



UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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

1a An income statement (for AnAn International Limited and its subsidiaries (“the Group”)) together with a comparative statement for the corresponding period of the immediately preceding financial year

<u>Group</u>	Three months ended 30 Sep 2019 US\$'000	Three months ended 30 Sep 2018 US\$'000	Increase /(decrease) %	Nine months ended 30 Sep 2019 US\$'000	Nine months ended 30 Sep 2018 US\$'000	Increase /(decrease) %
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	401,417	540,488	(26)	1,207,823	1,503,203	(20)
Cost of sales	(385,764)	(524,645)	(26)	(1,168,616)	(1,464,191)	(20)
Gross profit	15,653	15,843	(1)	39,207	39,012	0
Other operating income	(185)	(117)	58	1,169	4,609	(75)
Selling and distribution expenses	(11,230)	(11,220)	0	(33,210)	(33,630)	(1)
Administrative expenses	(1,409)	(1,423)	(1)	(4,064)	(5,256)	(23)
Other operating expenses	(110)	2,082	N.M.	(1,224)	(20,436)	(94)
Finance expenses	(887)	(648)	37	(2,521)	(2,150)	17
Share of results of associates and joint ventures	(170)	(122)	39	432	800	(46)
Profit/(Loss) before income tax	1,662	4,395	(62)	(211)	(17,051)	(99)
Income tax expense	(1,309)	(1,077)	22	(1,452)	(534)	172
Profit/(Loss) for the period	353	3,318	(89)	(1,663)	(17,585)	(91)
Other comprehensive income/(loss):						
Item that may be reclassified						
subsequently to profit or loss						
Exchange differences on translating foreign operations	(1,498)	(135)	1,010	(1,464)	(668)	119
Other comprehensive income/(loss) for the period	(1,498)	(135)	1,010	(1,464)	(668)	119
Total comprehensive income/(loss) for the period	(1,145)	3,183	N.M.	(3,127)	(18,253)	(83)
Profit/(Loss) attributable to:						
Owners of the Company	(665)	2,347	N.M.	(2,629)	(18,176)	(86)
Non-controlling interests	1,018	971	5	966	591	63
Profit/ (Loss) for the period	353	3,318	(89)	(1,663)	(17,585)	(91)
Total comprehensive income/(loss) attributable to:						
Owners of the Company	(1,553)	2,288	N.M.	(3,495)	(20,078)	(83)
Non-controlling interests	408	895	(54)	368	1,825	(80)
Total comprehensive income/(loss) for the period	(1,145)	3,183	N.M.	(3,127)	(18,253)	(83)

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

<u>Group</u>	Three months ended	Three months ended	Increase	Nine months ended	Nine months ended	Increase
	30 Sep 2019	30 Sep 2018	/(decrease)	30 Sep 2019	30 Sep 2018	/(decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Government credit	-	-	-	-	(5)	N.M
(Gain)/loss on disposal of property,						
plant and equipment	(134)	23	N.M	154	32	381
Interest income	(199)	(26)	665	(790)	(172)	359
	-					
Depreciation and amortisation	2,350	1,616	45	6,051	4,925	23
(Write back) / Allowance for doubtful debts	370	(2,330)	N.M	369	19,898	(98)
Directors' fees	54	55	(2)	162	168	(4)
Finance expenses	887	648	37	2,521	2,150	17
Professional fees	535	349	53	1,460	1,403	4
Rental expenses	39	703	(94)	439	2,382	(82)
Staff costs (including key management personnel compensation)	6,011	6,078	(1)	17,488	18,644	(6)
Travelling expenses	102	58	76	399	375	6

