



ANAN INTERNATIONAL LIMITED
(Incorporated in Bermuda)
(Company Registration No. 35733)

DIFFERENCE BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Board of Directors (“**Board**”) of AnAn International Limited (“**Company**”, and together with its subsidiaries, “**Group**”) refers to the unaudited full year financial results announcement for the financial year ended 31 December 2017 (“**FY2017**”) released via the SGXNet on 26 February 2018 (“**Unaudited Financial Statements**”). Further reference is made to the Audited Financial Statements of the Company for FY2017 (“**Audited Financial Statements**”) which will be provided to shareholders and the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in due course.

Pursuant to Rule 704(6) of the Listing Manual, the Board wishes to highlight that there are certain adjustments made to the consolidated financial statements of the Group, statement of financial position and statement of changes in equity of the Company in the Audited Financial Statements as compared to what was disclosed in the Unaudited Financial Statements. The adjustments were made following the finalisation of the audit and a summary of the adjustments is set out below.

Consolidated statement of comprehensive income

<u>Group</u>	Twelve months ended 31 Dec 2017 US\$'000 (Revised)	Twelve months ended 31 Dec 2017 US\$'000	Increase /(decrease) US\$'000	Note
Revenue	2,295,981	2,295,981	-	
Cost of sales	(2,227,941)	(2,227,941)	-	
Gross profit	68,040	68,040	-	
Other operating income	3,127	3,054	73	2
Selling and distribution expenses	(43,707)	(43,707)	-	
Administrative expenses	(7,949)	(7,949)	-	
Other operating expenses	(126,151)	(1,632)	(124,519)	1
Finance expenses	(2,674)	(2,674)	-	
Share of results of associates and joint ventures	(80)	(80)	-	
(Loss)/profit before income tax	(109,394)	15,052	(124,446)	
Income tax expense	(458)	(2,661)	2,203	2
(Loss)/profit for the year	(109,852)	12,391	(122,243)	
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	3,587	3,587	-	
Other comprehensive income for the year	3,587	3,587	-	
Total comprehensive income for the year	(106,265)	15,978	(122,243)	
(Loss)/profit attributable to:				
Owners of the Company	(111,294)	10,949	(122,243)	
Non-controlling interests	1,442	1,442	-	
(Loss)/profit for the year	(109,852)	12,391	(122,243)	
Total comprehensive income attributable to:				
Owners of the Company	(109,136)	13,107	(122,243)	
Non-controlling interests	2,871	2,871	-	
Total comprehensive income for the year	(106,265)	15,978	(122,243)	

Statements of financial position

	Group			Note	Company			Note
	31 Dec 2017 US\$'000 (Revised)	31 Dec 2017 US\$'000	Increase /(decrease) US\$'000		31 Dec 2017 US\$'000 (Revised)	31 Dec 2017 US\$'000	Increase /(decrease) US\$'000	
ASSETS								
Non-current assets:								
Property, plant and equipment	35,580	35,580	-		-	-	-	
Intangible assets	8,386	8,386	-		-	-	-	
Investments in subsidiaries	-	-	-		49,000	49,160	(160)	3
Investments in associates	12,278	12,278	-		-	-	-	
Investments in joint ventures	43,680	43,680	-		-	-	-	
Available-for-sale financial assets	17	17	-		-	-	-	
Deferred tax asset	1,436	1,436	-		-	-	-	
Other receivables	430	430	-		-	-	-	
Total non-current assets	101,807	101,807	-		49,000	49,160	(160)	
Current assets:								
Inventories	57,866	57,866	-		-	-	-	
Trade and other receivables	140,650	265,168	(124,518)	1	36	36	-	
Amounts due from subsidiaries	-	-	-		208	122,516	(122,308)	3
Amounts due from related companies	2,167	2,167	-		-	-	-	
Tax recoverable	258	258	-		-	-	-	
Cash and cash equivalents	38,614	38,614	-		-	-	-	
Total current assets	239,555	364,073	(124,518)		244	122,552	(122,308)	
Total assets	341,362	465,880	(124,518)		49,244	171,712	(122,468)	
LIABILITIES AND EQUITY								
Current liabilities:								
Provisions	148	-	148	4	-	-	-	
Trade and other payables	170,044	170,044	-		204	204	-	
Derivative financial liabilities	966	966	-		-	-	-	
Loans and borrowings	19,257	19,257	-		-	-	-	
Amounts due to holding company	2,685	2,685	-		-	-	-	
Amounts due to related companies	6,699	6,699	-		-	-	-	
Income tax payable	-	2,275	(2,275)	2	-	-	-	
Total current liabilities	199,799	201,926	(2,127)		204	204	-	
Non-current liabilities:								
Provisions	8,787	8,935	(148)	4	-	-	-	
Deferred tax liabilities	6,031	6,031	-		-	-	-	
Loans and borrowings	17,974	17,974	-		-	-	-	
Other payables	1,241	1,241	-		-	-	-	
Total non-current liabilities	34,033	34,181	(148)		-	-	-	
Total liabilities	233,832	236,107	(2,275)		204	204	-	
Equity:								
Share capital	545	545	-		545	545	-	
Share premium	196,308	196,308	-		196,308	196,308	-	
(Accumulated losses)/retained earnings	(107,872)	14,371	(122,243)		(147,813)	(25,345)	(122,468)	
Foreign currency translation reserve	3,801	3,801	-		-	-	-	
	92,782	215,025	(122,243)		49,040	171,508	(122,468)	
Non-controlling interests	14,748	14,748	-		-	-	-	
Total equity	107,530	229,773	(122,243)		49,040	171,508	(122,468)	
Total liabilities and equity	341,362	465,880	(124,518)		49,244	171,712	(122,468)	

