents</b>	<b>US Cents</b>
(a) Based on the weighted average number of ordinary shares in issue; and	(0.0098)	0.0096	(0.0234)	(0.0063)
Weighted average number of ordinary shares in issue	4,233,185,850	4,233,185,850	4,233,185,850	4,233,185,850
(b) On a fully diluted basis	(0.0098)	0.0096	(0.0234)	(0.0063)
Weighted average number of ordinary shares in issue	4,233,185,850	4,233,185,850	4,233,185,850	4,233,185,850

**7. Net assets value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>
	<b>US cents</b>	<b>US cents</b>	<b>US cents</b>	<b>US cents</b>
<b>Net assets value per ordinary share</b>	<u>1.642</u>	<u>1.688</u>	<u>1.158</u>	<u>1.161</u>

The calculation of net assets value per ordinary share is based on the Group's net assets of approximately US\$69,487,810 as at 30 June 2021 (31 December 2020: US\$71,466,286) and the Company's net assets of approximately US\$49,026,429 as at 30 June 2021 (31 December 2020: US\$49,146,024) and share capital of 4,233,185,850 shares (31 December 2020: 4,233,185,850 shares).



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **Review of the Group's financial performance**

For the second quarter of the year ("2Q 2021"), the Group's revenue increased by 120% on quarter to quarter ("Q-to-Q") to US\$440.62 million from US\$199.88 million in the second quarter of last year ("2Q 2020"). It also increased by 44% from US\$567.93 million for the six months ended 30 June 2020 ("6M 2020") to US\$816.40 million for the six months ended 30 June 2021 ("6M 2021"). The Group's revenue was from the distribution business in France and Spain ("Dyneff Group"). The increase in the revenue for both 2Q 2021 and 6M 2021 as compared to the corresponding periods in 2020 were attributable the steady recovery of the sale volume as compared to 6M 2020M, during which, COVID-19 drastic lockdown containment measures were implemented.

The cost of sales has increased to US\$785.32 million in 6M 2021, an increase of 46% from US\$539.33 million in 6M 2020, which is in line with the increase in revenue. However the gross profit margin has decreased from 5% in 6M 2020 to 3.8% in 6M 2021, which was mainly due to the stiffer market competition faced by the Dyneff Group.

Other operating income of US\$0.18 million for 2Q 2021 was a 78% reduction as compared to US\$0.81 million in 2Q 2020 as a result of the negative goodwill generated from an acquisition of a subsidiary of US\$0.62 million in 2Q 2020 not repeated in 2Q 2021. Other operating income for 6M 2021 and 6M 2020 were US\$0.15 million and US\$0.88 million respectively, a decrease of US\$0.73 million was a result of the lower bank interest income and the negative goodwill generated from an acquisition of a subsidiary as mentioned in the foregoing.

Selling and distribution expenses increased by 33% from US\$11.45 million in 2Q 2020 to US\$15.26 million in 2Q 2021. It also increased by 25% million from US\$22.87 million in 6M 2020 to US\$28.50 million in 6M 2021. The overall increase of US\$5.63 million in 6M 2021 was due to higher staff costs of US\$2.94 million from salary increment and increased headcounts; higher depreciation of US\$0.45 million; software expenses of US\$0.33 million; insurance and other taxes of US\$0.62 million; office supplies, motor vehicles expenses and utilities of US\$0.67 million; and software expenses of US\$0.33 million. The selling and distribution expenses were not in correlation to the Group's revenue as the significant fixed staff costs does not fluctuate according to the revenue generated.

Administrative expenses remain relatively constant in 2Q 2021 and in 6M 2021 as compared to 2Q 2020 and in 6M 2020. Other operating expenses in 2Q 2021 and 6M 2021 were US\$0.48 million and US\$0.73 million respectively, as compared to US\$0.13 million in 2Q 2020 and US\$0.44 million in 6M 2020. This slight increase was mainly due to the provision of oil depot depollution costs for a site in France in 6M 2021.

Finance expenses increased from US\$0.41 million in 2Q 2020 to US\$0.68 million in 2Q 2021 due to higher interest expenses from bank borrowings. Overall, the finance expenses decreased slightly by 1% from US\$1.19 million in 6M 2020 to US\$1.18 million in 6M 2021.

