



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

**Condensed Interim Consolidated Financial Statements  
For the Six Months Period Ended 30 June 2023**

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
Condensed interim consolidated statement of profit or loss and other comprehensive income	3
Condensed interim statements of financial position	4
Condensed interim statements of changes in equity	5
Condensed interim consolidated statement of cash flows	6
Selected notes for the condensed interim consolidated financial statements	7-9
Other information required under listing manual	9-15

**Condensed interim consolidated statement of profit or loss and other comprehensive income  
For the six months period ended 30 June 2023**

<u>Group</u>	Three	Three	Increase	Six	Six	Increase
	months	months		months	months	
	ended	ended		ended	ended	
	30 Jun 2023	30 Jun 2022	/(decrease)	30 Jun 2023	30 Jun 2022	/(decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	592,219	858,802	(31)	1,244,497	1,485,795	(16)
Cost of sales	(566,003)	(826,803)	(32)	(1,193,486)	(1,426,153)	(16)
<b>Gross profit</b>	<b>26,216</b>	<b>31,999</b>	<b>(18)</b>	<b>51,011</b>	<b>59,642</b>	<b>(14)</b>
Other operating income	3,798	(621)	N.M	4,717	118	3,897
Selling and distribution expenses	(20,420)	(15,663)	30	(38,228)	(33,113)	15
Administrative expenses	(1,196)	(794)	51	(2,426)	(2,120)	14
Other operating expenses	(3,565)	(139)	2,465	(4,513)	(361)	1,150
Finance expenses	(1,571)	(873)	80	(2,824)	(1,869)	51
Share of results of associates and joint ventures	107	231	(54)	920	558	65
<b>Profit before income tax</b>	<b>3,369</b>	<b>14,140</b>	<b>(76)</b>	<b>8,657</b>	<b>22,855</b>	<b>(62)</b>
Income tax expenses	(1,543)	(3,925)	(61)	(2,576)	(6,247)	(59)
<b>Profit for the period</b>	<b>1,826</b>	<b>10,215</b>	<b>(82)</b>	<b>6,081</b>	<b>16,608</b>	<b>(63)</b>
<b>Other comprehensive income/(loss):</b>						
<b>Item that may be reclassified</b>						
<b>subsequently to profit or loss</b>						
Exchange differences on translating foreign operations	61	(4,664)	N.M	1,887	(710)	N.M
<b>Other comprehensive income/(loss) for the period</b>	<b>61</b>	<b>(4,664)</b>	<b>N.M</b>	<b>1,887</b>	<b>(710)</b>	<b>N.M</b>
<b>Total comprehensive income for the period</b>	<b>1,887</b>	<b>5,551</b>	<b>(66)</b>	<b>7,968</b>	<b>15,898</b>	<b>(50)</b>
<b>Profit attributable to:</b>						
Owners of the Company	691	5,124	(87)	2,164	8,058	(73)
Non-controlling interests	1,135	5,091	(78)	3,917	8,550	(54)
<b>Profit for the period</b>	<b>1,826</b>	<b>10,215</b>	<b>(82)</b>	<b>6,081</b>	<b>16,608</b>	<b>(63)</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	758	170	346	4,147	4,329	(4)
Non-controlling interests	1,129	5,381	(79)	3,821	11,569	(67)
<b>Total comprehensive income for the period</b>	<b>1,887</b>	<b>5,551</b>	<b>(66)</b>	<b>7,968</b>	<b>15,898</b>	<b>(50)</b>

