



ANAN INTERNATIONAL LIMITED 安安国际有限公司
(Incorporated in Bermuda)
(Company Registration No. 35733)
(the “Company”)

UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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

Group	Three months ended 31 Dec 2019 US\$'000	Three months ended 31 Dec 2018 US\$'000	Increase /(decrease) %	Twelve months ended 31 Dec 2019 US\$'000	Twelve months ended 31 Dec 2018 US\$'000	Increase /(decrease) %
Revenue	471,691	522,594	(10)	1,679,514	2,025,797	(17)
Cost of sales	(455,807)	(505,538)	(10)	(1,624,423)	(1,969,729)	(18)
Gross profit	15,884	17,056	(7)	55,091	56,068	(2)
Other operating income	273	52	425	1,442	4,661	(69)
Selling and distribution expenses	(13,372)	(13,826)	(3)	(47,299)	(47,456)	(0)
Administrative expenses	(1,662)	(1,449)	15	(5,726)	(6,705)	(15)
Other operating expenses	352	(2,829)	NM	(155)	(23,265)	(99)
Finance expenses	(799)	(706)	13	(3,320)	(2,856)	16
Share of results of associates and joint ventures	(109)	65	NM	323	865	(63)
Profit/(Loss) before income tax	567	(1,637)	NM	356	(18,688)	NM
Income tax expense	(185)	384	NM	(1,637)	(150)	991
Profit/(Loss) for the period	382	(1,253)	NM	(1,281)	(18,838)	(93)
Other comprehensive income/(loss):						
Item that may be reclassified subsequently to profit or loss						
Alignment in accounting instruments	232	-	NM	232	-	NM
Exchange differences on translating foreign operations	1,010	(993)	NM	(454)	(1,661)	(73)
Other comprehensive income/(loss) for the period	1,242	(993)	NM	(222)	(1,661)	(87)
Total comprehensive income/(loss) for the period	1,624	(2,246)	NM	(1,503)	(20,499)	(93)
Profit/(loss) attributable to:						
Owners of the Company	(69)	(2,586)	(97)	(2,698)	(20,762)	(87)
Non-controlling interests	451	1,333	(66)	1,417	1,924	(26)
Profit/(loss) for the period	382	(1,253)	NM	(1,281)	(18,838)	(93)
Total comprehensive income/(loss) attributable to:						
Owners of the Company	645	(3,164)	NM	(2,850)	(23,242)	(88)
Non-controlling interests	979	918	7	1,347	2,743	(51)
Total comprehensive profit/(loss) for the period	1,624	(2,246)	(172)	(1,503)	(20,499)	(93)

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

<u>Group</u>	Three	Three	Increase /(decrease) %	Twelve	Twelve	Increase /(decrease) %
	months	months		months	months	
	ended	ended		ended	ended	
	31 Dec 2019	31 Dec 2018		31 Dec 2019	31 Dec 2018	
	US\$'000	US\$'000		US\$'000	US\$'000	
Government credit	-	-	-	-	(5)	N.M
Loss/(Gain) on disposal of property, plant and equipment	657	(1)	N.M	811	31	2,516
Interest income	(195)	(161)	21	(985)	(333)	196
Depreciation and amortisation	1,710	1,647	4	7,761	6,572	18
Allowance for doubtful debts	229	2,593	(91)	598	22,491	(97)
Directors' fees	75	55	36	237	223	6
Finance expenses	799	706	13	3,320	2,856	16
Professional fees	644	542	19	2,104	1,945	8
Rental expenses	287	551	(48)	726	2,933	(75)
Staff costs (including key management personnel compensation)	6,750	7,108	(5)	24,238	25,752	(6)
Travelling expenses	180	188	(4)	579	563	3