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

	Group		Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS				
Non-current assets:				
Property, plant and equipment	29,854	33,053	-	-
Right-of-use assets	5,401	-	-	-
Intangible assets	8,852	8,755	-	-
Investments in subsidiaries	-	-	50,500	50,500
Investments in associates	11,678	11,821	-	-
Investments in joint ventures	43,180	43,750	-	-
Available-for-sale financial assets	124	16	-	-
Deferred tax assets	1,320	1,373	-	-
Other receivables	288	306	-	-
Total non-current assets	100,697	99,074	50,500	50,500
Current assets:				
Inventories	66,278	45,200	-	-
Trade and other receivables	176,712	177,767	13	49
Amounts due from subsidiaries	-	-	280	251
Derivative financial assets	-	-	-	-
Amounts due from related companies	2,167	2,402	-	-
Tax recoverable	-	2,155	-	-
Cash and cash equivalents	11,927	21,321	-	-
Total current assets	257,084	248,845	293	300
Total assets	357,781	347,919	50,793	50,800
LIABILITIES AND EQUITY				
Current liabilities:				
Provisions	85	86	-	-
Trade and other payables	218,824	218,792	584	335
Derivative financial liabilities	257	29	-	-
Loans and borrowings	13,917	8,955	-	-
Lease liabilities	1,094	-	-	-
Tax payable	754	-	-	-
Amounts due to holding company	1,400	2,500	-	-
Amounts due to subsidiary company	-	-	430	430
Amounts due to related companies	2,554	1,642	-	-
Total current liabilities	238,885	232,004	1,014	765
Non-current liabilities:				
Provisions	8,348	8,851	-	-
Lease liabilities	4,324	-	-	-
Deferred tax liabilities	4,365	4,222	-	-
Loans and borrowings	16,632	14,360	-	-
Other payables	1,323	1,451	-	-
Total non-current liabilities	34,992	28,884	-	-
Total liabilities	273,877	260,888	1,014	765
Equity:				
Share capital	545	545	545	545
Share premium	196,308	196,308	196,308	196,308
Accumulated losses	(131,263)	(128,634)	(147,074)	(146,818)
Foreign currency translation reserve	455	1,321	-	-
	66,045	69,540	49,779	50,035
Non-controlling interests	17,859	17,491	-	-
Total equity	83,904	87,031	49,779	50,035
Total liabilities and equity	357,781	347,919	50,793	50,800

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

	<u>Unsecured</u>		<u>Secured</u>	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amount payable in one year or less or on demand	10,073	8,630	4,938	325
Amount payable after one year	20,956	14,359	-	-

Details of any collateral

The secured borrowings of US\$4,938,373 are secured with trade receivables of the subsidiaries.

Contingent liabilities

As at 30 September 2019, the Group has also given guarantees of US\$22.73 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