**Condensed interim consolidated statements of financial position  
As at 30 June 2023**

	<u>Group</u>		<u>Company</u>	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>				
<b>Non-current assets:</b>				
Property, plant and equipment	77,898	62,518	-	-
Right-of-use assets	3,926	4,313	-	-
Intangible assets	20,069	18,031	-	-
Investments in subsidiaries	-	-	50,000	50,000
Investments in associates	8,317	12,716	-	-
Investments in joint ventures	45,920	44,899	-	-
Available-for-sale financial assets	186	141	-	-
Deferred tax assets	1,316	1,294	-	-
Other receivables	1,364	1,283	-	-
<b>Total non-current assets</b>	<b>158,996</b>	<b>145,195</b>	<b>50,000</b>	<b>50,000</b>
<b>Current assets:</b>				
Inventories	94,991	107,088	-	-
Trade and other receivables	228,922	212,087	4	2
Amounts due from subsidiaries	-	-	29	29
Amounts due from related parties	25,863	23,806	-	-
Tax receivable	5,495	-	-	-
Derivative financial assets	652	29	-	-
Cash and cash balance	16,279	10,829	-	-
<b>Total current assets</b>	<b>372,202</b>	<b>353,839</b>	<b>33</b>	<b>31</b>
<b>Total assets</b>	<b>531,198</b>	<b>499,034</b>	<b>50,033</b>	<b>50,031</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Provisions	8	8	-	-
Trade and other payables	251,717	213,633	152	185
Derivative financial liabilities	-	110	-	-
Loans and borrowings	82,173	89,012	-	-
Lease liabilities	1,047	970	-	-
Amounts due to holding company	849	850	-	-
Amounts due to subsidiary company	-	-	1,692	1,663
Amounts due to related parties	18	64	-	-
Income tax payable	-	8,314	-	-
<b>Total current liabilities</b>	<b>335,812</b>	<b>312,961</b>	<b>1,844</b>	<b>1,848</b>
<b>Non-current liabilities:</b>				
Provisions	20,961	21,184	-	-
Lease liabilities	3,005	3,463	-	-
Deferred tax liabilities	3,316	2,757	-	-
Loans and borrowings	13,354	13,527	-	-
Other payables	3,731	2,091	-	-
<b>Total non-current liabilities</b>	<b>44,367</b>	<b>43,022</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>380,179</b>	<b>355,983</b>	<b>1,844</b>	<b>1,848</b>
<b>Equity:</b>				
Share capital	545	545	545	545
Share premium	196,308	196,308	196,308	196,308
Accumulated losses	(100,606)	(102,770)	(148,664)	(148,670)
Foreign currency translation reserve	(551)	(2,534)	-	-
	95,696	91,549	48,189	48,183
<b>Non-controlling interests</b>	<b>55,323</b>	<b>51,502</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>151,019</b>	<b>143,051</b>	<b>48,189</b>	<b>48,183</b>
<b>Total liabilities and equity</b>	<b>531,198</b>	<b>499,034</b>	<b>50,033</b>	<b>50,031</b>

## Condensed interim statements of changes in equity

	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
<b>Group</b>							
At 1 January 2023	545	196,308	(102,770)	(2,534)	91,549	51,502	143,051
Profit for the period, representing Total comprehensive income for the period	-	-	2,164	-	2,164	3,917	6,081
Exchange differences on translating foreign operations	-	-	-	1,983	1,983	(96)	1,887
Balance at 30 June 2023	545	196,308	(100,606)	(551)	95,696	55,323	151,019
At 1 January 2022	545	196,308	(123,895)	979	73,937	29,610	103,547
Profit for the period, representing Total comprehensive income for the period	-	-	8,058	-	8,058	8,550	16,608
Exchange differences on translating foreign operations	-	-	-	(3,729)	(3,729)	3,019	(710)
Balance at 30 June 2022	545	196,308	(115,837)	(2,750)	78,266	41,179	119,445
<b>Company</b>							
At 1 January 2023			545	196,308	(148,670)		48,183
Profit for the period, representing total comprehensive income for the period			-	-	6		6
Balance at 30 June 2023			545	196,308	(148,664)		48,189
At 1 January 2022			545	196,308	(148,439)		48,414
Loss for the period, representing total comprehensive loss for the period			-	-	(180)		(180)
Balance at 30 June 2022			545	196,308	(148,619)		48,234

