



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 2022

TABLE OF CONTENTS	PAGE
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	9-14

Condensed interim consolidated statement of profit or loss and other comprehensive income
For the six months period ended 30 June 2022

<u>Group</u>	Three months ended	Three months ended	Increase	Six months ended	Six months ended	Increase
	30 Jun 2022 US\$'000 (Unaudited)	30 Jun 2021 US\$'000 (Unaudited)	/(decrease) %	30 Jun 2022 US\$'000 (Unaudited)	30 Jun 2021 US\$'000 (Unaudited)	/(decrease) %
Revenue	858,802	440,624	95	1,485,795	816,403	82
Cost of sales	(826,803)	(423,907)	95	(1,426,153)	(785,316)	82
Gross profit	31,999	16,717	91	59,642	31,087	92
Other operating income	(621)	176	(453)	118	148	(20)
Selling and distribution expenses	(15,663)	(15,257)	3	(33,113)	(28,496)	16
Administrative expenses	(794)	(1,083)	(27)	(2,120)	(2,246)	(6)
Other operating expenses	(139)	(475)	(71)	(361)	(733)	(51)
Finance expenses	(873)	(681)	28	(1,869)	(1,178)	59
Share of results of associates and joint ventures	231	16	1,344	558	693	(19)
Profit/(Loss) before income tax	14,140	(587)	N.M	22,855	(725)	N.M
Income tax credit/(expenses)	(3,925)	426	N.M	(6,247)	(180)	3,371
Profit/(Loss) for the period	10,215	(161)	N.M	16,608	(905)	N.M
Other comprehensive (loss)/income:						
Item that may be reclassified						
subsequently to profit or loss						
Exchange differences on translating foreign operations	(4,664)	627	N.M	(710)	(1,599)	N.M
Other comprehensive income/(loss) for the period	(4,664)	627	N.M	(710)	(1,599)	N.M
Total comprehensive income/(loss) for the period	5,551	466	1,091	15,898	(2,504)	N.M
Profit/(Loss) attributable to:						
Owners of the Company	5,124	(416)	N.M	8,058	(992)	(912)
Non-controlling interests	5,091	255	1,896	8,550	87	9,728
Profit/(Loss) for the period	10,215	(161)	N.M	16,608	(905)	N.M
Total comprehensive income/(loss) attributable to:						
Owners of the Company	170	(56)	N.M	4,329	(1,980)	N.M
Non-controlling interests	5,381	522	931	11,569	(524)	N.M
Total comprehensive income/(loss) for the period	5,551	466	1,091	15,898	(2,504)	N.M

**Condensed interim consolidated statements of financial position
As at 30 June 2022**

	<u>Group</u>		<u>Company</u>	
	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000
ASSETS				
Non-current assets:				
Property, plant and equipment	53,677	43,616	-	-
Right-of-use assets	4,685	5,659	-	-
Intangible assets	17,310	17,192	-	-
Investments in subsidiaries	-	-	50,000	50,000
Investments in associates	12,119	12,972	-	-
Investments in joint ventures	44,378	45,154	-	-
Available-for-sale financial assets	140	144	-	-
Deferred tax assets	1,263	1,371	-	-
Other receivables	1,256	1,279	-	-
Total non-current assets	134,828	127,387	50,000	50,000
Current assets:				
Inventories	100,295	106,221	-	-
Trade and other receivables	235,501	206,151	-	18
Amounts due from subsidiaries	-	-	29	29
Amounts due from related parties	21,018	21,728	-	-
Tax recoverable	-	805	-	-
Derivative financial assets	-	74	-	-
Cash and cash balance	11,046	10,367	-	-
Total current assets	367,860	345,346	29	47
Total assets	502,688	472,733	50,029	50,047
LIABILITIES AND EQUITY				
Current liabilities:				
Provisions	8	8	-	-
Trade and other payables	229,791	219,777	183	457
Derivative financial liabilities	-	60	-	-
Loans and borrowings	112,643	106,818	-	-
Lease liabilities	1,115	1,329	-	-
Amounts due to holding company	851	1,243	-	-
Amounts due to subsidiary company	-	-	1,612	1,176
Amounts due to related parties	2,612	15	-	-
Income tax payable	4,052	1,624	-	-
Total current liabilities	351,072	330,874	1,795	1,633
Non-current liabilities:				
Provisions	15,812	17,989	-	-
Lease liabilities	3,862	4,554	-	-
Deferred tax liabilities	3,930	4,701	-	-
Loans and borrowings	7,059	9,297	-	-
Other payables	1,508	1,771	-	-
Total non-current liabilities	32,171	38,312	-	-
Total liabilities	383,243	369,186	1,795	1,633
Equity:				
Share capital	545	545	545	545
Share premium	196,308	196,308	196,308	196,308
Accumulated losses	(115,837)	(123,895)	(148,619)	(148,439)
Foreign currency translation reserve	(2,750)	979	-	-
	78,266	73,937	48,234	48,414
Non-controlling interests	41,179	29,610	-	-
Total equity	119,445	103,547	48,234	48,414
Total liabilities and equity	502,688	472,733	50,029	50,047

