



**UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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**

<b>Group</b>	<b>Three</b>	<b>Three</b>	<b>Increase</b>	<b>Six</b>	<b>Six</b>	<b>Increase</b>
	<b>months</b>	<b>months</b>		<b>months</b>	<b>months</b>	
	<b>ended</b>	<b>ended</b>	<b>/(decrease)</b>	<b>ended</b>	<b>ended</b>	<b>/(decrease)</b>
	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>		<b>30 Jun 2020</b>	<b>30 Jun 2019</b>	
	<b>US\$’000</b>	<b>US\$’000</b>	<b>%</b>	<b>US\$’000</b>	<b>US\$’000</b>	<b>%</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>		<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Revenue	199,882	409,880	(51)	567,928	806,406	(30)
Cost of sales	(185,141)	(397,343)	(53)	(539,330)	(782,852)	(31)
<b>Gross profit</b>	<b>14,741</b>	<b>12,537</b>	<b>18</b>	<b>28,598</b>	<b>23,554</b>	<b>21</b>
Other operating income	807	911	(11)	883	1,354	(35)
Selling and distribution expenses	(11,450)	(11,141)	3	(22,865)	(21,980)	4
Administrative expenses	(1,098)	(1,566)	(30)	(2,231)	(2,653)	(16)
Other operating expenses	(129)	(875)	(85)	(444)	(1,114)	(60)
Finance expenses	(408)	(945)	(57)	(1,192)	(1,637)	(27)
Share of results of associates and joint ventures	100	184	(45)	152	602	(75)
<b>Profit/(loss) before income tax</b>	<b>2,563</b>	<b>(895)</b>	<b>N.M</b>	<b>2,901</b>	<b>(1,874)</b>	<b>N.M</b>
Income tax (expense)/credit	(1,269)	(37)	3,330	(1,988)	(143)	1,290
<b>Profit/(loss) for the period</b>	<b>1,294</b>	<b>(932)</b>	<b>N.M</b>	<b>913</b>	<b>(2,017)</b>	<b>N.M</b>
<b>Other comprehensive income/(loss):</b>						
<b>Item that may be reclassified</b>						
<b>subsequently to profit or loss</b>						
Exchange differences on translating foreign operations	628	477	32	124	36	244
<b>Other comprehensive income for the period</b>	<b>628</b>	<b>477</b>	<b>32</b>	<b>124</b>	<b>36</b>	<b>244</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>1,922</b>	<b>(455)</b>	<b>N.M</b>	<b>1,037</b>	<b>(1,981)</b>	<b>N.M</b>
<b>Profit/(loss) attributable to:</b>						
Owners of the Company	405	(1,064)	N.M	(267)	(1,963)	(86)
Non-controlling interests	889	132	573	1,180	(54)	N.M
<b>Profit/(loss) for the period</b>	<b>1,294</b>	<b>(932)</b>	<b>N.M</b>	<b>913</b>	<b>(2,017)</b>	<b>N.M</b>
<b>Total comprehensive income/(loss) attributable to:</b>						
Owners of the Company	769	(782)	N.M	(196)	(1,942)	(90)
Non-controlling interests	1,153	327	252	1,233	(39)	N.M
<b>Total comprehensive income/(loss) for the period</b>	<b>1,922</b>	<b>(455)</b>	<b>N.M</b>	<b>1,037</b>	<b>(1,981)</b>	<b>N.M</b>

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

<b>Group</b>	<b>Three</b>	<b>Three</b>	<b>Increase</b>	<b>Six</b>	<b>Six</b>	<b>Increase</b>
	<b>months</b>	<b>months</b>		<b>months</b>	<b>months</b>	
	<b>ended</b>	<b>ended</b>	<b>/(decrease)</b>	<b>ended</b>	<b>ended</b>	<b>/(decrease)</b>
	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>	<b>%</b>	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>	<b>%</b>
	<b>US\$'000</b>	<b>US\$'000</b>		<b>US\$'000</b>	<b>US\$'000</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>		<b>(Unaudited)</b>	<b>(Unaudited)</b>	
(Gain)/loss on disposal of property, plant and equipment	(1)	288	N.M	-	288	N.M
Interest income	(56)	(313)	(82)	(226)	(591)	(62)
Depreciation and amortisation	1,986	1,904	4	3,895	3,701	5
(Reversal) / allowance for trade debts	3	(40)	N.M	(10)	(1)	900
Bad debts written-off	32	-	N.M	203	-	N.M
Directors' fees	51	56	(9)	122	108	13
Finance expenses	408	942	(57)	1,192	1,634	(27)
Professional fees	591	455	30	953	925	3
Rental expenses	144	295	(51)	296	400	(26)
Staff costs (including key management personnel compensation)	6,394	5,770	11	12,579	11,477	10
Travelling expenses	27	161	(83)	163	297	(45)
Negative goodwill	(623)	-	N.M	(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**

