



UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

**1a An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

<b><u>Group</u></b>	<b>Three months ended 31 Mar 2018</b>	<b>Three months ended 31 Mar 2017</b>	<b>Increase / (decrease) %</b>
	<b>US\$'000</b>	<b>US\$'000</b>	
Revenue	451,949	612,229	(26)
Cost of sales	(441,482)	(596,361)	(26)
<b>Gross profit</b>	<b>10,467</b>	<b>15,868</b>	<b>(34)</b>
Other operating income	4,677	407	1,049
Selling and distribution expenses	(10,955)	(9,567)	15
Administrative expenses	(1,867)	(1,467)	27
Other operating expenses	(18,635)	(315)	5,816
Finance expenses	(727)	(619)	17
Share of results of associates and joint ventures	(97)	556	N.M
<b>(Loss)/profit before income tax</b>	<b>(17,137)</b>	<b>4,863</b>	<b>N.M</b>
Income tax credit/(expense)	634	(160)	N.M
<b>(Loss)/profit for the period</b>	<b>(16,503)</b>	<b>4,703</b>	<b>N.M</b>
<b>Other comprehensive income:</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations	1,441	57	2,428
<b>Other comprehensive income for the period</b>	<b>1,441</b>	<b>57</b>	<b>2,428</b>
<b>Total comprehensive income for the period</b>	<b>(15,062)</b>	<b>4,760</b>	<b>N.M</b>
<b>(Loss)/profit attributable to:</b>			
Owners of the Company	(15,948)	4,397	N.M
Non-controlling interests	(555)	306	N.M
<b>(Loss)/profit for the period</b>	<b>(16,503)</b>	<b>4,703</b>	<b>N.M</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(16,647)	4,427	N.M
Non-controlling interests	1,585	333	376
<b>Total comprehensive income for the period</b>	<b>(15,062)</b>	<b>4,760</b>	<b>N.M</b>

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

<b><u>Group</u></b>	<b>Three months ended 31 Mar 2018 US\$'000</b>	<b>Three months ended 31 Mar 2017 US\$'000</b>	<b>Increase /(decrease) %</b>
Government credit	(5)	(5)	-
Loss on disposal of property, plant and equipment	10	24	(58)
Interest income	(128)	(47)	172
Depreciation and amortisation	1,690	1,055	60
Allowance for doubtful debts	18,352	18	101,856
Directors' fees	56	53	6
Finance expenses	727	619	17
Professional fees	472	303	56
Rental expenses	851	672	27
Staff costs (including key management personnel compensation)	5,866	5,466	7
Travelling expenses	168	218	(23)

**N.M : Not Meaningful**

**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>	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
	US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>				
<b>Non-current assets:</b>				
Property, plant and equipment	36,191	35,580	-	-
Intangible assets	8,362	8,386	-	-
Investments in subsidiaries	-	-	49,000	49,000
Investments in associates	13,079	12,278	-	-
Investments in joint ventures	43,977	43,680	-	-
Available-for-sale financial assets	17	17	-	-
Deferred tax asset	1,477	1,436	-	-
Other receivables	345	430	-	-
<b>Total non-current assets</b>	<b>103,448</b>	<b>101,807</b>	<b>49,000</b>	<b>49,000</b>
<b>Current assets:</b>				
Inventories	56,831	57,866	-	-
Trade and other receivables	178,210	140,650	51	36
Amounts due from subsidiaries	-	-	216	208
Amounts due from related companies	1,903	2,167	-	-
Tax recoverable	1,546	258	-	-
Cash and cash equivalents	15,722	38,614	-	-
<b>Total current assets</b>	<b>254,212</b>	<b>239,555</b>	<b>267</b>	<b>244</b>
<b>Total assets</b>	<b>357,660</b>	<b>341,362</b>	<b>49,267</b>	<b>49,244</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Provisions	151	148	-	-
Trade and other payables	166,473	170,044	200	204
Derivative financial liabilities	927	966	-	-
Loans and borrowings	60,411	19,257	-	-
Amounts due to holding company	2,527	2,685	-	-
Amounts due to related companies	411	6,699	-	-
<b>Total current liabilities</b>	<b>230,900</b>	<b>199,799</b>	<b>200</b>	<b>204</b>
<b>Non-current liabilities:</b>				
Provisions	9,127	8,787	-	-
Deferred tax liabilities	5,323	6,031	-	-
Loans and borrowings	18,578	17,974	-	-
Other payables	1,264	1,241	-	-
<b>Total non-current liabilities</b>	<b>34,292</b>	<b>34,033</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>265,192</b>	<b>233,832</b>	<b>200</b>	<b>204</b>
<b>Equity:</b>				
Share capital	545	545	545	545
Share premium	196,308	196,308	196,308	196,308
Accumulated losses	(123,820)	(107,872)	(147,786)	(147,813)
Foreign currency translation reserve	3,102	3,801	-	-
	76,135	92,782	49,067	49,040
<b>Non-controlling interests</b>	<b>16,333</b>	<b>14,748</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>92,468</b>	<b>107,530</b>	<b>49,067</b>	<b>49,040</b>
<b>Total liabilities and equity</b>	<b>357,660</b>	<b>341,362</b>	<b>49,267</b>	<b>49,244</b>