<u>Group</u>	Three months ended 30 Sep 2019 US\$'000 (Unaudited)	Three months ended 30 Sep 2018 US\$'000 (Unaudited)	Nine months ended 30 Sep 2019 US\$'000 (Unaudited)	Nine months ended 30 Sep 2018 US\$'000 (Unaudited)
Operating activities				
Profit/(Loss) before income tax	1,663	4,395	(211)	(17,051)
Adjustment for:				
Depreciation and amortisation	2,350	1,616	6,051	4,925
(Gain)/loss on disposal of property, plant and equipment	(134)	23	154	32
Fair value measurement on derivative instrument	(89)	976	(107)	348
Impairment of impairment of assets	56	-	56	-
Allowance for doubtful debts	370	(2,330)	369	19,898
Interest expenses	540	356	1,716	1,348
Interest income	(199)	(26)	(790)	(172)
Share of results of associate and joint ventures	170	122	(432)	(800)
Exchange realignment	(2,049)	251	(2,214)	11,160
Operating cash flows before changes in working capital	<u>2,678</u>	<u>5,383</u>	<u>4,592</u>	<u>19,688</u>
Changes in working capital:				
Inventories	1,227	(33,264)	(22,832)	(21,093)
Trade and other receivables	22,250	(16,690)	(5,360)	(95,520)
Trade and other payables	<u>(13,033)</u>	<u>74,650</u>	<u>8,707</u>	<u>84,944</u>
Cash flows (used in)/generated from operations	13,122	30,079	(14,893)	(11,981)
Income taxes paid	-	(1,134)	-	(3,466)
Interest paid	(540)	(356)	(1,716)	(1,348)
Interest received	199	26	790	172
Net cash flows generated from/(used in) operating activities	<u>12,781</u>	<u>28,615</u>	<u>(15,819)</u>	<u>(16,623)</u>
Investing activities				
Proceeds from disposal of property, plant and equipment	51	6	545	10
Purchases of intangible assets, property, plant and equipment	<u>(1,479)</u>	<u>(1,209)</u>	<u>(3,228)</u>	<u>(2,833)</u>
Net cash flows used in investing activities	<u>(1,428)</u>	<u>(1,203)</u>	<u>(2,683)</u>	<u>(2,823)</u>
Financing activities				
(Repayment of)/proceeds from borrowings	4,454	(217)	5,378	(873)
Repayment of obligation under finance leases	-	(8)	-	(25)
Repayment of lease liabilities	(407)	-	(1,121)	-
Repayment to holding company	(100)	-	(1,100)	(2,685)
Proceeds from/(repayment to) related companies	587	(1,826)	1,117	(6,514)
Net cash flows generated from/(used in) financing activities	<u>4,534</u>	<u>(2,051)</u>	<u>4,274</u>	<u>(10,097)</u>
Net (decrease)/increase in cash and cash equivalents	15,887	25,361	(14,228)	(29,543)
Cash and cash equivalents at the beginning of the period	(9,081)	(42,839)	20,996	23,050
Effect of exchange rate changes on cash and cash equivalents	183	(19)	221	(11,004)
Cash and cash equivalents at the end of the period	<u>6,989</u>	<u>(17,497)</u>	<u>6,989</u>	<u>(17,497)</u>
Cash and bank balance	11,927	28,547	11,927	28,547
Bank overdrafts	<u>(4,938)</u>	<u>(46,044)</u>	<u>(4,938)</u>	<u>(46,044)</u>
Cash and cash equivalents per consolidated statement of cash flows	<u>6,989</u>	<u>(17,497)</u>	<u>6,989</u>	<u>(17,497)</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	
Group							
At 1 January 2019	545	196,308	(128,634)	1,321	69,540	17,491	87,031
Loss for the period, representing total comprehensive income for the period	-	-	(2,629)	-	(2,629)	966	(1,663)
Exchange differences on translating foreign operations	-	-	-	(866)	(866)	(598)	(1,464)
Balance at 30 September 2019	545	196,308	(131,263)	455	66,045	17,859	83,904
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	-	-	(18,176)	-	(18,176)	591	(17,585)
Exchange differences on translating foreign operations	-	-	-	(1,902)	(1,902)	1,234	(668)
Balance at 30 September 2018	545	196,308	(126,048)	1,899	72,704	16,573	89,277

	Attributable to the owners of the Company			Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Accumulated losses US\$'000	
Company				
At 1 January 2019	545	196,308	(146,818)	50,035
Loss for the period, representing total comprehensive income for the period	-	-	(256)	(256)
Balance at 30 September 2019	545	196,308	(147,074)	49,779
At 1 January 2018	545	196,308	(147,813)	49,040
Loss for the period, representing total comprehensive income for the period	-	-	(447)	(447)
Balance at 30 September 2018	545	196,308	(148,260)	48,593

1d(ii) Details of any changes in the Company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the corresponding period of the immediately preceding financial year.

There have been no changes in the Company's share capital since the end of the previous period reported.

The Company did not have any treasury shares, subsidiary holdings or other convertibles as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

The total number of issued shares as at end of 30 September 2019 and 31 December 2018 was 4,233,185,850 shares. There were no shares held as treasury shares and the Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 30 September 2019 and 31 December 2018.

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.

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 2019.

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.

Adoption of IFRS 16- Leases

Before the adoption of IFRS 16, commitments under operating leases for future periods were not recognized by the Group as liabilities. Operating lease rental expenses were recognized in the consolidated income statements over the lease period on a straight-line basis.

On adoption of IFRS 16, the Group recognized the full lease liabilities in relation to leases which had previously been classified as ‘operating leases’ if they met certain criteria set out in IFRS 16.

The liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate. The difference between the present value and the total remaining lease payments represents the cost of financing.

Such finance cost will be charged to the consolidated income statement in the period in which it is incurred using the effective interest method.

The associated right-of-use assets (“ROU”) were measured either as if IFRS 16 had been applied from lease commencement using incremental borrowing rate at the date of initial application, which is equivalent to the initial measurement of lease liability adjusted by the amount of any previously recognized prepaid or accrued lease payments relating the lease. The associated ROU assets were recognized in the consolidated statement of financial position. Depreciation is charged on a straight-line basis over the shorter of the asset’s useful life and the lease term. Cash payments for the settlement of lease liabilities were reported as cash flows from financing activities. The total net cash flows of the Group are unaffected.

