



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

RESPONSES TO SGX-ST'S QUERIES DATED 28 SEPTEMBER 2020

1. INTRODUCTION

The Board of Directors of Anan International Limited ("**Company**") wishes to announce that the Singapore Exchange Securities Trading Limited ("**SGX-ST**") raised queries on 28 September 2020 in relation to the Company's announcement on 25 September 2020 ("**25 September 2020 Announcement**") on the binding offer made by Dyneff for the acquisition of the controlling stake in the Target Company.

Unless otherwise defined, capitalised terms used herein shall bear the same meaning ascribed to them in the 25 September 2020 Announcement.

2. SGX-ST'S QUERIES

Listed below are SGX-ST's queries of 28 September 2020 in relation to the 25 September 2020 Announcement:

- (a) Paragraph 2: When was Target Company incorporated and when did operations commence? What is the track record of Target Company in the installation of heating systems and equipment, and for how long has it undertaken such business?
- (b) Paragraph 2: Provide further details on the business model of Target Company: for example, how are customers sourced, where are they located, are they once-off customers, how long are the contracts, how are payments collected for these services rendered, what are the credit terms, and whether there are any issues on collectability. What is the size of this business and based on the size and/or niche of Target Company, please elaborate on how it fits into part of the 5-year strategic plan implemented by the Dyneff Group.
- (c) Paragraph 2: Provide a breakdown of the material items comprised in the NTA of EUR674,978, and whether the revenue from the profits reported by Target Company have been significantly collected.
- (d) Paragraph 2: The Company disclosed that net profit for Target Company for the year ended 31 March 2020 amounted to EUR501,897, and NTA & Equity book value amount to EUR674,978 as at 31 March 2020, while issued and paid up capital amount to EUR8,000. Please confirm if the remaining balance of EUR181,081 contribution to NAV was due to accumulated profit of Target Company. If so, please provide details for a better understanding of the factors that resulted in Target Company's profits surging to EUR510,897 in FYE 31 March 2021, when accumulated profits prior to FYE 31 March 2020 amounted to EUR181,081.

- (e) Paragraph 4.2: Per Listing Rule 1010(3), state the factors taken into account in arriving at the EUR280,000 Earn-Out and how it will be satisfied, including the terms of payment. Also elaborate on and disclose details of the financial indicators. When and how will the EUR280,000 be paid over the years 2021 and 2022?
- (f) Paragraph 5: Per Listing Rule 1010(3), state the factors taken into account in arriving at the EUR2,310,000 Consideration and how it will be satisfied, including the terms of payment. Explain whether the EUR280,000 should be factored into the total consideration. Disclose and quantify the current cash balance held by the Dyneff Group.
- (g) Paragraph 6: Provide details on the seller and track record of this party. Will it continue to hold the balance 30% and manage Target Company after the acquisition?

3. THE COMPANY'S RESPONSES TO SGX-ST'S QUERIES

We wish to clarify that Dyneff had made an offer on 22 September 2020 to the sellers, which was accepted on the same day. Whilst the offer aimed to cover the key commercial arrangements between the parties, the final share purchase agreement and shareholders' agreement are still being negotiated with a view to signing.

The Company will be releasing an announcement to address all of SGX-ST's queries set out above upon the signing of the final transaction documents.

**For and on Behalf of the Board of
AnAn International Limited**

Shirley Tan
Company Secretary
2 October 2020