



UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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

<u>Group</u>	Three months ended	Three months ended	Increase /(decrease) %	Nine months ended	Nine months ended	Increase /(decrease) %
	30 Sep 2020 US\$'000 (Unaudited)	30 Sep 2019 US\$'000 (Unaudited)		30 Sep 2020 US\$'000 (Unaudited)	30 Sep 2019 US\$'000 (Unaudited)	
Revenue	327,288	401,417	(18)	895,216	1,207,823	(26)
Cost of sales	(308,643)	(385,764)	(20)	(847,973)	(1,168,616)	(27)
Gross profit	18,645	15,653	19	47,243	39,207	20
Other operating income	287	(185)	N.M.	1,170	1,169	0
Selling and distribution expenses	(12,078)	(11,230)	8	(34,943)	(33,210)	5
Administrative expenses	(1,020)	(1,409)	(28)	(3,251)	(4,064)	(20)
Other operating expenses	(205)	(110)	86	(649)	(1,224)	(47)
Finance expenses	(545)	(887)	(39)	(1,737)	(2,521)	(31)
Share of results of associates and joint ventures	804	(170)	N.M.	956	432	121
Profit/(Loss) before income tax	5,888	1,662	254	8,789	(211)	N.M.
Income tax expense	(1,935)	(1,309)	48	(3,923)	(1,452)	170
Profit/(Loss) for the period	3,953	353	1,020	4,866	(1,663)	N.M.
Other comprehensive income/(loss):						
Item that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations	1,911	(1,498)	N.M.	2,035	(1,464)	N.M.
Other comprehensive income/(loss) for the period	1,911	(1,498)	N.M.	2,035	(1,464)	N.M.
Total comprehensive income/(loss) for the period	5,864	(1,145)	N.M.	6,901	(3,127)	N.M.
Profit/(Loss) attributable to:						
Owners of the Company	1,886	(665)	N.M.	1,619	(2,629)	N.M.
Non-controlling interests	2,067	1,018	103	3,247	966	236
Profit/ (Loss) for the period	3,953	353	1,020	4,866	(1,663)	N.M.
Total comprehensive income/(loss) attributable to:						
Owners of the Company	2,974	(1,553)	N.M.	2,778	(3,495)	N.M.
Non-controlling interests	2,890	408	608	4,123	368	1,020
Total comprehensive income/(loss) for the period	5,864	(1,145)	N.M.	6,901	(3,127)	N.M.

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

Group	Three months ended 30 Sep 2020	Three months ended 30 Sep 2019	Increase / (decrease) %	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019	Increase / (decrease) %
	US\$'000	US\$'000		US\$'000	US\$'000	
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
(Gain)/loss on disposal of property, plant and equipment	(4)	(134)	(97)	(4)	154	N.M
Interest income	(82)	(199)	(59)	(308)	(790)	(61)
	-					
Depreciation and amortisation	2,138	2,350	(9)	6,033	6,051	(0)
(Reversal) / allowance for trade debts	(16)	370	N.M	(26)	369	N.M
Bad debts written-off	109	-	N.M	312	-	N.M
Directors' fees	53	54	(2)	175	162	8
Finance expenses	547	887	(38)	1,739	2,521	(31)
Professional fees	421	535	(21)	1,374	1,460	(6)
Rental expenses	106	39	172	402	439	(8)
Staff costs (including key management personnel compensation)	6,356	6,011	6	18,935	17,488	8
Travelling expenses	52	102	(49)	215	399	(46)
Negative goodwill	-	-	-	(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 Sep 2020 US\$'000 (Unaudited)	31 Dec 2019 US\$'000 (Unaudited)	30 Sep 2020 US\$'000 (Unaudited)	31 Dec 2019 US\$'000 (Unaudited)
ASSETS				
Non-current assets:				
Property, plant and equipment	32,661	29,820	-	-
Right-of-use assets	6,345	7,213	-	-
Intangible assets	11,850	9,257	-	-
Investments in subsidiaries	-	-	50,000	50,000
Investments in associates	12,684	11,703	-	-
Investments in joint ventures	44,835	43,803	-	-
Available-for-sale financial assets	136	128	-	-
Deferred tax assets	1,417	1,356	-	-
Other receivables	373	308	-	-
Total non-current assets	110,301	103,588	50,000	50,000
Current assets:				
Inventories	74,553	69,459	-	-
Trade and other receivables	174,738	163,033	13	5
Amounts due from subsidiaries	-	-	308	288
Derivative financial assets	306	-	-	-
Amounts due from related companies	4,831	2,730	-	-
Tax recoverable	431	724	-	-
Cash and cash equivalents	14,247	26,957	-	-
Total current assets	269,106	262,903	321	293
Total assets	379,407	366,491	50,321	50,293
LIABILITIES AND EQUITY				
Current liabilities:				
Provisions	86	87	-	-
Trade and other payables	219,345	232,924	983	600
Derivative financial liabilities	-	78	-	-
Loans and borrowings	28,809	9,116	-	-
Lease liabilities	1,468	1,432	-	-
Tax payable	3,775	-	-	-
Amounts due to holding company	800	1,100	-	-
Amounts due to related companies	310	247	-	-
Total current liabilities	254,593	244,984	983	600
Non-current liabilities:				
Provisions	8,304	7,900	-	-
Lease liabilities	5,275	5,810	-	-
Deferred tax liabilities	5,735	5,379	-	-
Loans and borrowings	11,370	15,453	-	-
Other payables	1,609	1,437	-	-
Total non-current liabilities	32,293	35,979	-	-
Total liabilities	286,886	280,963	983	600
Equity:				
Share capital	545	545	545	545
Share premium	196,308	196,308	196,308	196,308
Accumulated losses	(129,594)	(131,213)	(147,515)	(147,160)
Foreign currency translation reserve	2,209	1,050	-	-
	69,468	66,690	49,338	49,693
Non-controlling interests	22,961	18,838	-	-
Total equity	92,429	85,528	49,338	49,693
Total liabilities and equity	379,315	366,491	50,321	50,293