## Condensed interim consolidated statement of cash flows

<b>Group</b>	<b>Three</b>	<b>Three</b>	<b>Six</b>	<b>Six</b>
	<b>months</b>	<b>months</b>	<b>months</b>	<b>months</b>
	<b>ended</b>	<b>ended</b>	<b>ended</b>	<b>ended</b>
	<b>30 Jun 2023</b>	<b>30 Jun 2022</b>	<b>30 Jun 2023</b>	<b>30 Jun 2022</b>
	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Operating activities</b>				
Profit before income tax	3,369	14,140	8,657	22,855
<b>Adjustment for:</b>				
Depreciation and amortisation	2,703	581	5,331	3,726
(Gain)/loss on disposal of property, plant and equipment	(12)	51	(15)	44
Loss on disposal of a subsidiary	-	-	1,106	-
Fair value measurement on derivative instrument	(360)	245	(734)	553
Allowance for doubtful debts	3,776	(8)	4,658	87
Bad debts written-off	52	53	107	93
Interest expenses	1,088	457	1,930	886
Interest income	(612)	(160)	(1,166)	(228)
Share of results of associate and joint ventures	(107)	(231)	(920)	(558)
Exchange realignment	1,153	(2,194)	1,267	3,937
Operating cash flows before changes in working capital	11,050	12,934	20,221	31,395
<b>Changes in working capital:</b>				
Inventories	(4,189)	(3,330)	13,879	4,275
Trade and other receivables	13,094	29,128	(18,133)	(31,739)
Trade and other payables	(23,148)	(29,773)	34,458	10,735
<b>Cash flows used in operations</b>	<b>(3,193)</b>	<b>8,959</b>	<b>50,425</b>	<b>14,666</b>
Income taxes paid	(14,058)	(3,716)	(14,912)	(4,204)
Interest paid	(1,088)	(954)	(1,930)	(886)
Interest received	612	657	1,166	228
<b>Net cash flows generated from/(used in) operating activities</b>	<b>(17,727)</b>	<b>4,946</b>	<b>34,749</b>	<b>9,804</b>
<b>Investing activities</b>				
Cash outflow from acquisition of subsidiaries	(1,845)	(2,150)	(1,845)	(2,150)
Proceeds from disposal of a subsidiary	2,357	-	3,445	-
Proceeds from disposal of property, plant and equipment	39	96	45	96
Investment in available-for-sale assets	-	-	-	-
Purchases of intangible assets, property, plant and equipment	(9,247)	(1,926)	(20,267)	(13,323)
<b>Net cash flows used in investing activities</b>	<b>(8,696)</b>	<b>(3,980)</b>	<b>(18,622)</b>	<b>(15,377)</b>
<b>Financing activities</b>				
Proceeds from/(repayment of) borrowings	7,416	(1,366)	1,323	24,332
Repayment of lease liabilities	(272)	(440)	(518)	(2,955)
Repayment of loan from holding company	-	(114)	(1)	(392)
Proceeds from/(repayment to) related companies/related parties	811	(805)	(1,708)	2,870
<b>Net cash flows (used in)/generated from financing activities</b>	<b>7,955</b>	<b>(2,725)</b>	<b>(904)</b>	<b>23,855</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(18,468)</b>	<b>(1,759)</b>	<b>15,223</b>	<b>18,282</b>
Cash and cash equivalents at the beginning of the period	-	(32,455)	(38,082)	(52,835)
Effect of exchange rate changes on cash and cash equivalents	(7)	(122)	(278)	217
<b>Cash and cash equivalents at the end of the period</b>	<b>(18,475)</b>	<b>(34,336)</b>	<b>(23,137)</b>	<b>(34,336)</b>
Cash and bank balance	485	11,046	16,279	11,046
Bank overdrafts	(18,960)	(45,382)	(39,416)	(45,382)
Cash and cash equivalents per consolidated statement of cash flows	(18,475)	(34,336)	(23,137)	(34,336)

## **Selected notes for the condensed interim consolidated financial statements**

### **A. General information**

AnAn International Limited (the “Company”), is a limited liability company domiciled and incorporated in Bermuda and is listed on the Main Board of Singapore Exchange Securities Trading Limited. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is 10 Anson Road, #17-12 International Plaza, Singapore 079903.

The Company's immediate and ultimate holding company is AnAn Group (Singapore) Pte. Ltd. (“AAG”), incorporated in Singapore.

The principal activity of the Company is that of investment holding.