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

	<u>Unsecured</u>		<u>Secured</u>	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Amount payable in one year or less or on demand	7,508	13,077	55,841	15,564
Amount payable after one year	18,578	17,974	-	-

The Company's controlling shareholder, AnAn Group (Singapore) Pte. Ltd., continues to extend financial support by providing interest-free loans. As at 31 March 2018, the aggregate loan balance was approximately US\$2.53 million.

Details of any collateral

The secured borrowings of US\$55.84 million which are secured with trade receivables of the subsidiaries.

Contingent liabilities

As at 31 March 2018, the Group has also given guarantees of Euro11.2 million in favour of certain counterparts for a subsidiary.

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

<b><u>Group</u></b>	<b>Three months ended 31 Mar 2018 US\$'000</b>	<b>Three months ended 31 Mar 2017 US\$'000</b>
<b>Operating activities</b>		
(Loss)/profit before income tax	(17,137)	4,863
<b>Adjustment for:</b>		
Depreciation and amortisation	1,690	1,055
Loss on disposal of intangible assets, property, plant and equipment	10	24
Fair value measurement on derivative instrument	(67)	(285)
Allowance for doubtful debts	18,352	18
Interest expenses	473	412
Interest income	(128)	(47)
Share of results of associate and joint ventures	97	(556)
Exchange realignment	10,583	(156)
Operating cash flows before changes in working capital	13,873	5,328
<b>Changes in working capital:</b>		
Inventories	2,702	764
Trade and other receivables	(51,942)	(30,376)
Trade and other payables	(8,381)	12,830
<b>Cash flows used in operations</b>	(43,748)	(11,454)
Income taxes paid	(1,694)	(197)
Interest paid	(473)	(412)
Interest received	128	47
<b>Net cash flows used in operating activities</b>	(45,787)	(12,016)
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	4	91
Purchases of intangible assets, property, plant and equipment	(680)	(472)
<b>Net cash flows used in investing activities</b>	(676)	(381)
<b>Financing activities</b>		
Repayment of borrowings	(471)	(2,495)
Repayment of obligation under finance leases	(8)	(13)
Repayment to holding company	(158)	(500)
Repayment to related companies	(5,980)	(6,883)
<b>Net cash flows used in financing activities</b>	(6,617)	(9,891)
<b>Net decrease in cash and cash equivalents</b>	(53,080)	(22,288)
Cash and cash equivalents at the beginning of the period	23,050	23,032
Effect of exchange rate changes on cash and cash equivalents	(10,716)	30
<b>Cash and cash equivalents at the end of the period</b>	(40,746)	774
Cash and bank balance	15,722	40,233
Fixed deposit pledged	-	(609)
Bank overdrafts	(56,468)	(38,850)
Cash and cash equivalents per consolidated statement of cash flows	(40,746)	774

**1d(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Attributable to the owners of the Company						
	Share capital 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	Total equity US\$'000
<b>Group</b>							
At 1 January 2018	545	196,308	(107,872)	3,801	92,782	14,748	107,530
Loss for the period, representing total comprehensive income for the period	-	-	(15,948)	-	(15,948)	(555)	(16,503)
Exchange differences on translating foreign operations	-	-	-	(699)	(699)	2,140	1,441
Balance at 31 March 2018	545	196,308	(123,820)	3,102	76,135	16,333	92,468
At 1 January 2017	545	196,308	3,422	-	200,275	16,311	216,586
Profit for the period, representing total comprehensive income for the period	-	-	4,397	-	4,397	306	4,703
Exchange differences on translating foreign operations	-	-	-	29	29	28	57
Balance at 31 March 2017	545	196,308	7,819	29	204,701	16,645	221,346
<b>Company</b>							
	Share capital US\$'000	Share premium US\$'000	Attributable to the owners of the Company		Total equity US\$'000		
			Accumulated losses US\$'000				
At 1 January 2018	545	196,308	(147,813)			49,040	
Loss for the period, representing total comprehensive income for the period	-	-	27			27	
Balance at 31 March 2018	545	196,308	(147,786)			49,067	
At 1 January 2017	545	196,308	(24,366)			172,487	
Loss for the period, representing total comprehensive income for the period	-	-	(208)			(208)	
Balance at 31 March 2017	545	196,308	(24,574)			172,279	

**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.

Save as disclosed above, the Company did not have any treasury shares, subsidiary holdings or other convertibles during the period.