The share of profits of associates and joint ventures was US\$0.02 million in 2Q 2021 as compared to US\$0.1 million in 2Q 2020. This reduction in 2Q 2021 was mainly due the loss of US\$0.1 million incurred by our joint venture, Rizhao Port Gold Brick Oil Storage and Transportation Corporation Limited in China, as a result of reduced demand for its oil storage facilities that stemmed from tax imposed on the import of crude oil refined products and new storage facilities set up by competitors. The share of profits of associates and joint ventures was US\$0.69 million in 6M 2021 as compared to US\$0.15 million in 6M 2020 due to the overall higher profit from the associates in France. Income tax expenses for 6M 2021 decreased by 91% from US\$1.99 million in 6M 2020 to US\$0.18 million in 6M 2021 was in line with the lower profit made by the distribution business in France and Spain.

The Group recorded a net loss of US\$0.16 million for 2Q 2021 and US\$0.91 million for 6M 2021 as compared to a net profit of US\$1.29 million for 2Q 2020 and US\$0.91 million for 6M 2020. These were attributable to decrease

in the gross profit margin by the distribution business, coupled with the increase of overall selling and distribution, operating and finance expenses.

### **Review of the Group's financial position**

The Group's non-current assets stand at US\$120.03 million as at 30 June 2021 compared to US\$120.25 million as at 31 December 2020, and comprised property, plant and equipment of US\$37.8 million, right-of-use assets of US\$6.23 million, intangible assets of US\$15.1 million, investments in associates and joint ventures of US\$58.86 million, available-for-sale financial assets of US\$0.15 million, deferred tax assets of US\$1.44 million and other receivables of US\$0.46 million.

The overall decrease of US\$0.22 million in non-current assets was mainly attributable to addition of US\$ 6.49 million, coupled with the depreciation of US\$ 4.4 million and translation adjustment of US\$ 2.15 million of property, plant and equipment, right-of-use assets as well as the intangible assets. The remaining decrease of US\$0.16 million was mainly due to the translation adjustment of US\$ 0.81 million for the associates and joint ventures, offset by the increase of share of profit of US\$0.69 million.

The current assets stood at US\$341.11 million as 30 June 2021 compared to US\$250.15 million as at 31 December 2020. Overall, the increase of US\$90.96 million in current assets was from the increase of US\$63.88 million in trade and other receivables, US\$21.77 million in inventory, US\$0.98 million in loan to holding company, US\$ 0.54 million in tax recoverable as well as the increase of US\$6.91 million in amount due from related companies, offset by the decrease in cash and cash equivalent of US\$3.04 million. The increase in trade receivables was in line with the higher sales and the debtor-sales outstanding ratio remained between 20 to 25 days, which was still within the norms of business operations. The increase in inventory was also in line with the increase of sale volumes and to maintain higher level of inventories to comply with the Loi d'Orientation de la Politique Energetique legislation in France. This is an environmental legislation that imposes energy saving requirements on all energy suppliers in France, either directly on their own plants and equipment or indirectly by supporting their clients to save energy. Failure to comply would result in penalties to the energy supplier. One of the ways that energy suppliers can prove their compliance with this legislation is to accumulate a certain number of energy savings certificates. The increase in the amount due to related companies of US\$6.91 million was advances provided by Dyneff SAS to one of its 50% joint ventures in France for its working capital of US\$1.33 million and another joint venture for its capital expenditure requirement of US\$5.65 million. The joint venture entity is currently seeking to secure long term financing for the capital expenditure..

The increase of US\$93.56 million in current liabilities was due to an increase of US\$47.97 million in loans and borrowing and US\$44.17 million in trade and other payable, US\$ 3.43 million in derivative financial liabilities, offset by the decrease in lease liabilities of US\$0.6 million and US\$1.3 million in income tax payable. The higher loan and borrowings that comprised bank overdraft of US\$36 million and short term loans of US\$11.5 million that were used in operating and financing activities for 6M 2021. The higher trade and other payables was mainly attributable to increase of US\$36.6 million in trade payable in line with the increase in the unit costs as well as the volume of the inventory and US\$8.4 million in France VAT and other tax payable. The increase in derivative financial liabilities was due to mark to market unrealized losses on future oil products. The decrease of US\$0.32 million in non-current liabilities as attributable to the decrease in lease liabilities of US\$0.51 million and deferred tax liabilities of US\$0.44 million, offset by increase of loans and borrowings of US\$0.58 million. The non-current liabilities remain unchanged from the prior period.