### **B. Basis of preparation**

The condensed interim consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's performance.

These financial statements are presented in United States dollars (“US\$”) and all values are rounded to the nearest thousand (US\$'000), unless otherwise stated.

### **C. Use of judgements and estimates**

The preparation of the financial statements in conformity with IFRS 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 that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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

<u>Group</u>	Three	Three	Increase	Six	Six	Increase
	months	months		months	months	
	ended	ended		ended	ended	
	30 Jun 2023	30 Jun 2022	/(decrease)	30 Jun 2023	30 Jun 2022	/(decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
(Gain)/Loss on disposal of property, plant and equipment	(12)	(37)	(68)	(15)	(44)	(66)
Interest income	(612)	(160)	283	(1,166)	(228)	411
Loss on disposal of a subsidiary	-	-	-	1,106	-	N.M
Depreciation and amortisation	2,703	581	365	5,331	3,726	43
Allowance for doubtful debts	3,776	(8)	N.M	4,658	87	5,254
Bad debts written-off	52	53	(2)	107	93	15
Directors' fees	27	27	-	55	54	2
Finance expenses	1,571	873	80	2,824	1,869	51
Professional fees	673	147	358	1,351	567	138
Rental expenses	2,010	1,547	30	4,094	3,187	28
Staff costs (including key management personnel compensation)	11,186	10,142	10	20,564	17,731	16
Travelling expenses	275	138	99	510	243	110

**E. Net assets value**

	<u>Group</u>		<u>Company</u>	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	US cents	US cents	US cents	US cents
<b>Net assets value per ordinary share</b>	<u>2.261</u>	<u>2.163</u>	<u>1.138</u>	<u>1.138</u>

The calculation of net assets value per ordinary share is based on the Group's net assets of approximately US\$95,697,614 as at 30 June 2023 (31 December 2022: US\$91,548,920) and the Company's net assets of approximately US\$48,188,740 as at 30 June 2023 (31 December 2022: US\$48,183,337) and share capital of 4,233,185,850 shares (31 December 2022: 4,233,185,850 shares).

**F. Aggregate amount of the Group's borrowings and debt securities**

	<u>Unsecured</u>		<u>Secured</u>	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Amount payable in one year or less or on demand	7,343	6,192	74,830	82,820
Amount payable after one year	13,354	13,527	-	-



#### Details of any collateral

The secured borrowings of US\$74,829,943 are secured with trade receivables of the subsidiaries.

#### Contingent liabilities

As at 30 June 2023, the Group has also given guarantees in the amount of US\$49.14 million as follows:

- i) Bank guarantees in the amount of US\$48.84 million to 7 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\$0.30 million in favour of a joint venture company in France.

#### **Other information required under listing manual**

- 1a(i) 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.

- 1a(ii) 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 2023 and 31 December 2022 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 2023 and 31 December 2022.

- 1a(iii) 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.

- 1a(iv) 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 Company's auditor has completed audit of FY2021 financial statements, Please refer to our announcement dated 12 June 2023 on updates of our auditors' comments. The previous audit qualification stated in FY2018, FY2019, FY2020 audited financial statements has been satisfactory resolved. For the qualified opinion in FY2021 on energy certificate inventory and equity investment at fair value through other comprehensive income, the Company will work for it to resolve these audit issues in subsequent year audit.

The indicative timeline for the audit of the financial statements of FY2022 is to be completed by November 2023. 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 2023.