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

	<u>Unsecured</u>		<u>Secured</u>	
	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019
	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amount payable in one year or less or on demand	12,040	10,533	18,237	15
Amount payable after one year	16,644	21,263	-	-

Details of any collateral

The secured borrowings of US\$18,237,292 are secured with trade receivables of the subsidiaries.

Contingent liabilities

As at 30 September 2020, the Group has also given guarantees in the amount of US\$13.4 million as follows:

- i) Bank guarantees in the amount of US\$6.98 million to 4 oil product suppliers to secure certain favourable buying conditions and payment terms for a subsidiary; and
- ii) Letter of support to banks in the amount of US\$6.42 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

<u>Group</u>	Three months ended 30 Sep 2020 US\$'000 (Unaudited)	Three months ended 30 Sep 2019 US\$'000 (Unaudited)	Nine months ended 30 Sep 2020 US\$'000 (Unaudited)	Nine months ended 30 Sep 2019 US\$'000 (Unaudited)
Operating activities				
Profit/(Loss) before income tax	5,889	1,663	8,789	(211)
Adjustment for:				
Depreciation and amortisation	2,138	2,350	6,033	6,051
(Gain)/loss on disposal of property, plant and equipment	(4)	(134)	(4)	154
Fair value measurement on derivative instrument	-	(89)	-	(107)
Impairment of assets	20	56	52	56
(Reversal)/allowance for doubtful debts	(16)	370	(26)	369
Bad debts written-off	109	-	312	-
Interest expenses	226	540	969	1,716
Interest income	(82)	(199)	(308)	(790)
Share of results of associate and joint ventures	(803)	170	(956)	(432)
Negative goodwill (Note A)	-	-	(623)	-
Exchange realignment	2,738	(2,049)	3,049	(2,214)
Operating cash flows before changes in working capital	10,215	2,678	17,287	4,592
Changes in working capital:				
Inventories	4,842	1,227	(1,444)	(22,832)
Trade and other receivables	(7,165)	22,250	223	(5,360)
Trade and other payables	31,185	(13,033)	(23,748)	8,707
Cash flows (used in)/generated from operations	39,077	13,122	(7,682)	(14,893)
Income taxes received	(269)	-	568	-
Interest received	82	199	308	790
Interest paid	(226)	(540)	(969)	(1,716)
Net cash flows generated from/(used in) operating activities	38,664	12,781	(7,775)	(15,819)
Investing activities				
Cash outflow from acquisition of subsidiaries (Note A)	(3,608)	-	(4,268)	-
Proceeds from disposal of property, plant and equipment	7	51	8	545
Investment in available-for-sale assets	1	-	(1)	-
Purchases of intangible assets, property, plant and equipment	(3,539)	(1,479)	(6,951)	(3,228)
Net cash flows used in investing activities	(7,139)	(1,428)	(11,212)	(2,683)
Financing activities				
(Repayment of)/proceeds from borrowings	(2,272)	4,454	225	5,378
Bank deposit from acquisition of subsidiaries (Note A)	2,874	-	7,688	-
Repayment of lease liabilities	(85)	(407)	(737)	(1,121)
Repayment to holding company	-	(100)	(300)	(1,100)
Proceeds from/(repayment to) related companies	(2,167)	587	(1,952)	1,117
Net cash flows (used in)/generated from financing activities	(1,650)	4,534	4,924	4,274
Net (decrease)/increase in cash and cash equivalents	29,875	15,887	(14,063)	(14,228)
Cash and cash equivalents at the beginning of the period	(17,023)	(9,081)	26,942	20,996
Effect of exchange rate changes on cash and cash equivalents	(575)	183	(602)	221
Cash and cash equivalents at the end of the period	12,277	6,989	12,277	6,989
Cash and bank balance	14,247	11,927	14,247	11,927
Bank overdrafts	(1,970)	(4,938)	(1,970)	(4,938)
Cash and cash equivalents per consolidated statement of cash flows	12,277	6,989	12,277	6,989