N.M : Not Meaningful

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

	<u>Group</u>		<u>Company</u>	
	31 Dec 2019 US\$'000	31 Dec 2018 US\$'000	31 Dec 2019 US\$'000	31 Dec 2018 US\$'000
ASSETS				
Non-current assets:				
Property, plant and equipment	29,820	33,053	-	-
Right-of-use assets	7,213	-	-	-
Intangible assets	9,257	8,755	-	-
Investments in subsidiaries	-	-	50,000	50,500
Investments in associates	11,703	11,821	-	-
Investments in joint ventures	43,803	43,750	-	-
Available-for-sale financial assets	128	-	-	-
Deferred tax assets	1,356	1,373	-	-
Other receivables	308	322	-	-
Total non-current assets	103,588	99,074	50,000	50,500
Current assets:				
Inventories	69,459	45,200	-	-
Trade and other receivables	163,033	177,767	5	49
Amounts due from subsidiaries	-	-	288	251
Amounts due from related parties	2,730	2,402	-	-
Tax recoverable	724	2,155	-	-
Cash and cash balance	26,957	21,321	-	-
Total current assets	262,903	248,845	293	300
Total assets	366,491	347,919	50,293	50,800
LIABILITIES AND EQUITY				
Current liabilities:				
Provisions	87	86	-	-
Trade and other payables	232,924	218,792	600	335
Derivative financial liabilities	78	29	-	-
Loans and borrowings	9,116	8,955	-	-
Lease liabilities	1,432	-	-	-
Amounts due to holding company	1,100	2,500	-	-
Amounts due to subsidiary company	-	-	-	430
Amounts due to related parties	247	1,642	-	-
Total current liabilities	244,984	232,004	600	765
Non-current liabilities:				
Provisions	7,900	8,851	-	-
Lease liabilities	5,810	-	-	-
Deferred tax liabilities	5,379	4,222	-	-
Loans and borrowings	15,453	14,360	-	-
Other payables	1,437	1,451	-	-
Total non-current liabilities	35,979	28,884	-	-
Total liabilities	280,963	260,888	600	765
Equity:				
Share capital	545	545	545	545
Share premium	196,308	196,308	196,308	196,308
Accumulated losses	(131,213)	(128,634)	(147,160)	(146,818)
Foreign currency translation reserve	1,050	1,321	-	-
	66,690	69,540	49,693	50,035
Non-controlling interests	18,838	17,491	-	-
Total equity	85,528	87,031	49,693	50,035
Total liabilities and equity	366,491	347,919	50,293	50,800

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

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

	<u>Unsecured</u>		<u>Secured</u>	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	US\$'000	US\$'000	US\$'000	US\$'000
Amount payable in one year or less or on demand	10,533	8,630	15	325
Amount payable after one year	21,263	14,359	-	-

Details of any collateral

The secured borrowings of US\$14,747 which are secured with trade receivables and inventories of the subsidiaries.

Contingent liabilities

As at 31 December 2019, the Group has also given guarantees of US\$27.04 million in favour of certain counterparts for a subsidiary and a joint venture company.

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

<u>Group</u>	Three	Three	Twelve	Twelve
	months	months	months	months
	ended	ended	ended	ended
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Profit/(Loss) before income tax	567	(1,637)	356	(18,688)
Adjustment for:				
Depreciation and amortisation	1,710	1,647	7,761	6,572
Loss/(Gain) on disposal of property, plant and equipment	657	(1)	811	31
Reversal of impairment of assets	(56)	-	-	-
Fair value measurement on derivative instrument	215	(1,484)	108	(1,136)
Allowance for doubtful debts	229	2,593	598	22,491
Impairment in joint venture	-	-	-	-
Interest expenses	501	383	2,217	1,731
Interest income	(195)	(161)	(985)	(333)
Share of results of associate and joint ventures	109	(65)	(323)	(865)
Exchange realignment	1,992	(10,526)	(222)	634
Operating cash flows before changes in working capital	5,729	(9,251)	10,321	10,437
Changes in working capital:				
Inventories	(1,991)	31,248	(24,823)	10,155
Trade and other receivables	17,214	30,429	11,854	(65,091)
Trade and other payables	5,703	(28,203)	14,410	56,741
Cash flows generated from operations	26,655	24,223	11,762	12,242
Income taxes refund/(paid)	972	(286)	972	(3,752)
Interest paid	(501)	(383)	(2,217)	(1,731)
Interest received	195	161	985	333
Net cash flows generated from operating activities	27,321	23,715	11,502	7,092
Investing activities				
Investment in available-for-sale assets	(113)	-	(113)	-
Proceeds from disposal of property, plant and equipment	30	1	575	11
Purchases of intangible assets, property, plant and equipment	(1,937)	(2,959)	(5,165)	(5,792)
Net cash flows used in investing activities	(2,020)	(2,958)	(4,703)	(5,781)
Financing activities				
(Repayment of)/proceeds from borrowings	(1,947)	4,820	3,431	3,947
Repayment of obligation under finance leases	-	(8)	-	(33)
Repayment of lease liabilities	(380)	-	(1,501)	-
(Repayment to)/Proceeds from holding company	(300)	2,500	(1,400)	(185)
(Repayment to)/Proceeds from related parties	(2,850)	216	(1,733)	(6,298)
Net cash flows (used in)/generated from financing activities	(5,477)	7,528	(1,203)	(2,569)
Net increase/(decrease) in cash and cash equivalents	19,824	28,285	5,596	(1,258)
Cash and cash equivalents at the beginning of the period	6,989	(17,497)	20,996	23,050
Effect of exchange rate changes on cash and cash equivalents	129	10,208	350	(796)
Cash and cash equivalents at the end of the period	26,942	20,996	26,942	20,996
Cash and bank balance	26,957	21,321	26,957	21,321
Bank overdrafts	(15)	(325)	(15)	(325)
Cash and cash equivalents per consolidated statement of cash flows	26,942	20,996	26,942	20,996

