



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

**PROPOSED DISPOSAL OF 100% EQUITY INTEREST OF SHANGHAI DAJIANG
SHENYUAN EQUITY INVESTMENT FUND MANAGEMENT CO., LTD BY A WHOLLY-
OWNED SUBSIDIARY**

1. INTRODUCTION

The Board of Directors of AnAn International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, Hong Kong China Energy Finance Service Co., Limited (the "**Seller**"), has on 17 March 2023, entered into an equity transfer agreement (the "**Agreement**") with Beijing Fangshi Haosen Trading Co., Ltd. (the "**Purchaser**") pursuant to which the Seller agreed to sell to the Purchaser, and the Purchaser agreed to acquire, 100% equity interest of Shanghai Dajiang Shenyuan Equity Investment Fund Management Co., Ltd. (the "**Target**") on the terms and conditions of the Agreement (the "**Proposed Transaction**"). As at the date of this Agreement, the Target holds a 15% equity interest in Yinxin Commercial Factoring Co., Ltd.

2. INFORMATION ON THE PURCHASER

The Purchaser is a limited liability company incorporated on 28 February 2017 in People's Republic of China, and is mainly engaged in domestic trade business in China. The Purchaser is an independent third party unrelated to any of the directors and controlling shareholders (as defined in the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), of the Group.

3. RATIONALE FOR THE PROPOSED TRANSACTION

The Proposed Transaction allows the Group to exit from both the Target and its investment as the investment is considered a loss-making asset. It also allows the Group to reduce its operational costs, and the Group will be able to streamline its business and focus on its existing investment holdings in the oil distribution business in France and Spain, as well as the oil storage and transportation business in China.

4. SALIENT TERMS OF THE PROPOSED TRANSACTION

Consideration

- 4.1 Under the Proposed Transaction, the Seller has agreed to sell, and the Purchaser has agreed to purchase 100% equity interest in the Target for a consideration sum of RMB 25,000,000 (equivalent to approximately USD 3.62 million based on exchange rate of RMB 1: USD 0.1449) based on arm's length negotiations, on a willing-buyer, willing-seller basis, taking into account waiver of intercompany debt owing by the Target to Seller (as described in paragraph 4.8 below) (the "**Consideration**").
- 4.2 Upon completion of the Proposed Transaction, the Purchaser shall become the sole shareholder of the Target. The Consideration will be satisfied or paid in the following four (4) tranches:-
- 4.2.1 an amount of RMB 7,500,000 representing 30% of the Consideration shall be paid within five (5) business days of the fulfilment of the First Tranche Conditions (as defined in paragraph 4.5.1 below);
- 4.2.2 an amount of RMB 5,000,000 representing 20% of the Consideration shall be paid within five (5) business days of the fulfilment of the Second Tranche Conditions (as defined in paragraph 4.5.2 below);
- 4.2.3 an amount of RMB 5,000,000 representing 20% of the Consideration shall be paid within five (5) business days of the fulfilment of the Third Tranche Conditions (as defined in paragraph 4.5.3 below); and
- 4.2.4 the balance amount of RMB 7,500,000 representing 30% of the Consideration shall be paid within five (5) business days of the fulfilment of the Fourth Tranche Conditions (as defined in paragraph 4.5.4 below).
- 4.3 The Consideration was arrived based on the adjusted net asset value ("**NAV**") of the Target, which amounted to USD 5.07 million after taking into account the capital deficiency value of the Target at RMB 0.19 million (equivalent to approximately USD 0.03 million based on exchange rate of RMB 1: USD 0.1449) and the waiver of the intercompany debt of USD 5.1 million (as described in paragraph 4.8 below) by the Seller.
- 4.4 Based on the unaudited financial statements of the Group as at 31 December 2022, the Target has a book value in capital deficiency value of approximately USD 0.03 million. Based on the unaudited financial statements of the Group as at 31 December 2022, the deficit of the proceeds from the Proposed Transaction over the adjusted NAV of the Target (as described in paragraph 4.3 above) will be approximately USD 1.45 million. Taking into account the estimated expenses of the Proposed Transaction of approximately USD 0.18 million, the Proposed Transaction is expected to result in a loss on disposal of approximately USD 1.63 million. The Group intends to use the net proceeds from the Proposed Transaction for general working capital requirements of the Group.