Note A: Acquisition of a Subsidiary

	Natgas France US\$'000	Orceyre SAS US\$'000	Total US\$'000
Total assets (excluding cash and cash equivalent)	4,780	3,464	8,244
Total liabilities	(8,311)	(3,875)	(12,186)
Cash and cash equivalent	4,814	2,874	7,688
Total net identifiable assets	1,283	2,463	3,746
Less: purchase consideration in cash	(660)	(3,608)	(4,268)
Negative goodwill/ (Goodwill)	623	(1,145)	

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	
Group							
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	-	-	1,619	-	1,619	3,247	4,866
Exchange differences on translating foreign operations	-	-	-	1,159	1,159	876	2,035
Balance at 30 September 2020	545	196,308	(129,594)	2,209	69,468	22,961	92,429
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	-	-	(2,629)	-	(2,629)	966	(1,663)
Exchange differences on translating foreign operations	-	-	-	(866)	(866)	(598)	(1,464)
Balance at 30 September 2019	545	196,308	(131,263)	455	66,045	17,859	83,904

	Attributable to the owners of the Company			Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Accumulated losses US\$'000	
Company				
At 1 January 2020	545	196,308	(147,160)	49,693
Loss for the period, representing total comprehensive income for the period	-	-	(355)	(355)
Balance at 30 September 2020	545	196,308	(147,515)	49,338
At 1 January 2019	545	196,308	(146,818)	50,035
Loss for the period, representing total comprehensive income for the period	-	-	(256)	(256)
Balance at 30 September 2019	545	196,308	(147,074)	49,779

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 September 2020 and 31 December 2019 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 September 2020 and 31 December 2019.

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.

1d(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 2020.

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:

	<u>Group</u>			
	Three months ended	Three months ended	Nine months ended	Nine months ended
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	US\$	US\$	US\$	US\$
Profit/(Loss) attributable to owners of the Company	1,886,464	(664,663)	1,619,002	(2,628,615)
Profit/(Loss) per ordinary share	US Cents	US Cents	US Cents	US Cents
(a) Based on the weighted average number of ordinary shares in issue; and	0.0446	(0.0157)	0.0382	(0.0621)
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	0.0446	(0.0157)	0.0382	(0.0621)
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>	
	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019
	US cents	US cents	US cents	US cents
Net assets value per ordinary share	1.641	1.575	1.166	1.174

The calculation of net assets value per ordinary share is based on the Group’s net assets of approximately US\$69,468,327 as at 30 September 2020 (31 December 2019: US\$66,690,349) and the Company’s net assets of approximately US\$49,337,938 as at 30 September 2020 (31 December 2019: US\$49,693,255) and share capital of 4,233,185,850 shares (31 December 2019: 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 third quarter of the year (“**3Q 2020**”) decreased to US\$327.29 million from US\$401.42 million in the third quarter of last year (“**3Q 2019**”), a decrease of 18% on quarter to quarter (“**Q-to-Q**”). The Group’s revenue decreased by 26% from US\$1,208 million for the nine months ended 30 September 2019 (“**9M 2019**”) to US\$895.22 million for the nine months ended 30 September 2020 (“**9M 2020**”). The decrease in the revenue for both 3Q 2020 and 9M 2020 as compared to the corresponding periods in 2019 were attributable to the reduced sales volume due to COVID-19 lockdown containment measures implemented in both countries and the depressed global oil prices.