Overall, the Group's net assets stood at US\$69.49 million as at 30 June 2021, or 1.64 US cents per share, compared to US\$71.47 million as at 31 December 2020 or 1.69 US cents per share.

### **Review of the Group's cash flows**

The Group recorded net cash flows used in operating activities of US\$19.78 million in 2Q 2021, as compared to US\$0.46 million in 2Q 2020. This decrease in cashflow generated from operating activities was mainly attributable to higher inflow of cash resulting from trade and other payables, offset by the movement in higher cash outflow in inventories and trade and other receivables. For the net cash flows of US\$36.54 million used in operating activities in 6M 2021, as compared to net cash flows used in operating activities of US\$46.44 million in 6M 2020, it was due

to outflows of cash resulting from inventories and trade and other receivables, partially offset by the inflow in trade and other payables.

The higher net cash flows used in investing activities of US\$3.66 million and US\$6.5 million in 2Q 2021 and 6M 2021 respectively as compared to US\$2.1 million and US\$4.07 million in 2Q 2020 and 6M 2020 respectively was due to purchases of intangible assets and property, plant and equipment by our Dyneff Group in France. The lower net cash flows generated from financing activities of US\$1.57 million in 2Q 2021 and US\$4.38 million in 6M 2021, as compared to US\$4.38 million in 2Q 2020 and US\$6.57 million in 6M 2020 was due to advances provided to the associates and joint venture by Dyneff, loans to the Company's holding company, offset by the increase proceeds from bank borrowings.

The Group's cash and cash equivalents in the consolidated statement of cashflows comprises cash and bank balances of US\$8.57 million and bank overdrafts of US\$56.68 million as at 31 June 2021.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

The Group's main revenue is derived from Dyneff Group in France and Spain currently. The Group will continue to seek organic growth and diversification into other natural energy while remaining cautious with the uncertainty in the economic outlook due to the Covid-19.

**11. Dividend**

**If a decision regarding dividend has been made:**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

There was no final ordinary dividend recommended

**(b) (i) Current financial period reported on**

There was no dividend declared for the financial period reported on.

**(ii) Corresponding period of the immediately preceding financial year**

There was dividend declared for the corresponding period of the immediately preceding financial year.

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

Not applicable.

**(d) The date the dividend is payable**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements.**

Not applicable.

**12. If no dividend has been declared or recommended, a statement to that effect.**

No dividend has been declared or recommended as the Company is in a loss position.

**13. If the Group has obtained a general mandate from the Shareholder for IPTs, the aggregate value of such transactions as required under Rule 902 (1)(a) (ii). If no IPT mandate has been obtained, please make a statement to that effect**

The Group does not have a general mandate from shareholders for interested person transactions.

The Group has the following transactions with AnAn Group (Singapore) Pte Ltd (“AAG”), the immediate holding company in 6M 2021. The transactions were entered into between the Group’s wholly owned subsidiaries Singapore Anan Petrochemical & Energy Pte. Ltd. (“SPE”) and Hong Kong China Energy Finance Service Co., Limited (“HKCEFS”) and AAG.

<u>Transactions</u>	<u>USD</u>
Loan provided by HKCEFS to AAG	971,983
Interest charged on loan by HKCEFS to AAG	9,943
Payment on behalf of AAG by SPE	51,032

**14. Negative confirmation pursuant to Rule 705(5)**

We, Zang Jian Jun and Ling Chi, being two directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the financial period ended 30 June 2019 to be false or misleading in any material aspect.

**15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7 under Rule 720(1))**

The Company confirms that it has procured undertakings from all its directors and executive offices in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**16. Disclosure pursuant to Rule 706(A)**

There is no acquisition that requires disclosure pursuant to Rule 706(A) for this quarter of FY2021.

**BY ORDER OF THE BOARD**

**Zang Jian Jun**  
**Executive Director and Executive Chairman**  
**11 August 2021**