**1d(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares as at end of 31 March 2018 and 31 December 2017 was 4,233,185,850 shares. There were no shares held as treasury shares and the Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 31 March 2018 and 31 December 2017.

**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.

**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 2018.

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	
	31 Mar 2018	31 Mar 2017
	US\$	US\$
<b>(Loss)/profit attributable to owners of the Company</b>	(15,947,692)	4,397,016
<b>(Losses)/earnings per ordinary share</b>	US Cents	US Cents
(a) Based on the weighted average number of ordinary shares in issue; and	(0.377)	0.104
Weighted average number of ordinary shares in issue	4,233,185,850	4,233,185,850
(b) On a fully diluted basis	(0.377)	0.104
Weighted average number of ordinary shares in issue	4,233,185,850	4,233,185,850

7. **Net assets value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) **current financial period reported on; and**  
(b) **immediately preceding financial year.**

	<u>Group</u>		<u>Company</u>	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
	US cents	US cents	US cents	US cents
<b>Net assets value per ordinary share</b>	<u>1.799</u>	<u>2.192</u>	<u>1.159</u>	<u>1.158</u>

The calculation of net asset value per ordinary share is based on the Group's net assets of approximately US\$76,135,772 as at 31 March 2018 (31 December 2017: US\$92,781,768) and the Company's net assets of approximately US\$49,067,052 as at 31 March 2017 (31 December 2017: US\$49,039,131) and share capital of 4,233,185,850 shares (31 December 2017: 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 decreased by 26% from US\$612.23 million for the three months ended 31 March 2017 (“**3M 2017**”) to US\$451.95 million for the three months ended 31 March 2018 (“**3M 2018**”), mainly due to decline in wholesale segment.

The breakdown of the business segment results are as follows:

<u>Revenue</u>	<b>Three months ended 31 Mar 2018 US\$’000</b>	<b>Three months ended 31 Mar 2017 US\$’000</b>
Distribution	433,616	346,950
Wholesale	18,333	265,279
	451,949	612,229

The total gross profit was US\$10.47 million for the 3M 2018, a decrease of US\$5.40 million or 34% compared to US\$15.87 million for 3M 2017, due to the gross profit generated from wholesale segment reduced significantly. The gross margin decreased from 2.59% in 3M 2017 to 2.32% in 3M 2018 due to lower profit margin generated from distribution segment.

Other operating income for 3M 2018 was US\$4.68 million, an increase of 4.27 million or 1,041% compared to US\$0.41 million for 3M 2017 due to service income generated from the service agreement with AnAn Group(Singapore) Pte Ltd in 3M 2018.

Selling and distribution expenses in 3M 2018 was US\$10.96 million as compared to US\$9.57 million for 3M 2017, an increase of 15%, which resulted from distribution segment. Administrative expenses increase by 27% to US\$1.87 million in 3M 2018, as compared to US\$1.47 million in 3M 2017. Other operating expenses in 3M 2018 was US\$18.64 million (3M 2017: US\$0.32 million), mainly due to allowance for receivables from Shanghai Huaxin Group (Hong Kong) Limited amounting of US\$18.33 million. Finance expenses of US\$0.73 million in 3M 2018 increased by 17% from US\$0.62 million in 3M 2017, mainly due to interest expenses incurred from bank borrowings. The share of losses of associates and joint ventures was US\$0.10 million in 3M 2018 as compared to share of profits of US\$0.56 million in 3M 2017, mainly due to the joint venture in China recorded a loss as lower rental income generated from its oil storage tanks.

The Group’s net loss for 3M 2018 was US\$16.50 million as compared to net profit of US\$4.70 million for 3M 2017, mainly attributable to decrease in revenue and profit and increase in allowance for receivables from a related party.

## **Review of the Group's financial position**

The Group's non-current assets stood at US\$103.45 million as at 31 March 2018 compared to US\$101.81 million as at 31 December 2017, comprising of the property, plant and equipment of US\$36.19 million, intangible assets of US\$8.36 million, investments in associates and joint ventures of US\$57.06 million, deferred tax asset of US\$1.48 million and other receivables of US\$0.35 million. The increase of US\$1.64 million were mainly attributable to purchase of property, plant and equipment.

The current assets stood at US\$254.21 million as at 31 March 2018 compared to US\$239.56 million as at 31 December 2017. Overall, the increase of US\$14.65 million in current assets was mainly from (i) an increase of US\$37.56 million in trade and other receivables to US\$178.21 million as at 31 March 2018 from US\$140.65 million as at 31 December 2017, which mainly resulted from distribution segment; and (ii) an increase of US\$1.29 million in tax recoverable. The increases resulted from above was partially offset by a decrease in cash and cash equivalent of US\$22.89 million.