The breakdown of the business segment results is as follows:

	Three months ended 30 Sep 2020	Three months ended 30 Sep 2019	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019
<u>Revenue</u>	US\$’000	US\$’000	US\$’000	US\$’000
Distribution	326,764	401,417	894,692	1,207,823
Dividend income	524	-	524	-
	<u>327,288</u>	<u>401,417</u>	<u>895,216</u>	<u>1,207,823</u>

Despite the lower selling prices and volume made, the Group was able to increase its margin and be competitive due the lower cost of inventory and its total gross profit of US\$18.65 million in 3Q 2020, seen an increase of 19% as compared to US\$15.65 million in 3Q 2019. The total gross profit was US\$47.24 million for the 9M 2020, an increase of US\$8.03 million compared to US\$39.21 million for the 9M 2019.

Other operating income for 3Q 2020 and 3Q 2019 are US\$0.29 million and US\$0.19 million deficit respectively. The increase was mainly due to the foreign currency alignment arising from the intercompany loan attributable to EUR strengthen against USD. Other operating income remains constant for 9M 2020 and 9M 2019.

Selling and distribution expenses increased by 8% from US\$11.23 million in 3Q 2019 to US\$12.08 million in 3Q 2020. It also increased by US\$1.73million from US\$33.21 million in 9M 2019 to US\$34.94 million in 9M 2020. The overall increase was mainly due to higher staff costs of US\$1.72 million from more headcounts through acquisition of subsidiaries, an additional petrol station and salary increment in 2020 as well as the increase of US\$0.46 million in software expenses, offset by decrease in advertising, office supplies, utilities, travelling, insurance, maintenance and advertising expenses totalling US\$0.48million. 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 decreased by 28% and 20% to US\$1.02 million and US\$3.25 million in 3Q 2020 and 9M 2020 respectively, as compared to US\$1.41 million and US\$4.06 million in 3Q 2019 and 9M 2019 respectively. These decreases were due from lower salary, travelling and professional fees due to cost saving measures implemented. Other operating expenses in 3Q 2020 and 9M 2020 were US\$0.2 million and US\$0.65 million respectively, as compared to US\$0.11 million in 3Q 2019 and US\$1.22 million in 9M 2019. This decline in 9M 2020 was mainly due to lower provision for bad and doubtful debts and capital expenditure incurred in 3Q 2019 by the subsidiaries in France not incurred in 3Q 2020 and 9M 2020. Finance expenses decreased by 39% from US\$0.89 million in 3Q 2019 to US\$0.55 million in 3Q 2020 and decreased by 31% from US\$2.52 million in 9M 2019 to US\$1.74 million in 9M 2020, as a result of lower of interest expenses from bank borrowings. The share of profits of associates and joint ventures was US\$0.80

million in 3Q 2020 as compared to the loss of US\$0.17 million in 3Q 2019, US\$0.96 million in 9M 2020 as compared to US\$0.43 million in 9M 2019. The increase share of profits of associates and joint ventures of US\$0.53 million in 9M 2020 as compared to 9M 2019 were from improved profit from China of US\$0.34 million and France of US\$0.19 million. Income tax expenses from the distribution business in France and Spain, on the other hand, increased from US\$1.31 million in 3Q 2019 to US\$1.94 million in 3Q 2020. This was in line with the higher profit of US\$11.57 million by the distribution business in 9M 2020 as compared to US\$4.52 million in 9M 2019.

The Group recorded a net profit of US\$3.95 million for 3Q 2020 and US\$4.87 million for 9M 2020 as compared to a net profit of US\$0.35 million for 3Q 2019 and net loss of US\$1.66 million for 9M 2019. These were attributable to increase of gross profit achieved by the distribution business, coupled with the reduction of overall administrative and finance expenses.

Review of the Group's financial position

The Group's non-current assets stand at US\$110.3 million as at 30 September 2020 compared to US\$103.59 million as at 31 December 2019, and comprised property, plant and equipment of US\$32.66 million, right-of-use assets of US\$6.35 million, intangible assets of US\$11.85 million, investments in associates and joint ventures of US\$57.52 million, available-for-sale financial assets of US\$0.14 million, deferred tax assets of US\$1.42 million and other receivables of US\$0.37million. The increase of US\$6.71 million was mainly attributable to addition of the property, plant and equipment along with the depreciation effect of US\$2.84 million and US\$2.28 million in goodwill, which is partially generated from the acquisition of the subsidiaries, as well as the increase of US\$1.03 million from the investment in joint venture due to better performance for 9M 2020 as compared to 9M 2019.