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2020</b>	<b>31 Dec 2019</b>	<b>30 Jun 2020</b>	<b>31 Dec 2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>ASSETS</b>				
<b>Non-current assets:</b>				
Property, plant and equipment	29,690	29,820	-	-
Right-of-use assets	6,572	7,213	-	-
Intangible assets	9,508	9,257	-	-
Investments in subsidiaries	-	-	50,000	50,000
Investments in associates	11,777	11,703	-	-
Investments in joint ventures	43,849	43,803	-	-
Available-for-sale financial assets	128	128	-	-
Deferred tax assets	1,357	1,356	-	-
Other receivables	347	308	-	-
<b>Total non-current assets</b>	<b>103,228</b>	<b>103,588</b>	<b>50,000</b>	<b>50,000</b>
<b>Current assets:</b>				
Inventories	75,848	69,459	-	-
Trade and other receivables	160,258	163,033	5	5
Amounts due from subsidiaries	-	-	301	288
Amounts due from related companies	2,312	2,730	-	-
Tax recoverable	72	724	-	-
Cash and cash equivalents	9,871	26,957	-	-
<b>Total current assets</b>	<b>248,361</b>	<b>262,903</b>	<b>306</b>	<b>293</b>
<b>Total assets</b>	<b>351,589</b>	<b>366,491</b>	<b>50,306</b>	<b>50,293</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Provisions	85	87	-	-
Trade and other payables	191,632	232,924	861	600
Derivative financial liabilities	140	78	-	-
Loans and borrowings	37,519	9,116	-	-
Lease liabilities	1,367	1,432	-	-
Amounts due to holding company	800	1,100	-	-
Amounts due to related companies	44	247	-	-
Income tax payable	2,071	-	-	-
<b>Total current liabilities</b>	<b>233,658</b>	<b>244,984</b>	<b>861</b>	<b>600</b>
<b>Non-current liabilities:</b>				
Provisions	7,975	7,900	-	-
Lease liabilities	5,251	5,810	-	-
Deferred tax liabilities	5,479	5,379	-	-
Loans and borrowings	11,129	15,453	-	-
Other payables	1,532	1,437	-	-
<b>Total non-current liabilities</b>	<b>31,366</b>	<b>35,979</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>265,024</b>	<b>280,963</b>	<b>861</b>	<b>600</b>
<b>Equity:</b>				
Share capital	545	545	545	545
Share premium	196,308	196,308	196,308	196,308
Accumulated losses	(131,480)	(131,213)	(147,408)	(147,160)
Foreign currency translation reserve	1,121	1,050	-	-
	66,494	66,690	49,445	49,693
<b>Non-controlling interests</b>	<b>20,071</b>	<b>18,838</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>86,565</b>	<b>85,528</b>	<b>49,445</b>	<b>49,693</b>
<b>Total liabilities and equity</b>	<b>351,589</b>	<b>366,491</b>	<b>50,306</b>	<b>50,293</b>

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

	<u>Unsecured</u>		<u>Secured</u>	
	<b>30 Jun 2020</b>	<b>31 Dec 2019</b>	<b>30 Jun 2020</b>	<b>31 Dec 2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Amount payable in one year or less or on demand	11,991	10,533	26,894	15
Amount payable after one year	16,381	21,263	-	-

Details of any collateral

The secured borrowings of US\$26,894,261 which are secured with trade receivables of the subsidiaries.