The Group has applied the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. On 1 January 2019, the Group had recognised ROU assets of US\$11.8 million and lease liabilities of US\$9.2 million for its leases previously classified as operating leases with a corresponding increase in the opening retained earnings of US\$2.6 million.

On 30 September 2019, the Group has reviewed the measurements in IFRS16 and determined that the new adoption did not have significant impact to the opening retained earnings and hence, the adjustment of US\$ 2.6 million to 1 January 2019 was reversed out from the statement of changes in equity.

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 30 Sep 2019 US\$	30 Sep 2018 US\$	Nine months ended 30 Sep 2019 US\$	30 Sep 2018 US\$
(Loss) /Profit attributable to owners of the Company	(664,663)	2,347,243	(2,628,615)	(18,175,814)
(Losses)/ Profit per ordinary share	US Cents	US Cents	US Cents	US Cents
(a) Based on the weighted average number of ordinary shares in issue; and	(0.0157)	0.0554	(0.0621)	(0.4294)
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	(0.0157)	0.0554	(0.0621)	(0.4294)
Weighted average number of ordinary shares in issue	4,233,185,850	4,233,185,850	4,233,185,850	4,233,185,850

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

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

	<u>Group</u>		<u>Company</u>	
	30 Sep 2019 US cents	31 Dec 2018 US cents	30 Sep 2019 US cents	31 Dec 2018 US cents
Net assets value per ordinary share	1.560	1.643	1.176	1.182

The calculation of net assets value per ordinary share is based on the Group's net assets of approximately US\$66,045,757 as at 30 September 2019 (31 December 2018: US\$69,540,202) and the Company's net assets of approximately US\$49,778,792 as at 30 September 2019 (31 December 2018: US\$50,035,363) and share capital of 4,233,185,850 shares (31 December 2018: 4,233,185,850 shares).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of the Group's financial performance

The Group's revenue in the third quarter of the year ("**3Q 2019**") decreased to US\$401.42 million from US\$540.49 million in the third quarter of last year ("**3Q 2018**"), a decrease of 26% on quarter to quarter ("**Q-to-Q**"). The Group's revenue decreased by 20% from US\$1,503.20 million for the nine months ended 30 September 2018 ("**9M 2018**") to US\$1,207.82 million for the nine months ended 30 September 2019 ("**9M 2019**"), mainly due to the decrease of the Group's distribution business.

The breakdown of the business segment results is as follows:

	Three months ended 30 Sep 2019 US\$'000	Three months ended 30 Sep 2018 US\$'000	Nine months ended 30 Sep 2019 US\$'000	Nine months ended 30 Sep 2018 US\$'000
<u>Revenue</u>				
Distribution	401,417	539,893	1,207,823	1,484,275
Wholesale	-	-	-	18,333
Dividend income	-	595	-	595
	<u>401,417</u>	<u>540,488</u>	<u>1,207,823</u>	<u>1,503,203</u>

The total gross profit is US\$15.65 million in 3Q 2019, a decrease of 1% as compared to US\$15.84 million in 3Q 2018 in line with the decrease in revenue. The total gross profit is US\$39.21 million for the 9M 2019, an increase of US\$0.2 million compared to US\$39.01 million for the 9M 2018, mainly due to the higher profit margin generated from the distribution business.

Other operating income for 3Q 2019 and 3Q 2018 are US\$0.19 million deficit and US\$0.12 million deficit respectively. Other operating income for 9M 2019 and 9M 2018 are US\$1.17 million and US\$4.61 million respectively, a decrease of US\$3.44 million or 75%, mainly due to service income earned from Anan Group (Singapore) Pte Ltd in 9M 2018 and not repeated in 9M 2019.