The current assets stood at US\$269.11 million as 30 September 2020 compared to US\$262.9 million as at 31 December 2019. Overall, the increase of US\$6.21 million in current assets was from the increase of US\$5.09 million in inventory, US\$11.71 million in trade and other receivables, US\$0.3 million in derivative financial assets, US\$2.09 million in due from related companies, offset by decrease of US\$0.29 million in tax recoverable and US\$12.71 million in cash and cash equivalents. The increase in inventory was mainly due to maintaining 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 US\$11.71 million increase in trade and other receivables comprised US\$11.37 million from trade debtors from distribution business of which US\$3.70 million was from the movement in trade debtors balance and US\$7.67 million from translation gain of EUR strengthening against USD; and US\$0.56 million in derivative assets margin with broker. The distribution business's debtor-sales outstanding turnover remain between 20 to 25 days and is within the norms of business operations.

The increase of US\$9.61 million in current liabilities was due to an increase of US\$19.69 million in loans and borrowing and US\$3.77 million in income tax payable, and partially offset by the decrease in trade and other payable of US\$13.57 million. The decrease of US\$3.69 million in non-current liabilities was mainly attributable to the decrease in loans and borrowing of US\$4.08 million, offset by the increase in deferred tax liabilities of US\$0.36 million. The decrease in loans and borrowing of US\$4.08 million was due to the reclassification of the mature loan to current liabilities, offset by the slight increase of the loan borrowed for CAPEX purpose.

The Group's total liabilities increased by 2% or US\$5.93 million from US\$280.96 million as at 31 December 2019 to US\$286.89 million as at 30 September 2020.

The Group's net assets stood at US\$69.47 million as at 30 September 2020, or 1.64 US cents per share, compared to US\$66.69 million as at 31 December 2019 or 1.58 US cents per share.

Review of the Group's cash flows

The Group recorded net cash flows generated from operating activities of US\$38.66 million in 3Q 2020, as compared to net cash flows generated from operating activities of US\$12.78 million in 3Q 2019. This increase

in cashflow generated from operating activities was mainly attributable to higher inflow of cash resulting from trade and other payables, offset by the movement of trade and other receivables as well as higher profit before tax generated and the movement in exchange alignment. The lower net cash flows used in operating activities of US\$7.78 million in 9M 2020, as compared US\$15.82 million in 9M 2019 was due to inflows of cash resulting from inventory and profit before tax, partially offset by the outflow in trade and other payables.

The net cash flows used in investing activities of US\$7.14 million and US\$11.21 million in 3Q 2020 and 9M 2020 respectively as compared to US\$1.43 million and US\$2.68 million in 3Q 2019 and 9M 2019 respectively was due to purchases of intangible assets and property, plant and equipment and acquisition of the subsidiaries. The net cash flows used in financing activities of US\$1.65 million in 3Q 2020, as compared to net cash flows generated from financing activities of US\$4.53 million in 3Q 2019 was attributable to higher repayment for borrowings and advance given to related companies, offset by the bank deposit assumed from the acquisition of a subsidiary. The net cash flows generated from financing activities was US\$4.92 million in 9M 2020, as compared to net cash flows generated from financing activities of US\$4.27 million in 9M 2019 was mainly due to the bank deposit assumed from the acquisition of a subsidiary offset by the decreased borrowings.

The Group's cash and cash equivalents in the consolidated statement of cashflows comprises cash and bank balances of US\$14.25 million and bank overdrafts of US\$1.97 million as at 30 September 2020.

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 from its distribution business in France and Spain currently. The distribution business was adversely affected since both countries implemented lockdown measures to combat the spread of COVID-19 in mid March 2020. There was a sharp decline in the volume of the demand for its petroleum products and decrease activities at its petrol stations that had to be kept open due to contractual obligations. The Group has credit insurance policy and has not expected major default in its trade receivables. The insurance can be claimed upon the final liquidation and/or confirmation that no further steps can be taken to recover the outstanding receivables. The distribution business had been slowly recovering to normal activity since the gradual lifting of lockdown in June 2020. With the newly imposed lockdown in November 2020, the Group expected sales at gas station to decrease but sales for home heating oil to increase.

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 no 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 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.

- 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 September 2020 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)

The Company had on 25 September 2020 announced that the Company's French Subsidiary, Dyneff SAS, has made a binding offer on 22 September 2020 for the proposed acquisition of 70% equity interest of the following entity:

Name	:	SARL ANEO
Principal Activity	:	Installer of heating systems and equipment mostly to private individual customers
Country of incorporation	:	France
Paid-up Capital	:	EUR 8,000
Net asset value as at 31 March 2020	:	EUR 674,978
Number of share(s)	:	80 ordinary shares
Consideration	:	EUR 2,310,000

The impact of the above acquisition that would have on the Group's results is also disclosed in the announcement on 25 September 2020.

BY ORDER OF THE BOARD

Zang Jian Jun
Executive Chairman

11 November 2020