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						
	Share capital	Share premium	Accumulated losses	Foreign currency translation reserve	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group							
At 1 January 2019	545	196,308	(128,634)	1,321	69,540	17,491	87,031
Loss for the period, representing total comprehensive income for the period	-	-	(2,698)	-	(2,698)	1,417	(1,281)
Alignment of accounting instruments	-	-	119	-	119	-	119
Exchange differences on translating foreign operations	-	-	-	(271)	(271)	(70)	(341)
Balance at 31 December 2019	545	196,308	(131,213)	1,050	66,690	18,838	85,528
At 1 January 2018	545	196,308	(107,872)	3,801	92,782	14,748	107,530
Loss for the period, representing total comprehensive income for the period	-	-	(20,762)	-	(20,762)	1,924	(18,838)
Exchange differences on translating foreign operations	-	-	-	(2,480)	(2,480)	819	(1,661)
Balance at 31 December 2018	545	196,308	(128,634)	1,321	69,540	17,491	87,031

	Attributable to the Owners of the Company			
	Share capital	Share premium	Accumulated losses	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000
Company				
At 1 January 2019	545	196,308	(146,818)	50,035
Loss for the period, representing total comprehensive loss for the financial period	-	-	(342)	(342)
Balance at 31 December 2019	545	196,308	(147,160)	49,693
At 1 January 2018	545	196,308	(147,813)	49,040
Profit for the period, representing total comprehensive income for the financial period	-	-	995	995
Balance at 31 December 2018	545	196,308	(146,818)	50,035

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 31 December 2019 and 31 December 2018 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 31 December 2019 and 31 December 2018.

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 have 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 modifications or emphasis of a matter).

Not applicable.

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

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

The Management is still in the process of finalising the audit qualification stated in the audited financial statements for the financial year ended 31 December 2017.

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 2019.

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

Adoption of IFRS 16- Leases

Before the adoption of IFRS 16, commitments under operating leases for future periods were not recognized by the Group as liabilities. Operating lease rental expenses were recognized in the consolidated income statements over the lease period on a straight-line basis.

On adoption of IFRS 16, the Group recognized the full lease liabilities in relation to leases which had previously been classified as 'operating leases' if they met certain criteria set out in IFRS 16.

The liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The difference between the present value and the total remaining lease payments represents the cost of financing.

Such finance cost will be charged to the consolidated income statement in the period in which it is incurred using the effective interest method.

The associated right-of-use assets ("ROU") were measured either as if IFRS 16 had been applied from lease commencement using incremental borrowing rate at the date of initial application, which is equivalent to the initial measurement of lease liability adjusted by the amount of any previously recognized prepaid or accrued lease payments relating the lease. The associated ROU assets were recognized in the consolidated statement of financial position. Depreciation is charged on a straight-line basis over the shorter of the asset's useful life and the lease term. Cash payments for the settlement of lease liabilities were reported as cash flows from financing activities. The total net cash flows of the Group are unaffected.