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
Group							
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
At 1 January 2021	545	196,308	(128,932)	3,546	71,467	24,705	96,172
Loss for the period, representing Total comprehensive loss for the period	-	-	(992)	-	(992)	87	(905)
Exchange differences on translating foreign operations	-	-	-	(988)	(988)	(611)	(1,599)
Balance at 30 June 2021	545	196,308	(129,924)	2,558	69,487	24,181	93,668

	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 2022	545	196,308	(148,439)	48,414
Loss for the period, representing total comprehensive income for the period	-	-	(180)	(180)
Balance at 30 June 2022	545	196,308	(148,619)	48,234
At 1 January 2021	545	196,308	(147,707)	49,146
Loss for the period, representing total comprehensive loss for the period	-	-	(120)	(120)
Balance at 30 June 2021	545	196,308	(147,827)	49,026

Condensed interim consolidated statement of cash flows

<u>Group</u>	Three months ended 30 Jun 2022 US\$'000 (Unaudited)	Three months ended 30 Jun 2021 US\$'000 (Unaudited)	Six months ended 30 Jun 2022 US\$'000 (Unaudited)	Six months ended 30 Jun 2021 US\$'000 (Unaudited)
Operating activities				
Profit/(Loss) before income tax	14,140	(587)	22,855	(725)
Adjustment for:				
Depreciation and amortisation	581	2,246	3,726	4,403
(Gain)/loss on disposal of property, plant and equipment	51	4	44	2
Fair value measurement on derivative instrument	245	2,072	553	3,538
Impairment of assets	-	(6)	-	(6)
(Reversal)/ allowance for trade debts	(8)	(308)	87	(265)
Bad debts written-off	53	368	93	394
Interest expenses	457	354	886	619
Interest income	(160)	(18)	(228)	(86)
Share of results of associate and joint ventures	(231)	(16)	(558)	(693)
Exchange realignment	(2,194)	(310)	3,937	874
Operating cash flows before changes in working capital	12,934	3,799	31,395	8,055
Changes in working capital:				
Inventories	(3,330)	(14,691)	4,275	(24,297)
Trade and other receivables	29,128	(26,404)	(31,739)	(69,010)
Trade and other payables	(29,773)	17,636	10,735	49,801
Cash flows used in operations	8,959	(19,660)	14,666	(35,451)
Income taxes (paid)/received	(3,716)	219	(4,204)	(555)
Interest paid	657	(354)	228	(619)
Interest received	(954)	18	(886)	86
Net cash flows generated from/(used in) operating activities	4,946	(19,777)	9,804	(36,539)
Investing activities				
Cash outflow from acquisition of a subsidiary	(2,150)	-	(2,150)	-
Proceeds from disposal of property, plant and equipment	96	-	96	5
Investment in available-for-sale assets	-	(2)	-	(12)
Purchases of intangible assets, property, plant and equipment	(1,926)	(3,654)	(13,323)	(6,493)
Net cash flows used in investing activities	(3,980)	(3,656)	(15,377)	(6,500)
Financing activities				
Bank deposit from acquisition of a subsidiary	-	-	-	477
Proceeds from/(repayment of) borrowings	(1,366)	7,388	24,332	12,801
Repayment of lease liabilities	(440)	(439)	(2,955)	(888)
Repayment to holding company	(114)	-	(392)	-
Loan to holding company	-	(398)	-	(1,034)
Proceeds from/(repayment to) related companies	(805)	(4,977)	2,870	(6,976)
Net cash flows (used in)/generated from financing activities	(2,725)	1,574	23,855	4,380
Net (decrease)/increase in cash and cash equivalents	(1,759)	(21,859)	18,282	(38,659)
Cash and cash equivalents at the beginning of the period	(32,455)	(26,396)	(52,835)	(9,040)
Effect of exchange rate changes on cash and cash equivalents	(122)	143	217	(413)
Cash and cash equivalents at the end of the period	(34,336)	(48,112)	(34,336)	(48,112)
Cash and bank balance	11,046	8,568	11,046	8,568
Bank overdrafts	(45,382)	(56,680)	(45,382)	(56,680)
Cash and cash equivalents per consolidated statement of cash flows	(34,336)	(48,112)	(34,336)	(48,112)