Contingent liabilities

As at 30 June 2020, the Group has also given guarantees totalling US\$12.83 million in the form of bank guarantees to oil product supplies for a subsidiary and letter of support in favour of a joint venture company.

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>	<b>Three months ended 30 Jun 2020 US\$'000 (Unaudited)</b>	<b>Three months ended 30 Jun 2019 US\$'000 (Unaudited)</b>	<b>Six months ended 30 Jun 2020 US\$'000 (Unaudited)</b>	<b>Six months ended 30 Jun 2019 US\$'000 (Unaudited)</b>
<b>Operating activities</b>				
Profit/(loss) before income tax	2,563	(895)	2,901	(1,874)
<b>Adjustment for:</b>				
Depreciation and amortisation	1,986	1,904	3,895	3,701
(Gain)/loss on disposal of property, plant and equipment	(1)	288	-	288
Fair value measurement on derivative instrument	-	(400)	-	(18)
Impairment of assets	19	-	32	-
(Reversal)/ allowance for trade debts	3	(40)	(10)	(1)
Bad debts written-off	32	-	203	-
Interest expenses	236	715	743	1,176
Interest income	(56)	(313)	(226)	(591)
Share of results of associate and joint ventures	(101)	(184)	(153)	(602)
Negative goodwill (Note A)	(623)	-	(623)	-
Exchange realignment	(1,384)	(1,486)	310	(165)
Operating cash flows before changes in working capital	2,674	(411)	7,072	1,914
<b>Changes in working capital:</b>				
Inventories	(6,967)	(9,212)	(6,286)	(24,059)
Trade and other receivables	(1,020)	3,618	7,388	(27,610)
Trade and other payables	4,436	22,002	(54,933)	21,740
<b>Cash flows generated from/(used in) operations</b>	(877)	15,997	(46,759)	(28,015)
Income taxes received	598	-	837	-
Interest paid	(236)	(715)	(743)	(1,176)
Interest received	56	313	226	591
<b>Net cash flows generated from/(used in) operating activities</b>	(459)	15,595	(46,439)	(28,600)
<b>Investing activities</b>				
Cash outflow from acquisition of a subsidiary (Note A)	(660)	-	(660)	-
Proceeds from disposal of property, plant and equipment	1	494	1	494
Investment in available-for-sale assets	(2)	-	(2)	-
Purchases of intangible assets, property, plant and equipment	(1,442)	(908)	(3,412)	(1,749)
<b>Net cash flows used in investing activities</b>	(2,103)	(414)	(4,073)	(1,255)
<b>Financing activities</b>				
(Repayment of)/proceeds from borrowings	(957)	927	2,497	924
Bank deposit from acquisition of a subsidiary (Note A)	4,814	-	4,814	-
Repayment of lease liabilities	(329)	(350)	(652)	(714)
Repayment to immediate holding company	-	-	(300)	(1,000)
Proceeds from/(repayment to) related companies	769	(40)	215	530
<b>Net cash flows (used in)/generated from financing activities</b>	4,297	537	6,574	(260)
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,735	15,718	(43,938)	(30,115)
Cash and cash equivalents at the beginning of the period	(20,472)	(24,944)	26,942	20,996
Effect of exchange rate changes on cash and cash equivalents	1,714	145	(27)	38
<b>Cash and cash equivalents at the end of the period</b>	(17,023)	(9,081)	(17,023)	(9,081)
Cash and bank balance	9,871	17,385	9,871	17,385
Bank overdrafts	(26,894)	(26,466)	(26,894)	(26,466)
Cash and cash equivalents per consolidated statement of cash flows	(17,023)	(9,081)	(17,023)	(9,081)

## Note A: Acquisition of a Subsidiary

	<b>US\$'000</b>
Total assets (excluding cash and cash equivalent)	4,780
Total liabilities	(8,311)
Cash and cash equivalent	4,814
Total net identifiable assets	<u>1,283</u>
Less: purchase consideration in cash	<u>(660)</u>
Negative goodwill	<u><u>623</u></u>