The Group has adopted the IFRS 16 with effect from 1 January 2019, with no restatement of comparative information.

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:**

	<u>Group</u>			
	Three months ended		Twelve months ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	US\$	US\$	US\$	US\$
Loss attributable to owners of the Company	(68,569)	(2,586,143)	(2,697,184)	(20,761,957)
Losses per ordinary share	US Cents	US Cents	US Cents	US Cents
(a) Based on the weighted average number of ordinary shares in issue; and	(0.0016)	(0.0611)	(0.0637)	(0.4905)
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	(0.0016)	(0.0611)	(0.0637)	(0.4905)
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.**

	<u>Group</u>		<u>Company</u>	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	US cents	US cents	US cents	US cents
Net assets value per ordinary share	<u>1.575</u>	<u>1.643</u>	<u>1.174</u>	<u>1.182</u>

The calculation of net assets value per ordinary share is based on the Group's net assets of approximately US\$66,690,349 as at 31 December 2019 (31 December 2018: US\$69,540,202) and the Company's net assets of approximately US\$49,693,255 as at 31 December 2019 (31 December 2018: US\$50,035,363) and share capital of 4,233,185,850 shares (31 December 2018: 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

The Group's revenue in the fourth quarter of the year ("4Q 2019") decreased to US\$471.69 million from US\$522.59 million in the fourth quarter of last year ("4Q 2018"), being a quarter to quarter ("Q-to-Q") decrease of 10% . The Group's revenue decreased by 17% from US\$2.03 billion for the financial year ended 31 December 2018 ("FY2018") to US\$1.68 billion for the financial year ended 31 December 2019 ("FY2019"), mainly due to the decrease of revenue in the Group's business in Europe.

The breakdown of the business segment results are as follows:

	Three months ended 31 Dec 2019	Three months ended 31 Dec 2018	Twelve months ended 31 Dec 2019	Twelve months ended 31 Dec 2018
<u>Revenue</u>	US\$'000	US\$'000	US\$'000	US\$'000
Distribution	471,102	522,278	1,678,246	2,006,553
Wholesale	-	-	-	18,333
Dividend income	589	316	1,268	911
	<u>471,691</u>	<u>522,594</u>	<u>1,679,514</u>	<u>2,025,797</u>

The Group reported a gross profit of US\$15.88 million in 4Q 2019, a decrease of 7% as compared to US\$17.06 million in 4Q 2018. The total gross profit was US\$55.09 million for FY2019, a decrease of US\$0.98 million or 2% compared to US\$56.07 million for FY2018, due to the slight reduction in the gross profit generated from the distribution segment.

Other operating income for 4Q 2019 and 4Q 2018 were US\$0.27 million and US\$0.05 million respectively. Other operating income for FY2019 and FY2018 were US\$1.44 million and US\$4.66 million respectively. The decrease of US\$3.22 million was mainly due to the service provided to AnAn Group (Singapore) Pte. Ltd. ("AnAn Group") in FY2018 being discontinued in FY2019, of approximately US\$3.9 million, and its effect being offset by the increase in interest income of US\$0.65 million in FY2019.

Selling and distribution expenses decreased by 3% to US\$13.37 million in 4Q 2019 from US\$13.83 million in 4Q 2018 mainly due to reduction in sales. No significant variance to the FY2019 and FY2018 selling and distribution expenses. Administrative expenses decreased by 15% to US\$5.72 million in FY2019 as compared to US\$6.71 million in FY2018. The decrease was due to cost cutting measures undertaken in the current financial year. The slight increase in the administrative expenses in 4Q 2019 as compared to the prior period was attributable to professional fees being incurred. Other operating expenses decreased by US\$23.11 million in FY2019 from US\$23.27 million in FY2018 to US\$0.16 million in FY2019 mainly due to allowances for receivables amounting to US\$22.23 million not repeated in FY2019 and write-back of provision not required by the subsidiary in Europe of US\$0.8 million. For 4Q 2019 other operating expenses showing an income of US\$0.35 million due mainly to the write back of additional provision of US\$0.68 million being partially offset by bad debts written of US\$0.23 million and other expenses of US\$0.08 million. Finance expenses increased by 13% from US\$0.71 million in 4Q 2018 to US\$0.8 million in 4Q 2019 and increased by 16% from US\$2.86 million in FY2018 to US\$3.32 million in FY2019, mainly due to an increase of interest expenses from higher bank borrowings. The share of results of