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 three months ended 31 March 2022 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 months ended	Three months ended	Increase	Six months ended	Six months ended	Increase
	30 Jun 2022 US\$'000 (Unaudited)	30 Jun 2021 US\$'000 (Unaudited)	/(decrease) %	30 Jun 2022 US\$'000 (Unaudited)	30 Jun 2021 US\$'000 (Unaudited)	/(decrease) %
(Gain)/Loss on disposal of property, plant and equipment	(37)	4	N.M	(44)	2	N.M
Interest income	(160)	(18)	789	(228)	(86)	165
Depreciation and amortisation	581	2,246	(74)	3,726	4,403	(15)
(Reversal) / allowance for trade debts	(8)	(308)	N.M	87	(265)	(133)
Bad debts written-off	53	368	(86)	93	394	(76)
Directors' fees	27	39	(31)	54	78	(31)
Finance expenses	681	681	-	1,869	1,178	59
Professional fees	147	438	(66)	567	901	(37)
Rental expenses	1,547	185	736	3,187	262	1,116
Staff costs (including key management personnel compensation)	10,142	8,451	20	17,731	15,607	14
Travelling expenses	138	35	294	243	220	10

E. Net assets value

	<u>Group</u>		<u>Company</u>	
	30 Jun 2022 US cents	31 Dec 2021 US cents	30 Jun 2022 US cents	31 Dec 2021 US cents
Net assets value per ordinary share	<u>1.849</u>	<u>1.747</u>	<u>1.139</u>	<u>1.144</u>

The calculation of net assets value per ordinary share is based on the Group's net assets of approximately US\$78,265,207 as at 30 June 2022 (31 December 2021: US\$73,936,572) and the Company's net assets of approximately US\$48,233,717 as at 30 June 2022 (31 December 2021: US\$48,413,777) and share capital of 4,233,185,850 shares (31 December 2021: 4,233,185,850 shares).

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

	<u>Unsecured</u>		<u>Secured</u>	
	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000
Amount payable in one year or less or on demand	4,186	4,969	108,457	101,849
Amount payable after one year	7,059	9,297	-	-

Details of any collateral

The secured borrowings of US\$108,457,097 are secured with trade receivables of the subsidiaries.

Contingent liabilities

As at 30 June 2022, the Group has also given guarantees in the amount of US\$38.83 million as follows:

- i) Bank guarantees in the amount of US\$37.17 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\$1.66 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 2022 and 31 December 2021 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 2022 and 31 December 2021.

- 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 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 2022.