Selling and distribution expenses decreased by 1% to US\$33.21 million in 9M 2019 from US\$33.63 million in 9M 2018, with little variances between 3Q 2019 and 3Q 2018. Administrative expenses decreased by 1% and 23% to US\$1.41 million and US\$4.06 million in 3Q 2019 and 9M 2019 respectively, as compared to US\$1.42 million and US\$5.26 million in 3Q 2018 and 9M 2018 respectively. The decrease was mainly due to the cost cutting measures undertaken since the last financial year. Other operating expenses decreased from US\$ 20.44 million to US\$ 1.22 million by 94% in 9M 2019. It was mainly due to allowances for receivables amounting to US\$ 19.90 million not repeated in 9M 2019. The swing from the positive US\$ 2.08 million in other operating expenses to the income territory of US\$ 0.11 million was mainly due to an allowance for receivables of USD\$2.42 million in 3Q 2018 no longer required in 3Q 2019. Finance expenses increased by 37% from US\$0.65 million in 3Q 2018 to US\$0.88 million in 3Q 2019 and increased by 17% from US\$2.15 million in 9M 2018 to US\$2.52 million in 9M 2019, mainly due to the increase of interest expenses from bank borrowings. The share of results of associates and joint ventures is a loss of US\$0.17 million in 3Q 2019 as compared to a loss of US\$0.12 million in 3Q 2018, a profit of US\$0.43 million in 9M 2019 as compared to a profit of US\$0.80 million in 9M 2018, mainly due the lower profit from the joint venture in China.

The Group recorded a net profit of US\$0.35 million for 3Q 2019 as compared to a net profit of US\$3.32 million for 3Q 2018, mainly attributable to the reversal of allowance for the trade receivables in 3Q 2018. The Group recorded a net loss of US\$1.66 million for 9M 2019 as compared to a net loss of US\$17.59 million for 9M 2018, mainly due to the allowance for receivables amounting to US\$22.23 million in 9M 2018 offset by the service income amounting to US\$3.5 million in 9M 2018.

Review of the Group's financial position

The Group's non-current assets stand at US\$100.70 million as at 30 September 2019 compared to US\$99.07 million as at 31 December 2018, and comprising property, plant and equipment of US\$29.85 million, right-of-use assets of US\$5.40 million, intangible assets of US\$8.85 million, investments in associates and joint ventures of US\$54.86 million, available-for-sale financial assets of US\$ 0.12 million, deferred tax assets of US\$1.32 million and other receivables of US\$0.29 million. The increase of US\$1.62 million was attributable to the increase in right-of-use lease assets of US\$5.4 million partially offset by the decrease of fixed assets of approximately US\$3.2 million.

The current assets stand at US\$257.08 million as at 30 September 2019 compared to US\$248.85 million as at 31 December 2018, comprising inventories of US\$66.28 million, trade and other receivables of US\$176.71 million, amount due from related companies of US\$2.17 million and cash and cash equivalent of US\$11.93 million. Overall, the increase of US\$8.23 million in current assets was mainly due to an increase of US\$21.08 million in inventories. The increase resulted from the above was partially offset by a decrease in cash and cash equivalents of US\$9.39 million, trade and other receivables of US\$1.06 million.

The current liabilities stand at US\$238.89 million as at 30 September 2019 compared to US\$232 million as at 31 December 2018, comprising trade and other payables of US\$218.82 million, loans and borrowings of US\$13.92 million, lease liabilities of US\$1.09 million, amount due to holding company of US\$1.4 million and amount due to related companies of US\$2.55 million. The increase of US\$6.89 million in current liabilities, which was mainly due to the increase in loans and borrowings of US\$4.96 million and lease liabilities of US\$1.09 million.

The non-current liabilities increased from US\$28.88 million as at 31 December 2018 to US\$34.99 million as at 30 September 2019, which consists of the provision of US\$8.35 million, lease liabilities of US\$4.32 million, deferred tax liabilities of US\$4.37 million, loans and borrowing of US\$16.63 million and other payables of US\$1.32 million. The increase was mainly attributable to the increase in lease liabilities of US\$4.32 million following the adoption of IFRS 16 and the loans and borrowings of US\$ 2.27 million, which partially offset by a decrease of in provisions of US\$ 0.5 million.

The Group's total liabilities increased by 5% or US\$12.99 million from US\$260.89 million as at 31 December 2018 to US\$273.88 million as at 30 September 2019.