associates and joint ventures is a loss of US\$0.11 million in 4Q 2019 as compared to a profit of US\$0.07 million in 4Q 2018, a profit of US\$0.32 million in FY2019 as compared to a profit of US\$0.87 million in FY2018 respectively, mainly due to the lower profit generated from the joint ventures in both China and Europe.

The Group recorded a net loss of US\$1.28 million for FY2019, as compared to a net loss of US\$18.84 million in FY2018, mainly due to the significant allowance for receivables in FY2018. The Group has a profit of US\$0.38 million in 4Q 2019 as compared to 4Q 2018 due mainly to the write back of provision of US\$0.68 million as explained above.

Review of the Group's financial position

The Group's non-current assets stood at US\$103.59 million as at 31 December 2019 compared to US\$99.07 million as at 31 December 2018, and comprised property, plant and equipment of US\$29.82 million, right-of-use assets of US\$7.21 million, intangible assets of US\$9.26 million, investments in associates and joint ventures of US\$55.51 million, available-for-sale financial assets of US\$0.13 million, deferred tax assets of US\$1.36 million and other receivables of US\$0.31 million. The overall increase of US\$4.51 million was attributable to the increase in right-of-use assets of US\$7.21 million, partially offset by the decrease of property, plant and equipment of approximately US\$3.23 million.

The current assets stood at US\$262.9 million as at 31 December 2019 compared to US\$248.85 million as at 31 December 2018. Overall, the increase of US\$14.06 million in current assets was mainly due to an increase of US\$24.26 million in inventories and US\$5.63 million in cash, offset by a decrease of US\$14.73 million in trade and other receivables and US\$1.43 million in tax recoverable.

The increase of US\$12.98 million in current liabilities was mainly due to an increase in trade and other payables of US\$14.13 million, which was partially offset by the decrease of amounts due to holding company of US\$1.4 million. The increase of US\$7.1 million in non-current liabilities was mainly attributable to the increase in lease liabilities of US\$5.81 million following the adoption of IFRS 16 and the increase in deferred tax liabilities of US\$1.16 million.

The Group's total liabilities increased by 8% or US\$20.08 million from US\$260.89 million as at 31 December 2018 to US\$280.96 million as at 31 December 2019.

The Group's net assets stood at US\$66.69 million as at 31 December 2019, or 1.58 US cents per share, compared to US\$69.54 million as at 31 December 2018 or 1.643 US cents per share.

Review of the Group's cash flows

The Group recorded net cash flows generated from operating activities of US\$27.32 million in 4Q 2019, as compared to net cash flows generated from operating activities of US\$23.72 million in 4Q 2018. This was mainly attributable to higher outflow of cash in inventory, offset by the inflow of cash resulting from both trade and other receivables and payables. Net cash flows of US\$11.5 million generated from operating activities was recorded in FY2019 as compared to net cash flows of US\$7.09 million generated from operating activities in FY2018, mainly due to a net tax refund of US\$0.97 million in FY2019 as compared to a net tax paid of US\$3.75 million in FY2018. The lower net cash flows used in investing activities of US\$2.02 million in 4Q 2019 as compared to US\$2.96 million in 4Q 2018 was mainly due to the less cash outflow from the purchase of property, plant and equipment. The lower net cash flows used in investing activities of US\$4.7 million in FY2019, as compared to US\$5.78 million in FY2018, was mainly due to the lower purchase of property, plant and equipment offset by higher proceeds from the disposal of assets.

The net cash flows used in financing activities of US\$5.48 million in 4Q 2019, as compared to net cash flows generated from financing activities of US\$7.53 million in 4Q 2018, was due to the higher repayments for the borrowings from banks, holding company and related parties. The net cash flows used in financing activities of US\$1.2 million in FY2019, as compared to net cash flows used in financing activities of US\$2.57 million in FY2018, was mainly due to higher repayments to holding company and lease payments, offset by lower payment to related parties.