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> 30 Jun 2022	<u>30 Jun 2021</u>	<u>Six months ended</u> 30 Jun 2022	<u>30 Jun 2021</u>
	US\$	US\$	US\$	US\$
Profit/(Loss) attributable to owners of the Company	5,124,074	(415,509)	8,057,716	(991,440)
Profit/(Loss) per ordinary share	US Cents	US Cents	US Cents	US Cents
(a) Based on the weighted average number	0.1210	(0.0098)	0.1903	(0.0234)
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	0.1210	(0.0098)	0.1903	(0.0234)
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 2022"), the Group's revenue increased by 95% on quarter to quarter ("Q-to-Q") to US\$858.80 million from US\$440.62 million in the second quarter of last year ("2Q 2021"). It also increased by 82% from US\$816.40 million for the six months ended 30 June 2021 ("6M 2021") to US\$1,485.80 million for the six months ended 30 June 2022 ("6M 2022"). The Group's revenue was derived from the Group's fuel distribution business in France and Spain ("Dyneff Group"). The increase in the revenue for both 2Q 2022 and 6M 2022 as compared to the corresponding periods in 2021 were mainly due to the significant increase of the sale volume as a result of surge in demand during market condition of increasing fuel price of which caused by Russia-Ukraine war in the end of February 2022. As such, it could be an exceptional market condition for 2Q 2022 and 6M 2022 and may not be continuing in the future.

The costs of sales were increased to US\$1,426.15 million in 6M 2022, an increase of 82% from US\$785.32 million in 6M 2021, which was in line with the increase in revenue.

Gross profits were increased to US\$32 million in 2Q 2022, an increase of 91% from US\$16.72 million in 2Q 2021. It also increased by 92% from US\$31.09 million in 6M 2021 to US\$59.64 million in 6M 2022, both increase were mainly attributable to the increase in sales volume and some improved in gross profits margin by 0.2% from 3.8% in 6M 2021 to 4.0% in 6M 2022 by Dyneff Group as a result of abovementioned particular market condition.

Other operating income was in negative of US\$0.62 million in 2Q 2022 compared to US\$0.17 million in 2Q 2021 was mainly due to other operating income in 2Q 2022 comprised of the exchange loss as EUR weaken against USD. Other operating income for 6M 2022 and 6M 2021 were US\$0.12 million and US\$0.15 million respectively, a decrease of US\$0.03 million also due abovementioned exchange loss incurred.

Selling and distribution expenses increased by 3% from US\$15.26 million in 2Q 2021 to US\$15.66 million in 2Q 2022. It also increased by 16% from US\$28.50 million in 6M 2021 to US\$33.11 million in 6M 2022. The overall increase of US\$4.61 million was mainly due to higher rental of oil distribution equipment of US\$2.65 million, higher staff costs of US\$1.54 million from salary increment and increased headcounts, and higher repairs and maintenance costs of the own distribution equipment of US\$0.4 million. The selling and distribution expenses were not in correlation to the Group's revenue as the significant fixed staff costs does not fluctuate according to the revenue generated.

Administrative expenses decreased by 27% from US\$1.08 million in 2Q 2021 to US\$0.79 million in 2Q 2022. It also slightly decreased by 6% from US\$2.25 million in 6M 2021 to US\$2.12 million in 6M 2022, The overall decrease was mainly due to lesser professional fees and consultancy fees incurred in both 2Q 2022 and 6M 2022, compared to 2Q 2021 and 6M 2021 by the Group.

Finance expenses increased by 28% from US\$0.68 million in 2Q 2021 to US\$0.87 million in 2Q 2022. It also increased by 59% from US\$1.18 million in 6M 2021 to US\$1.87 million in 6M 2022. 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 increased by 1,344% from US\$0.016 million in 2Q 2021 to US\$0.23 million in 2Q 2022. This increase was mainly due to the increase in share of profits of a China joint venture of US\$0.21 million as a result of secured longer term of oil storage lease from customers in 2Q 2022. .

Income tax expense incurred of US\$3.93 million and US\$6.25 million in 2Q 2022 and 6M 2022 respectively, compared to income tax credit of US\$0.43 million in 2Q 2021 and income tax expense of US\$0.18 million in 6M 2021, were mainly due to the Group generated profits in 2Q 2022 compared to loss making in 2Q 2022 and 6M 2022.