**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 dividend**

	<u>Group</u>			
	<u>Three months ended</u>		<u>Six months ended</u>	
	<b>30 Jun 2023</b>	<b>30 Jun 2022</b>	<b>30 Jun 2023</b>	<b>30 Jun 2022</b>
	US\$	US\$	US\$	US\$
<b>Profit attributable to owners of the Company</b>	691,049	5,124,074	2,163,820	8,057,716
<b>Profit per ordinary share</b>	US Cents	US Cents	US Cents	US Cents
(a) Based on the weighted average number	0.016	0.121	0.051	0.190
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	0.016	0.121	0.051	0.190
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. 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 2023**”), the Group’s revenue decreased by 31% on quarter to quarter (“**Q-to-Q**”) to US\$592.22 million from US\$858.80 million in the second quarter of last year (“**2Q 2022**”). It also decreased by 16% from US\$1,485.80 million for the six months ended 30 June 2022 (“**6M 2022**”) to US\$1,244.50 million for the six months ended 30 June 2023 (“**6M 2023**”). The Group’s revenue was derived from the Group’s fuel distribution business in France and Spain (“Dyneff Group”). The decrease in the revenue for both 2Q 2023 and 6M 2023 as compared to the corresponding periods in 2022 were mainly due to the decrease of the sale volume as a result of back to normal demand compared to surge in demand during market condition of increasing fuel price of which caused by Russia-Ukraine war started in 2022.

The costs of sales were decreased to US\$1,193.49 million in 6M 2023, a decrease of 16% from US\$1,426.15 million in 6M 2022, which was in line with the decrease in revenue.

Gross profits were decreased to US\$26 million in 2Q 2023, an decrease of 18% from US\$32 million in 2Q 2022. It also decreased by 14% from US\$59.64 million in 6M 2022 to US\$51.01 million in 6M 2023, both decrease were mainly attributable to the decrease in sales volume and some improved in gross profits margin by 0.09% from 4.01% in 6M 2022 to 4.10% in 6M 2023 by Dyneff Group as a result of abovementioned particular market condition in 2022.

Other operating income was US\$3.80 million in 2Q 2023 compared to negative of US\$0.62 million in 2Q 2022. The increase was mainly due to higher interest income earned from banks and loan to joint ventures of US\$0.61 million and forfeited deposits collected from customers of US\$3.1 million from Dyneff Group in 2Q 2023. Other operating income for 6M 2023 and 6M 2022 were US\$4.72 million and US\$0.12 million respectively, an increase of US\$4.60 million was mainly due to abovementioned factors.

Selling and distribution expenses increased by 30% from US\$15.67 million in 2Q 2022 to US\$20.42 million in 2Q 2023. It also increased by 15% from US\$33.11 million in 6M 2022 to US\$38.23 million in 6M 2023. The overall increase of US\$5.12 million was mainly due to higher staff costs of US\$3.16 million from salary increment and increased headcounts, higher depreciation of US\$1.65 million as a result of purchase of property, plant and equipment, and higher utilities costs of US\$0.36 million as results of increase in utilities price and higher consumption.

Administrative expenses increased by 51% from US\$0.79 million in 2Q 2022 to US\$1.20 million in 2Q 2023. It also increased by 14% from US\$2.12 million in 6M 2022 to US\$2.43 million in 6M 2023, The overall increase was mainly due to higher professional fees and consultancy fees incurred in both 2Q 2023 and 6M 2023 compared to 2Q 2022 and 6M 2022 by the Group for due-diligence work conducted for potential acquisition projects.

Other operating expenses increased in 2Q 2023 and 6M 2023 were US\$3.57 million and US\$4.51 million respectively, as compared to US\$0.14 million in 2Q 2022 and US\$0.36 million in 6M 2022. The increase of US\$4.15 million in 6M 2023 was mainly to the increase of provision for bad and doubtful debts of US\$3.83 million as a result of a tendered contract customer in France refused to fulfil the tender contract via non-payment for the few gas deliveries by Dyneff Group.

Finance expenses increased by 80% from US\$0.87 million in 2Q 2022 to US\$1.57 million in 2Q 2023. It also increased by 51% from US\$1.87 million in 6M 2022 to US\$2.82 million in 6M 2023. The overall increase was mainly due to higher interest expenses from bank borrowings and bank commissions incurred by Dyneff Group.

The share of profits of associates and joint ventures decreased by 54% from US\$0.23 million in 2Q 2022 to US\$0.11 million in 2Q 2023. This decrease was mainly due to the slight decrease in share of profits of a China joint venture of US\$0.10 million in 2Q 2023, however, in overall 6M 2023, the share of profits of the China joint venture were increased by US\$0.36 million compared to 6M 2022 as a result of strong oil storage lease demand from customers in first quarter of 2023.