The Group's cash and cash equivalents in the consolidated statement of cashflows comprises cash and bank balances of US\$26.96 million and bank overdrafts of US\$0.15 million as at 31 December 2019.

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 Company has previously announced that the Hight Court of Hong Kong Special Administrative Region had on 3 September 2018 made a winding-up order of Shanghai Huaxin Group (Hong Kong) Limited ("CEFC HK"), a former trading partner of Singapore AnAn Petrochemical & Energy Pte Ltd ("SPE"). Mr Donald Edward Osborn and Mr So Man Chun of PricewaterhouseCoopers Ltd (Hong Kong) were appointed as as the joint and several Liquidators of CEFC HK on 25 March 2019. SPE had on 30 April 2019 submitted its proposal to be a member of the CEFC HK (In Liquidation)'s Committee of Inspection ("COI") to the Liquidators. The Liquidators and the Official Receiver had subsequently submitted their respective reports on the composition of the COI, together with the creditors' submissions to the Court on 14 May 2019 and 21 June 2019. The Official Receiver's report makes the preliminary recommendation to appoint the statutory maximum number of 7 members in the COI, of which SPE is one of the nominated candidates. On 19 September 2019 hearing, SPE was not appointed as one of the COI. The Company would update when there was further progress on the liquidation.

In the last announcement, the Company has stated that AnAn Group was vigorously pursuing the appeal against the winding up order on the grounds that the alleged claim by VTB was disputed and accordingly, there should be no basis for a winding up order.

On or around 22 March 2019, AnAn Group filed an application to adduce new evidence in the Appeal ("Sum 33"). The new evidence sought to be adduced is a valuation report prepared by Deloitte & Touche Financial Advisory Services Pte Ltd. AnAn Group seeks to use the report to support its position that when VTB had issued the notice of default on or around 24 April 2018, the EN+ GDRs were significantly more valuable than what VTB had calculated them to be.

The Court of Appeal allowed AnAn Group's application in Sum 33 and stated that "... if the valuation of the GDRs in the Deloitte Report were to be adopted, it would follow that no debt would be owing to VTB. Further, if the quantum of the debt was considerably lower than the US\$170m claimed by VTB in the statutory demand, it cannot be assumed that Anan would not be able to either top up the collateral or to pay off the reduced debt."

The appeal was held in November 2019. To date, the Court of Appeal has not issued the final ruling.

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 were no dividends declared for the financial period reported on.

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

There were no dividends 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 (recommended), a statement to that effect and the reason(s) for the decision.**

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

As disclosed in the Company's announcement previously, AnAn Group had during April 2018 assumed a debt owed by a third-party counterparty to SPE in the US dollar equivalent of RMB70,000,000, in exchange for said third-party counterparty owing the same amount to AnAn Group. The Company and SPE agreed to set off the amount of US\$7,260,839 owed to them by AnAn Group. After such set off, AnAn Group also made a payment of US\$2,500,000 as part payment of its outstanding debt owed to SPE. By letter dated 26 September 2018, the liquidators of AnAn Group informed the Company that they reserved their rights in respect of the payment of US\$2,500,000 made by AnAn Group to the Company on or around 27 August 2018. On 22 February 2019, the Board approved a repayment schedule of US\$2,500,000 to AnAn Group. As at 31 December 2019, SPE has partially repaid US\$1,400,000 of the outstanding amount of US\$2,500,000.

