



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

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**RESPONSE TO QUERIES BY  
SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”)**

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SGX-ST raised certain queries to AnAn International Limited (“**Company**”, and together with its subsidiaries, collectively “**Group**”) in respect of the Company’s Condensed Interim Consolidated Financial Statements for the Three Months Period Ended 31 March 2024 (“**3M 2024**”) released on 15 May 2024. The Board of Directors (“**Board**”) of the Company responds to these queries as follows.

**SGX Query 1**

SGX: Please explain why the Company had continued to incur US\$5.68 million of additional staff costs from salary increment and increased headcounts that represents 32% increase in selling and distribution expenses from US\$17.8 million in 3M 2023 to US\$23.4 million in 3M2024, when the Company had reported 14% decrease in revenue from US\$652.2 million to US\$562.8 million, 20% decrease in gross profit from US\$24.8 million to US\$19.7 million and 71% decrease in cash and cash equivalent balance from US\$49.2 million to US\$14.2 million for the corresponding periods. To substantiate with the breakdown of material items contributing to the significant increase in balance from the selling and distribution expenses.

**Company’s response to SGX Query 1**

The Group’s selling and distribution expenses increased by 32% or US\$5.68 million, from US\$17.81 million in 3M 2023 to US\$23.49 million in 3M 2024. The increase was mainly due to higher staff costs, which has greater increase in magnitude, resulting from salary increment and increased headcounts. The selling and distribution expenses were not correlated with the Group’s revenue, as the significant fixed costs do not fluctuate with the revenue generated. The increase of headcounts was mainly due to the new addition of petrol gas stations in 3M 2024, full 3M 2024 impact of newly acquired companies in 2023, the impact of a newly acquired company in 2024, and other developments within Dyneff Group companies. Below is the breakdown of material items contributing to the increase in the Group’s selling and distribution expenses:

	3M 2024 (US\$000)	3M 2023 (US\$000)
Staff costs	10,685	9,143
Rental, utilities, office supplies, advertising, insurance, and telecommunication	4,857	3,825
Depreciation	3,516	2,579
Repair and maintenance expenses	2,586	1,415
Royalties, software expenses, security services and other taxes	1,444	655
Transport and travelling	401	191
Total selling and distribution expenses	23,489	17,808

### **SGX Query 2**

SGX: Please explain why finance expenses increased substantially by US\$1.1 million (86%) from US\$1.3 million in 3M2023 to US\$2.3 million in 3M2024 when the Company's total borrowings had decreased by 33% from US\$147.4 million to US\$98.8 million for the corresponding periods.

### **Company's response to SGX Query 2**

The Group's finance expenses increased substantially by 86% or US\$1.1 million, from US\$1.3 million in 3M 2023 to US\$2.3 million in 3M 2024. This increase was mainly due to higher interest expenses from bank borrowings and bank commissions incurred by Dyneff Group. The higher interest expenses were driven by both the increase of borrowing rates from 3M 2023 to 3M 2024 and the increase of drawings and utilisations of total borrowings by 43% from US\$69.15 million as at 31 March 2023 to US\$98.82 million as at 31 March 2024. The Group's total borrowings of US\$147.40 million as at 31 December 2023 do not correspond to the period for finance expenses for 3M 2023.

### **SGX Query 3**

SGX: Notwithstanding the repayment of borrowings, the Group's current liabilities from loans and borrowings remain at \$78.2 million whilst its cash and cash equivalents balance is only \$14.2 million and the Company also incurred losses of \$4.1 million in 3M 2024. Please disclose the Board's assessment (i) whether the Company is able to meet its short term debt obligations, including its bases of assessment; and (ii) how the Company intends to fulfill its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfill its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

### **Company's response to SGX Query 3**

(i) Both the short-term loans and borrowings, as well as cash and cash equivalents, are part of the Group's working capital. Working capital is defined as the difference between a Group's current assets and current liabilities. The Group's current assets and current liabilities as at 31 March 2024 stood at US\$340.49 million and US\$318.36 million respectively. With the Group's net current assets amounting to US\$22.13 million as at 31 March 2024, the Group is maintaining sufficient capital to meet its operational needs and short-term obligations.

(ii) Based on the above assessment, the Group is maintaining sufficient capital to meet its operation needs and short-term obligations for the next 12 months.

### **BY ORDER OF THE BOARD**

Zang Jian Jun  
Executive Director and Executive Chairman  
27 May 2024