Income tax expense incurred of US\$1.54 million and US\$2.58 million in 2Q 2023 and 6M 2023 respectively, compared to US\$3.93 million in 2Q 2022 and US\$6.25 million in 6M 2022, were mainly due to the Group generated lower profits in 2Q 2023 and 6M 2023 compared to 2Q 2022 and 6M 2022.

The Group recorded a net profit of US\$1.83 million and US\$6.08 million in 2Q 2023 and 6M 2023 respectively, compared to net profits of US\$10.22 million and US\$16.61 million in 2Q 2022 and 6M 2022 respectively. These were attributable to the decrease in revenue by the fuel distribution business and 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\$159 million as at 30 June 2023 compared to US\$145.20 million as at 31 December 2022, and comprised property, plant and equipment of US\$77.89 million, right-of-use assets of US\$3.93 million, intangible assets of US\$20.01 million, investments in associates and joint ventures of US\$54.24 million, available-for-sale financial assets of US\$0.19 million, deferred tax assets of US\$1.32 million and other receivables of US\$1.36 million. The increase of US\$13.80 million was mainly attributable to Dyneff Group's addition of the intangible assets of US\$2.05 million, property, plant and equipment of US\$19.90 million, offset by the depreciation and amortisation of US\$5.33 million and disposal of investment in associates of US\$4.72 million of which wholly-owned by a subsidiary in China which was disposed during the reporting period.

The current assets stood at US\$372.20 million as 30 June 2023 compared to US\$353.84 million as at 31 December 2022. Overall, the increase of US\$18.36 million in current assets was mainly from the increase of US\$16.84 million in trade and other receivables, US\$5.45 million in cash and cash balance, US\$5.50 million in tax receivables, US\$2.06 million in amount due from related parties and offset by the decrease of US\$12.10m in inventories. The increase in trade receivables was mainly due to higher sales at the end of June 2023 and the debtor-sales outstanding ratio remained between 20 to 25 days. The decrease in inventory was mainly due to increase in inventory turnover days of which in line with the increase in demand from the customers at the end of June 2023. The increase in cash and cash balance was due to collection of sales proceeds from disposal of a subsidiary in China and the increase in tax receivable was mainly due to more tax paid in advance by the Dyneff Group. The increase in the amount due from related parties was mainly the advances provided by Dyneff SAS to one joint venture, which was in the midst of obtaining long term financing, for the capital expenditure requirements.

The increase of US\$22.85 million in current liabilities was mainly due to an increase of US\$38.08 million in trade and other payables, partially offset by decrease of US\$6.84 million in loans and borrowings and decrease of US\$8.31million in income tax payable. The higher trade and other payables were mainly attributable to the resume of normal credit terms compared to shorter payment periods requested by the suppliers as at 31 December 2022. The decrease in loan and borrowings and income tax payables were mainly as result of repayments to banks and tax authority. The slight increase of US\$1.35 million in non-current liabilities was mainly due to the increase in other payables of US\$1.64 million and partially offset by the decrease in of loans and borrowings of US\$0.17 million as a result of repayment.

Overall, the Group's net assets stood at US\$95.70 million as at 30 June 2023, or 2.26 US cents per share, compared to US\$91.55 million as at 31 December 2022 or 2.16 US cents per share.

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

The Group recorded net cash flows used in operating activities of US\$17.73 million in 2Q 2023, as compared to net cash flows generated from operating activities of US\$4.95 million in 2Q 2022. This cash flow used in operating activities was mainly caused by lower revenues and higher tax payments in 2Q 2023.

The net cash flows used in investing activities of US\$8.70 million in 2Q 2023 as compared to US\$3.98 million in 2Q 2022 was mainly due to purchases of intangible assets and property, plant and equipment and acquisition of 2 subsidiaries by our Dyneff Group in France.

The net cash flows generated from financing activities of US\$7.96 million in 2Q 2023 as compared to net cash flows used in financing activities of US\$2.73 million in 2Q 2022 was mainly attributable to higher proceeds drawn from the borrowings in 2Q 2023.

The Group's cash and cash equivalents in the consolidated statement of cashflows comprises cash and bank balances of US\$16.28 million and bank overdrafts of US\$39.42 million as at 30 June 2023.