Consolidated statement of cash flows

<u>Group</u>	Twelve months ended 31 Dec 2017 US\$'000 (Revised)	Twelve months ended 31 Dec 2017 US\$'000	Increase /(decrease) US\$'000	Note
Operating activities				
(Loss)/profit before income tax	(109,394)	15,052	(124,446)	
Adjustment for:				
Depreciation and amortisation	6,237	6,237	-	
Gain on disposal of property, plant and equipment	(2)	(2)	-	
Property, plant and equipment written off	272	272	-	
Fair value measurement on derivative instrument	(125)	(125)	-	
Allowance/(write-back) for doubtful debts	124,456	(528)	124,984	1
Impairment in joint venture	6	6	-	
Interest expenses	1,717	1,717	-	
Interest income	(260)	(260)	-	
Share of results of associate and joint ventures	80	80	-	
Exchange realignment	(704)	(704)	-	
Operating cash flows before changes in working capital	22,283	21,745	538	
Changes in working capital:				
Inventories	(11,258)	(11,258)	-	
Trade and other receivables	44,677	45,143	(466)	1
Trade and other payables	(1,000)	(1,000)	-	
Cash flows generated from operations	54,702	54,630	72	
Income taxes paid	(4,495)	(4,423)	(72)	4
Interest paid	(1,717)	(1,717)	-	
Interest received	260	260	-	
Net cash flows generated from operating activities	48,750	48,750	-	
Investing activities				
Acquisition of a subsidiary	(1,373)	(1,373)	-	
Acquisition of a associate	(4,536)	(4,536)	-	
Proceeds from disposal of property, plant and equipment	106	106	-	
Purchases of intangible assets, property, plant and equipment	(4,184)	(4,184)	-	
Net cash flows used in investing activities	(9,987)	(9,987)	-	
Financing activities				
Repayment of borrowings	(16,179)	(16,179)	-	
Repayment of obligation under finance leases	(53)	(53)	-	
Repayment to holding company	(1,500)	(1,500)	-	
Repayment to related companies	(21,726)	(21,726)	-	
Fixed deposit released from financial institutions	609	609	-	
Net cash flows used in financing activities	(38,849)	(38,849)	-	
Net decrease in cash and cash equivalents	(86)	(86)	-	
Cash and cash equivalents at the beginning of the year	23,032	23,032	-	
Effect of exchange rate changes on cash and cash equivalents	104	104	-	
Cash and cash equivalents at the end of the year	23,050	23,050	-	
Cash and bank balance	38,614	38,614	-	
Bank overdrafts	(15,564)	(15,564)	-	
Cash and cash equivalents per consolidated statement of cash flows	23,050	23,050	-	

Notes: -

1. As at 31 December 2017, the Group through its wholly-owned subsidiary, Singapore AnAn Petrochemical & Energy Pte. Ltd. (formerly known as “Singapore CEFC Petrochemical & Energy Pte. Ltd.”) (“**SPE**”), had outstanding trade receivables of US\$130.57 million owing from a related party, of which US\$6.05 million had been offset against amounts payable by the Company to the related party in January 2018, with the remaining US\$124.52 million due between 11 January 2018 and 16 February 2018. These outstanding trade receivables had not been repaid at their due dates and had continued to be overdue as at the date of this announcement.

As disclosed in the Group’s announcements on SGX-ST on 1 March, 13 April and 9 May 2018, the related party had proposed an instalment payment plan with repayment of principal and interest to be made over 4 proposed repayment dates between April 2018 and November 2018. The first two instalments were due on 11 April and 8 May 2018 respectively, and constitutes approximately 26% of these outstanding trade receivables, with the remaining approximately 74% to be repaid between August 2018 and November 2018. However, the Group had not received any payment as at the date of this announcement.

Considering the tenor of overdue and the uncertainty over the recovery of these outstanding trade receivables, the Group had decided to take a prudent approach and to provide for full impairment of these outstanding trade receivables amounting of US\$124.52 million. Nevertheless, the Group will continue to monitor closely and to seek all possible options to recover these outstanding trade receivables.

2. Due to the provision of doubtful debts for the outstanding trade receivables made by SPE, the income tax expenses reduced by US\$2.2 million and resulted in exchange gain of US\$0.07 million.
3. Following the impairment provided by SPE against the trade receivables during the year under review, SPE had a net liability position of US\$83 million as at 31 December 2017. As a result, the Company had also fully provided impairment for its investment in SPE amounting US\$0.16 million and had also fully provided for the amounts due from SPE amounting US\$122.31 million as at 31 December 2017.
4. Reclassification of provision for reinstatement from non-current liabilities to current liabilities due to expiry of the lease agreement in year 2018.

BY ORDER OF THE BOARD

Zhao Guangming
Executive Director and Chief Executive Officer
Date: 28 May 2018