14. 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 officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

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

Operating Segments

The Group's business is organised and managed separately according to the nature of the services provided. The following table presents revenue and profit information regarding business segments for the financial year

	<u>Distribution</u> US\$'000	<u>Wholesale</u> US\$'000	<u>Corporate</u> US\$'000	<u>Adjustments and eliminations</u> US\$'000	<u>Total</u> US\$'000
<u>2019</u>					
Revenue:					
External customers	1,678,246	-	-	-	1,678,246
Dividend income	1,268	-	-	-	1,268
Total revenue	1,679,514	-	-	-	1,679,514
Results:					
Segment results	8,766	(1,479)	(1,873)	(3,046)	2,368
Interest income	931	54	-	-	985
Finance expenses	(3,315)	(5)	-	-	(3,320)
Share of results of joint venture and associate	166	-	157	-	323
	6,548	(1,430)	(1,716)	(3,046)	356
Tax expense	(1,637)	-	-	-	(1,637)
Net profit/(loss) for the year	4,911	(1,430)	(1,716)	(3,046)	(1,281)
Segment assets:					
Segment assets	315,634	15,013	54,885	(76,627)	308,905
Investment in associates	9,900	-	4,305	(2,502)	11,703
Investment in joint ventures	12,770	-	31,033	-	43,803
Tax assets	956	-	-	1,124	2,080
Total assets	339,260	15,013	90,223	(78,005)	366,491
Segment liabilities:					
Segment liabilities	279,251	124,216	7,608	(135,491)	275,584
Tax liabilities	4,869	-	-	510	5,379
Total liabilities	284,120	124,216	7,608	(134,981)	280,963
Capital expenditure	5,165	-	-	-	5,165
Significant non-cash items:					
Depreciation and amortisation	6,273	145	-	1,343	7,761

Operating Segments

	<u>Distribution</u> US\$'000	<u>Wholesale</u> US\$'000	<u>Corporate</u> US\$'000	<u>Adjustments and eliminations</u> US\$'000	<u>Total</u> US\$'000
2018					
Revenue:					
External customers	2,006,553	18,333	-	-	2,024,886
Dividend income	911	-	-	-	911
Total revenue	2,007,464	18,333	-	-	2,025,797
Results:					
Segment results	7,637	(24,532)	(389)	254	(17,030)
Interest income	197	66	70	-	333
Finance expenses	(2,851)	(5)	-	-	(2,856)
Share of results of joint venture and associate	378	-	487	-	865
	5,361	(24,471)	168	254	(18,688)
Tax expense	(64)	(86)	-	-	(150)
Net profit/(loss) for the year	5,297	(24,557)	168	254	(18,838)
Segment assets:					
Segment assets	288,450	18,684	55,641	(73,955)	288,820
Investment in associates	9,903	-	4,389	(2,471)	11,821
Investment in joint ventures	12,887	-	30,863	-	43,750
Tax assets	2,390	-	-	1,138	3,528
Total assets	313,630	18,684	90,893	(75,288)	347,919
Segment liabilities:					
Segment liabilities	257,267	126,459	6,227	(135,404)	254,549
Tax liabilities	5,822	-	-	517	6,339
Total liabilities	263,089	126,459	6,227	(134,887)	260,888
Capital expenditure					
	4,618	-	-	-	4,618
Significant non-cash items:					
Depreciation and amortisation	4,770	265	4	1,533	6,572

Geographical segments

The following table presents revenue information on operations by geographical areas for the financial years

	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>2019</u> US\$'000	<u>2018</u> US\$'000	<u>2019</u> US\$'000	<u>2018</u> US\$'000
Europe	1,679,514	2,007,464	71,847	66,069
Hong Kong	-	18,333	-	-
People's Republic of China	-	-	31,305	32,782
Singapore	-	-	436	223
Others	-	-	-	-
	1,679,514	2,025,797	103,588	99,074

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to section 8 of this announcement.

17. A breakdown of sales.

	Group		
	Year ended 31 Dec 2019	Year ended 31 Dec 2018	Increase/ (decrease)
	US\$'000	US\$'000	%
Revenue reported for first half year	806,406	962,715	(16)
Net loss after tax reported for first half year	(2,017)	(20,903)	(90)
Revenue reported for second half year	873,108	1,063,082	(18)
Net profit after tax reported for second half year	736	2,065	(64)

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

	Latest Full Year	Previous Full Year
	US\$'000	US\$'000
Ordinary	-	-
Preference	-	-

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), there is no person occupying a managerial position in the Group or the Company or any of its principal subsidiaries who is a relative of the director or chief executive officer or substantial shareholder.

BY ORDER OF THE BOARD

Zang Jian Jun
Executive Chairman

25 February 2020