The Group's net assets stood at US\$66.05 million as at 30 September 2019, or 1.56 US cents per share, compared to US\$69.54 million as at 31 December 2018 or 1.643 US cents per share.

Review of the Group's cash flows

The Group recorded net cash flows generated from operating activities of US\$12.78 million in 3Q 2019, as compared to net cash flows generated from operating activities of US\$28.62 million in 3Q 2018. This was mainly attributable to higher outflow of cash in trade and other payables, offset by the inflow of cash resulting from both trade and other receivables and inventories. Net cash flows of US\$15.82 million used in operating activities in 9M 2019, as compared to net cash flows used in operating activities of US\$16.62 million in 9M 2018. This was due to outflows of cash resulting from inventories, while the receipt and payment cycles have provided natural hedge in the cash inflows and outflows. The higher net cash flows used in investing activities of US\$1.43 million in 3Q 2019 as compared to US\$ 1.20 million in 3Q 2018 was mainly due to the purchase of property, plant and equipment. The lower net cash flows used in investing activities of US\$2.68 million in 9M 2019, as compared to US\$2.82 million in 9M 2018 was mainly due to higher proceeds received from disposal

of property, plant and equipment of US\$ 0.54 million, offset by the higher net cash outflow in purchase of property, plant and equipment of US\$ 0.40 million.

The net cash flows generated from financing activities of US\$4.53 million in 3Q 2019, as compared to net cash flows used in financing activities of US\$2.05 million in 3Q 2018 was due to the proceeds received from borrowings and related companies, offset by repayments of lease liabilities. The net cash flows generated from financing activities is US\$4.27 million in 9M 2019, as compared to net cash flows used in financing activities of US\$10.10 million in 9M 2018 was mainly due to the reduction of cash outflows resulted from the repayment to the holding and related companies.

The Group's cash and cash equivalents in the consolidated statement of cashflows comprises cash and bank balances of US\$11.93 million and bank overdrafts of US\$4.94 million as at 30 September 2019.

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"). Mr Donald Edward Osborn and Mr So Man Chun of PricewaterhouseCoopers Ltd (Hong Kong) were appointed as as the joint and several Liquidators of CEFC HK on 25 March 2019. SPE had on 30 April 2019 submitted its proposal to be a member of the CEFC HK (In Liquidation)'s Committee of Inspection ("COI") to the Liquidators. The Liquidators and the Official Receiver had subsequently submitted their respective reports on the composition of the COI, together with the creditors' submissions to the Court on 14 May 2019 and 21 June 2019. The Official Receiver's report makes the preliminary recommendation to appoint the statutory maximum number of 7 members in the COI, of which SPE is one of the nominated candidates. On 19 September 2019 hearing, SPE was not appointed as one of the COI.

In the last announcement, the Company has stated that AnAn Group was vigorously pursuing the appeal against the winding up order on the grounds that the alleged claim by VTB was disputed and accordingly, there should be no basis for a winding up order.

On or around 22 March 2019, AnAn Group filed an application to adduce new evidence in the Appeal ("Sum 33"). The new evidence sought to be adduced is a valuation report prepared by Deloitte & Touche Financial Advisory Services Pte Ltd. AnAn Group seeks to use the report to support its position that when VTB had issued the notice of default on or around 24 April 2018, the EN+ GDRs were significantly more valuable than what VTB had calculated them to be.

The Court of Appeal allowed AnAn Group's application in Sum 33 and stated that "... if the valuation of the GDRs in the Deloitte Report were to be adopted, it would follow that no debt would be owing to VTB. Further, if the quantum of the debt was considerably lower than the US\$170m claimed by VTB in the statutory demand, it cannot be assumed that Anan would not be able to either top up the collateral or to pay off the reduced debt."

The appeal is currently scheduled to be heard sometime in or around November 2019.

11. Dividend

(a) Current financial period reported on

There were no dividends declared for the financial period reported on.

Corresponding period of the immediately preceding financial year

There were no dividends declared for the corresponding period of the immediately preceding financial year.

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 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. As at 30 September 2019, SPE has partially repaid US\$1,100,000 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 September 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.

BY ORDER OF THE BOARD

Zang Jian Jun
Executive Chairman

14 November 2019