### **8. 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.

### **9. 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 Covid-19.

**10. 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.

**11. 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 working capital is required for the Group's business activities.

**12. If the Group has obtained a general mandate from the Shareholder for IPTs, the aggregate value of such transactions as required under Rule 920 (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 Q2 2023. 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>
Expenses paid on behalf of AAG by SPE	591
Amount hold on trust by HKCEFS for AAG	46,789

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

We, Zang Jian Jun and Siow Hung Jui, 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 2023 to be false or misleading in any material aspect.

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

The Company had on 20 March 2023 announced that the Company's wholly-owned subsidiary, Hong Kong China Energy Finance Service Co., Limited, has on 17 March 2023 entered into an equity transfer agreement for the proposed disposal of 100% equity interest of the following entity:

Name	:	Shanghai Dajiang Shenyuan Equity Investment Fund Management Co., Ltd
Principal Activity	:	Equity trust investment and consultancy services
Country of incorporation	:	People's Republic of China
Paid-up Capital	:	RMB 27,940,799
Adjusted net asset value as at 31 March 2023	:	RMB 32,493,377
The Consideration	:	RMB 25,000,000
The Consideration will be satisfied or paid in the following four (4) tranches:-	:	<ol style="list-style-type: none"><li>1.1 an amount of RMB 7,500,000 representing 30% of the Consideration shall be paid within five (5) business days of the fulfilment of the First Tranche Conditions (as defined below);</li><li>1.2 an amount of RMB 5,000,000 representing 20% of the Consideration shall be paid within five (5) business days of the fulfilment of the Second Tranche Conditions (as defined below);</li><li>1.3 an amount of RMB 5,000,000 representing 20% of the Consideration shall be paid within five (5) business days of the fulfilment of the Third Tranche Conditions (as defined below); and</li><li>1.4 the balance amount of RMB 7,500,000 representing 30% of the Consideration shall be paid within five (5) business days of the fulfilment of the Fourth Tranche Conditions (as defined below).</li></ol>
Completion is conditional upon, amongst other things:	:	<ol style="list-style-type: none"><li>2.1 the Target and Purchaser obtaining the necessary corporate authorisations in connection with the Proposed Transaction and the satisfactory legal, financial and business due diligence of the Purchaser (the "First Tranche Conditions");</li><li>2.2 the signing and delivery of the necessary documents to effect the Proposed Transaction (the "Second Tranche Conditions");</li><li>2.3 the Purchaser completing the application for the industrial and commercial registration of the Purchaser as a new shareholder of the Target, obtaining a new business licence for the Target and effecting the change of tax registration of the Target (the "Third Tranche Conditions"); and</li><li>2.4 the industrial and commercial registration having completed for three (3) months without any tax arrears, penalties and debt recourse. In the event of any overdue taxes, penalties and debt recourse, the Purchaser has the right to use the balance to offset the balance amount to be paid to the Seller (the "Fourth Tranche Conditions").</li></ol>

The impact of the above disposal that would have on the Group's results is also disclosed in the announcement on 20 March 2023.

The Company had on 3 August 2023 announced that the all the conditions precedent to the above proposed disposal has been fulfilled, full consideration has been received and the proposed disposal has been completed on 2 August 2023.

The Company had on 26 July 2023 announced that the Company's French Subsidiary, Dyneff SAS, has entered into a share purchase agreement on 25 July 2023 for the proposed acquisition of 100% equity interest of the following entity:

Name	:	CPA SAS
Principal Activity	:	Wholesale distribution of refined petroleum products
Country of incorporation	:	France
Paid-up Capital	:	EUR 2,035,998
Net asset value as at 31 December 2022	:	EUR 5,822,384
Number of share(s)	:	565,555 ordinary shares
Consideration	:	EUR 9,411,247

The impact of the above acquisition that would have on the Group's results is also disclosed in the announcement on 26 July 2023.

**BY ORDER OF THE BOARD**

**Zang Jian Jun**  
**Executive Director and Executive Chairman**  
**Date: 11 August 2023**