The increase of US\$31.10 million in current liabilities was mainly from an increase in loans and borrowings of US\$41.15 million, which resulted from distribution segment and was partially offset by a decrease of US\$6.29 million in amounts due to related companies and a decrease of US\$3.57 million in trade and other payables.

The non-current liabilities increased from US\$34.03 million as at 31 December 2017 to US\$34.29 million as at 31 March 2018 and were mainly attributable to an increase in loans and borrowings of US\$0.60 million and an increase in provision of US\$0.34 million, partially offset by a decrease in deferred tax liabilities of US\$0.70 million.

The Group's total liabilities increased by 13% or US\$31.36 million from US\$233.83 million as at 31 December 2017 to US\$265.19 million as at 31 March 2018.

The Group's net assets stood at US\$76.14 million as at 31 March 2018, or 1.799 US cents per share, compared to US\$92.78 million as at 31 December 2017 or 2.192 US cents per share.

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

The Group recorded a net cash flows used in operating activities of US\$45.79 million in 3M 2018 compared to a net cash flows used in operating activities of US\$12.02 million in 3M 2017, attributable mainly to both trade and other receivables and trade and other payables in 2018. The net cash flows used in investing activities for 3M 2018 was US\$0.68 million which was mainly due to purchases of intangible assets, property, plant and equipment. The net cash flows used in financing activities were US\$6.62 million for 3M 2018 compared to a net cash flows used in financing activities of US\$9.89 million in 3M 2017, mainly due to the repayment to holding company and related companies and repayment of borrowings.

As a result of the above, the Group's cash and cash equivalents per consolidated statement of cashflows comprised cash and bank balances of US\$15.72 million and bank overdrafts of US\$56.47 million as at 31 March 2018.

### **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.**

Over the past few months, we noticed a delay in payment from a major trading partner of Singapore AnAn Petrochemical & Energy Pte. Ltd. (a wholly owned subsidiary of the Company, formerly known as Singapore CEFC Petrochemical & Energy Pte. Ltd.) (“SPE”), Shanghai Huaxin Group (Hong Kong) Limited. The overall amount of the account receivables in question is approximately US\$142.86 million, which include approximately US\$18.33 million occurred in 1Q2018. Out of prudence, all trading activities with this partner have been ceased as soon as we identified the issue, and we have made impairment provision for all the related trade receivables. The Group is exploring and taking necessary actions to recover the receivables and to safeguard the Group’s interest. The Group’s other business are unaffected by the issue discussed above and are expected to continue operating stably.

The Group is conducting a thorough review on its overall business strategy and structure, while prospecting for other strategic options.

**11. Dividend**

**(a) Current financial period reported on**

None.

**Corresponding period of the immediately preceding financial year**

None.

**Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared or recommended, a statement to that effect.**

No dividend has been declared or recommended.

**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.

In 1Q2018, the controlling shareholder, AnAn Group (Singapore) Pte. Ltd. (“AnAn Group”) had provided advances to the Group.

With reference to the Announcement on 12 January 2018, the Company entered into a Service Agreement (“Agreement”) with AnAn Group. Pursuant to the Agreement which took effect from 1 January 2018 to 31 March 2018, the Company is to provide investment management and advisory service to AnAn Group in respect of one of its investment holdings. The Company was paid a service fee by AnAn Group, equivalent to an aggregate of US\$3.5 million for its provision of the service under the Agreement.

In 2017, AnAn Group and Singapore AnAn Petrochemical & Energy Pte. Ltd. (formerly known as Singapore CEFC Petrochemical & Energy Pte. Ltd.) (“SPE”), a wholly-owned subsidiary of the Company had entered into a service agreement (“Service Agreement”) effective from 1 January 2018. Under the Service Agreement, SPE provides the provision of office space (including meeting room), usage of the accounting platform, the hardware and the Cloud Interface, facilities for printing, faxing and photocopying, teleconferencing, telephony and wifi services, utilities and reception, pantry, cleaning and other services necessary for and incidental to the carrying out of the office work by AnAn Group. AnAn Group agrees to pay to SPE a monthly fee of S\$70,000 for the provision of the services. The service fee will be reviewed in mid of 2018 or any other time as requested by SPE.

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

We, Zang Jian Jun and Zhao Guang Ming, being two directors of AnAn International Limited (“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 31 March 2018 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.

**BY ORDER OF THE BOARD**

**Zang Jian Jun**  
**Executive Chairman**  
**Date: 29 June 2018**