**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	
<b>Group</b>							
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	-	-	(267)	-	(267)	1,180	913
Exchange differences on translating foreign operations	-	-	-	71	71	53	124
Balance at 30 June 2020	545	196,308	(131,480)	1,121	66,494	20,071	86,565
At 1 January 2019	545	196,308	(128,634)	1,321	69,540	17,491	87,031
Adoption of IFRS 16			1,325		1,325	1,272	2,597
At 1 January 2019 (restated)	545	196,308	(127,309)	1,321	70,865	18,763	89,628
Loss for the period, representing total comprehensive income for the period	-	-	(1,963)	-	(1,963)	(54)	(2,017)
Exchange differences on translating foreign operations	-	-	-	21	21	15	36
Balance at 30 June 2019	545	196,308	(129,272)	1,342	68,923	18,724	87,647

	Attributable to the owners of the Company			Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Accumulated losses US\$'000	
<b>Company</b>				
At 1 January 2020	545	196,308	(147,160)	49,693
Loss for the period, representing total comprehensive income for the period	-	-	(248)	(248)
Balance at 30 June 2020	545	196,308	(147,408)	49,445
At 1 January 2019	545	196,308	(146,818)	50,035
Loss for the period, representing total comprehensive income for the period	-	-	(42)	(42)
Balance at 30 June 2019	545	196,308	(146,860)	49,993

**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 June 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 June 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.

**1(d)(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		Six months ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	US\$	US\$	US\$	US\$
<b>Profit/(losses) attributable to owners of the Company</b>	404,583	(1,064,701)	(267,462)	(1,963,952)
<b>Profit/(losses) per ordinary share</b>	US Cents	US Cents	US Cents	US Cents
(a) Based on the weighted average number of ordinary shares in issue; and	0.0096	(0.0252)	(0.0063)	(0.0464)
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	0.0096	(0.0252)	(0.0063)	(0.0464)
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 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
	US cents	US cents	US cents	US cents
<b>Net assets value per ordinary share</b>	1.571	1.575	1.168	1.174

The calculation of net assets value per ordinary share is based on the Group’s net assets of approximately US\$66,494,758 as at 30 June 2020 (31 December 2019: US\$66,690,349) and the Company’s net assets of approximately US\$49,445,048 as at 30 June 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 was from the distribution business in France and Spain. For the second quarter of the year ("2Q 2020"), it decreased by 51% on quarter to quarter ("Q-to-Q") to US\$199.88 million from US\$409.88 million in the second quarter of last year ("2Q 2019"). The Group's revenue also decreased by 30% from US\$806.41 million for the six months ended 30 June 2019 ("6M 2019") to US\$567.93 million for the six months ended 30 June 2020 ("6M 2020"). The decrease in the revenue for both 2Q 2020 and 6M 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.

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\$14.74 million in 2Q 2020 seen an increase of 18% as compared to US\$12.54 million in 2Q 2019. The total gross profit was US\$28.6 million for the 6M 2020, an increase of US\$5.05 million or 21% compared to US\$23.55 million for the 6M 2019 too.

Other operating income of US\$0.81 million for 2Q 2020 was a 11% reduction as compared to US\$0.91 million in 2Q 2019. This was due to the lower interest income earned from lower bank balances. Other operating income for 6M 2020 and 6M 2019 were US\$0.88 million and US\$1.35 million respectively, a decrease of US\$0.47 million or 35% was mainly due to the lower interest income earned from lower banks and foreign currency alignment.