The Group recorded a net profit of US\$10.22 million and US\$16.61 million in 2Q 2022 and 6M 2022 respectively, compared to a net loss of US\$0.16 million and US\$0.91 million in 2Q 2021 and 6M 2021 respectively . These were attributable to the increase in revenue by the fuel distribution business, partially offset by 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\$134.83 million as at 30 June 2022 compared to US\$127.39 million as at 31 December 2021, and comprised property, plant and equipment of US\$53.68 million, right-of-use assets of US\$4.69 million, intangible assets of US\$17.31 million, investments in associates and joint ventures of US\$56.50 million, available-for-sale financial assets of US\$0.14 million, deferred tax assets of US\$1.26 million and other receivables of US\$1.26 million. The increase of US\$7.44 million was mainly attributable to Dyneff Group's addition of the intangible assets of US\$0.9 million, property, plant and equipment of US\$14.13 million, offset by the depreciation and amortisation of US\$3.92 million.

The current assets stood at US\$367.86 million as 30 June 2022 compared to US\$345.34 million as at 31 December 2021. Overall, the increase of US\$22.52 million in current assets was from the increase of US\$29.35 million in trade and other receivables, US\$0.68 million in cash and cash balance and offset by the decrease of US\$5.95m in inventories, decrease of US\$0.71 million in amount due from related parties and decrease of US\$0.8 million in tax recoverable. The increase

in trade receivables was in line with the higher sales 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 surge in demand as a result of customers' fear of missing products in the market condition of increasing of fuel price during the reporting period. The decrease in the amount due from related parties of US\$0.71 million was the repayment of 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\$20.20 million in current liabilities was due to an increase of US\$10.01 million in trade and other payables, increase of US\$5.83 million in loans and borrowings, increase of US\$2.60 million in amount due to related parties as well as the increase of US\$2.39 million in income tax payable. The increase in loan and borrowings was mainly due to the increase in bank overdraft and short-term loans were used in operating and financing activities for 6M 2022. The higher trade and other payables were mainly attributable to increase of US\$2.44 million in trade payable in line with the increase in the unit costs as well as the volume of the inventory and US\$26 million in France VAT and deferred revenue. The decrease of US\$6.14 million in non-current liabilities was mainly due to the decrease in provision of US\$2.17 million, decrease in lease liabilities of US\$0.69 million, decrease in deferred tax liabilities of US\$0.77 million and decrease of loans and borrowings of US\$2.24 million as a result of repayment,.

Overall, the Group's net assets stood at US\$78.27 million as at 30 June 2022, or 1.85 US cents per share, compared to US\$73.47 million as at 31 December 2021 or 1.75 US cents per share.

Review of the Group's cash flows

The Group recorded net cash flows generated from operating activities of US\$4.95 million in 2Q 2022, as compared to net cash flows used in operating activities of US\$19.78 million in 2Q 2021. This increase in cash flow generated from operating activities was mainly attributable to the higher cashflows due to increase of inventory turnover and sales volume as a results of surge in demand from customers during the financial period.

The net cash flows used in investing activities of US\$3.98 million in 2Q 2022 as compared to US\$3.66 million in 2Q 2021 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 used in financing activities of US\$2.73 million in 2Q 2022 as compared to net cash flows generated from financing activities of US\$1.57 million in 2Q 2021 was mainly attributable to higher repayment of borrowings of US\$1.37 million and the advances to related parties of US\$0.8 million.

The Group's cash and cash equivalents in the consolidated statement of cashflows comprises cash and bank balances of US\$11.04 million and bank overdrafts of US\$45.38 million as at 30 June 2022.

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.

The Group intends to pursue and explore further business opportunities in the People's Republic of China (PRC) through the Company's wholly-owned indirect subsidiary, Shanghai Dajiang Shenyuan Equity Investment Fund Management Co., Ltd. ("Shanghai Dajiang"). To capitalise on potential business opportunities in the PRC, the Board of Shanghai Dajiang has initiated a capital call in the amount of US\$500,000 on its unpaid capital on 8 August 2022. Shanghai Dajiang had been capitalized at US\$3,650,000 as at 8 August 2022.

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 2022. 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	788
Amount hold on trust by HKCEFS for AAG	46,789

13. Negative confirmation pursuant to Rule 705 (5)

We, Zang Jian Jun and Li Xiao Ming, 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 2022 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 Rule720(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)

There is no acquisition that requires disclosure pursuant to Rule 706(A) for this quarter of FY2022.

BY ORDER OF THE BOARD

Zang Jian Jun
Executive Director and Executive Chairman
Date: 10 August 2022