Selling and distribution expenses increased slightly by 3% from US\$11.14 million in 2Q 2019 to US\$11.45 million in 2Q 2020. It also increased by US\$0.89 million from US\$21.98 million in 6M 2019 to US\$22.87 million in 6M 2020. The overall increase was mainly due to higher staff costs from more headcounts through acquisition of subsidiary, an additional petrol station and salary increment in 2020 of US\$1.18 million, offset by decrease in advertising, utilities, travelling, insurance and advertising totalling US\$0.31million. The selling and distribution expenses is not in correlation to the Group's revenue. Administrative expenses decreased by 30% and 16% to US\$1.1 million and US\$2.23 million in 2Q 2020 and 6M 2020 respectively, as compared to US\$1.57 million and US\$2.65 million in 2Q 2019 and 6M 2019 respectively. These decreases were due from lower salary, rental, travelling and professional fees due to cost saving measures implemented. Other operating expenses in 2Q 2020 and 6M 2020 were US\$0.13 million and US\$0.44 million respectively, as compared to US\$0.88 million in 2Q 2019 and US\$1.11 million in 6M 2019. This decline was mainly due to loss on disposal of assets in 2Q 2019 by the France subsidiaries not repeated in 2Q 2020 and 6M 2020. Finance expenses decreased by 57% from US\$0.95 million in 2Q 2019 to US\$0.41 million in 2Q 2020 and decreased by 27% from US\$1.64 million in 6M 2019 to US\$1.19 million in 6M 2020, as a result of lower of interest expenses from bank borrowings. The share of profits of associates and joint ventures was US\$0.1 million in 2Q 2020 as compared to US\$0.18 million in 2Q 2019, US\$0.15 million in 6M 2020 as compared to US\$0.6 million in 6M 2019. This reduction was mainly due the lower profit from the associates in France due to the competitive economic conditions currently prevalent in Europe. Income tax expenses from the distribution business in France and Spain, on the other hand, increased from US\$0.14 million in 2Q 2019 to US\$1.98 million in Q2 2020. This was in line with the higher profit of US\$5.1 million recorded by the distribution business in 6M 2020 as compared to US\$0.77 million in 6M 2019.

The Group recorded a net profit of US\$1.29 million for 2Q 2020 and US\$0.91 million for 6M 2020 as compared to a net loss of US\$0.93 million for 2Q 2019 and US\$2.02 million for 6M 2019. These were attributable to increase of gross profit achieved by the distribution business, coupled with the reduction of overall administrative, operating and finance expenses.

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

The Group's non-current assets stood at US\$103.23 million as at 30 June 2020 compared to US\$103.59 million as at 31 December 2019, and comprised property, plant and equipment of US\$29.69 million, right-of-use assets of US\$6.57 million, intangible assets of US\$9.51 million, investments in associates and joint ventures of US\$55.63 million, available-for-sale financial assets of US\$0.13 million, deferred tax assets of US\$1.36 million and other receivables of US\$0.35 million. The decrease of US\$0.36 million was mainly attributable to depreciation and amortisation of the plant and equipment, right-of-use assets and intangible assets.

The current assets stood at US\$248.36 million as 30 June 2020 compared to US\$262.9 million as at 31 December 2019. Overall, the decrease of US\$14.54 million in current assets was from the decrease of trade and other receivables of US\$2.78 million, which is in line with lower sales, US\$0.41 million from due from related companies, US\$0.65 million in tax recoverable, decrease of US\$17.09 million in cash and cash equivalents, offset with the increase of inventory of US\$6.39 million. The increase in inventory was mainly from purchase of Energy Saving Certificate to comply with local regulations.

The decrease of US\$11.33 million in current liabilities was due to a decrease in trade payables of US\$25.50 million, excise taxes and VAT payables of US\$19.17 million, which was partially offset by the increase in loans and borrowings of US\$28.4 million and the increase of income tax payable provision of US\$2.07 million. The decrease of US\$4.61 million in non-current liabilities was mainly attributable to the decrease in lease liabilities of US\$0.56 million and loans and borrowings of US\$4.32 million.

The Group's total liabilities decreased by 6% or US\$15.94 million from US\$280.96 million as at 31 December 2019 to US\$265.02 million as at 30 June 2020.

The Group's net assets stood at US\$66.49 million as at 30 June 2020, or 1.57 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 used in operating activities of US\$0.46 million in 2Q 2020, as compared to net cash flows generated from operating activities of US\$15.6 million in 2Q 2019. This decrease in cashflow generated from operating activities was mainly attributable to lower inflow of cash resulting from trade and other payables, offset by the movement of exchange realignment. Net cash flows of US\$46.44 million used in operating activities in 6M 2020, as compared to net cash flows used in operating activities of US\$28.6 million in 6M 2019. This higher net cash flow used in operating activities was due to outflows of cash resulting from trade and other payables, partially offset by the inflow in trade and other receivables along with less outflow from inventory.

The higher net cash flows used in investing activities of US\$2.1 million and US\$4.07 million in 2Q 2020 and 6M 2020 respectively as compared to US\$0.41 million and US\$1.26 million in 2Q 2019 and 6M 2019 respectively was due to purchases of intangible assets and property, plant and equipment and acquisition of a subsidiary. The net cash flows generated from financing activities of US\$4.3 million in 2Q 2020, as compared to net cash flows generated from financing activities of US\$0.54 million in 2Q 2019 was due to bank deposit assumed from the acquisition of a subsidiary, offset by the higher repayment to borrowings. The net cash flows generated from financing activities was US\$6.57 million in 6M 2020, as compared to net cash flows used in financing activities of US\$0.26 million in 6M 2019 was mainly due to the increased borrowings and the bank deposit assumed from the acquisition of a subsidiary.

The Group's cash and cash equivalents in the consolidated statement of cashflows comprises cash and bank balances of US\$9.87 million and bank overdrafts of US\$26.89 million as at 30 June 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 Company has previously announced that the Hight Court of Hong Kong Special Administrative Region had on 3 September 2018 made a winding-up order of Shanghai Huaxin Group (Hong Kong) Limited (“CEFC HK”), a former trading partner of Singapore AnAn Petrochemical & Energy Pte Ltd (“SPE”). The Company would update when there was further progress on the liquidation of CEFC HK.

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. At present, the Group does not foresee the need for the Government-guaranteed bank loans that were implemented to help companies tide through the crisis but is in the midst of raising such extra finance due to the lower interest. With the gradual lifting of the lockdown since June 2020, the distribution business is slowly recovering to normal activity.

The Group’s Joint Venture, Rizhao Port Brick Gold Storage and Transportation Corporation Limited (‘Rizhao’) continued to remain in business during the COVID-19 pandemic in China and was not significantly affected.

As disclosed in our unaudited financial statements for the period ended 30 September 2018, 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\$1,000,000 on its unpaid capital on 12 August 2020. Shanghai Dajiang had up to then been capitalized at US\$1,650,000.

**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 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.

**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.

As disclosed in the Company's announcement previously, AnAn Group had during April 2018 assumed a debt owed by a third-party counterparty to SPE in the US dollar equivalent of RMB70,000,000, in exchange for said third-party counterparty owing the same amount to AnAn Group. The Company and SPE agreed to set off the amount of US\$7,260,839 owed to them by AnAn Group. After such set off, AnAn Group also made a payment of US\$2,500,000 as part payment of its outstanding debt owed to SPE. By letter dated 26 September 2018, the liquidators of AnAn Group informed the Company that they reserved their rights in respect of the payment of US\$2,500,000 made by AnAn Group to the Company on or around 27 August 2018. On 22 February 2019, the Board approved a repayment schedule of US\$2,500,000 to AnAn Group. On 30 June 2020, SPE partially repaid US\$1,700,000 of the outstanding amount of US\$2,500,000.

**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 June 2019 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 3 July 2020 announced that the Company's French Subsidiary, Dyneff SAS, has entered into a conditional sale and purchase agreement on 2 July 2020 for the proposed acquisition of 100% equity interest of the following entity:

Name	:	SAS Orceyre
Principal Activity	:	Distributor of refined petroleum products to professionals and private individuals
Country of incorporation	:	France
Paid-up Capital	:	EUR 28,330
Net asset value as at 31 December 2019	:	EUR 2,165,948
Number of share(s)	:	2,833 ordinary shares
Consideration	:	EUR 3,987,779

The closing for the Proposed Acquisition shall be subject to the following conditions precedent:-

- (a) the approval of its shareholders in respect of the Proposed Acquisition; or

(b) a waiver by the Singapore Exchange Securities Trading Limited (“SGX-ST”) from the requirement to obtain shareholders’ approval in respect of the Proposed Acquisition pursuant to Listing Rule 1014 of the SGX-ST’s Listing Manual.

A deposit of EUR400,000 has been paid by Dyneff on 30 June 2020, which will be offset against the final payment to be made to the Seller after adjustments on the basis of adjustment accounts. Should the conditions precedent for the Proposed Acquisition not be satisfied on or before 31 October 2020, the Deposit shall be forfeited by seller.

**BY ORDER OF THE BOARD**

**Zang Jian Jun**  
**Executive Chairman**  
**14 August 2020**