Conditions Precedent

- 4.5 Completion is conditional upon, amongst other things:
- 4.5.1 the Target and Purchaser obtaining the necessary corporate authorisations in connection with the Proposed Transaction and the satisfactory legal, financial and business due diligence of the Purchaser (the “**First Tranche Conditions**”);
 - 4.5.2 the signing and delivery of the necessary documents to effect the Proposed Transaction (the “**Second Tranche Conditions**”);
 - 4.5.3 the Purchaser completing the application for the industrial and commercial registration of the Purchaser as a new shareholder of the Target, obtaining a new business licence for the Target and effecting the change of tax registration of the Target (the “**Third Tranche Conditions**”); and
 - 4.5.4 the industrial and commercial registration having completed for three (3) months without any tax arrears, penalties and debt recourse. In the event of any overdue taxes, penalties and debt recourse, the Purchaser has the right to use the balance to offset the balance amount to be paid to the Seller (the “**Fourth Tranche Conditions**”).
- 4.6 In the event that the condition precedents set out in paragraphs 4.5.1 and 4.5.2 above are not satisfied or waived by the Purchaser within two (2) months from the date of the Agreement (and such period not extended by the Purchaser), the Purchaser has the right to terminate the Agreement.

Completion

- 4.7 Completion of the Proposed Transaction shall occur within five (5) business days of the fulfilment of the Second Tranche Conditions (as defined in paragraph 4.5.2 above) in accordance with the Agreement.

Upon Completion, the Target will cease to be a subsidiary of the Seller.

Intercompany Debt

- 4.8 Under the terms of the Agreement, the Seller shall also exempt the Target from RMB 35,185,401.86 (equivalent to approximately USD 5.1 million based on exchange rate of RMB 1: USD 0.1449) of intercompany debt as at the date of the Agreement, and there shall be no other outstanding intercompany debt owing by the Target to the Seller.

Representations and Warranties

Pursuant to the Agreement, the Seller, Purchaser and Target have furnished representations and warranties typical for transactions such as the Proposed Transaction.

5. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL

5.1 The relative figures for the Proposed Transaction computed on the bases set out in Rule 1006 of the Listing Manual and based on the latest announced unaudited consolidated accounts of the Group for the financial year ended 31 December 2022 (“FY2022”) are as set out below:-

Listing Rule	Bases	Relative Figures (%)
Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	3.54 ⁽¹⁾
Rule 1006(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits.	-1.35 ⁽²⁾
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	5.50 ⁽³⁾
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable ⁽⁴⁾
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable ⁽⁴⁾

Notes:-

- (1) Based on the net asset value including non-controlling interest of the Group as at 31 December 2022 amounting to USD 143.05 million and the adjusted net asset value of the Target as at 31 December 2022 amounting to USD 5.07 million (equivalent to RMB 34.99 million based on the exchange rate of RMB 1 to USD 0.1449).

- (2) Based on the net profits before tax and non-controlling interest of the Group for FY2022 amounting to USD 63.74 million and the net losses before tax and non-controlling interest of the Target for FY2022 amounting to USD 0.86 million (equivalent to RMB 5.79 million based on the exchange rate of RMB 1 to USD 0.1484).
- (3) The Company's market capitalisation (based on an issued share capital of 4,233,185,850 shares (excluding treasury shares) and the volume weighted average price of the shares on the SGX-ST as at 16 March 2023 (being the one market day preceding the date of the Agreement) of SGD 0.021 per share) is SGD 88.90 million (equivalent to USD 65.81 million based on the exchange rate of USD 1 to SGD 1.3508).
- (4) Rules 1006(d) and (e) are not applicable as this relates to a disposal and the Company is not a mineral, oil and gas company.

5.2 As the relative figure under Rule 1006(c) above exceeds five (5) percent but is not more than 20 percent, the Proposed Transaction constitutes a "disclosable transaction" for the Company as defined in Chapter 10 of the Listing Manual.

6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

6.1 The financial effects of the Proposed Transaction on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Proposed Transaction. The financial effects of the Proposed Transaction set out below have been prepared based on the Group's unaudited consolidated financial statements for FY2022, and on the following bases and assumptions:

6.2 The financial effects of the Proposed Transaction are set out as follows:

(a) **Net Tangible Assets ("NTA")**

For illustrative purposes only and assuming completion of the Proposed Transaction had taken place at the end of FY2022, the estimated financial effects of the Proposed Transaction on the consolidated net tangible assets of the Group are as follows:

	Before the Proposed Transaction	After the Proposed Transaction
NTA of the Group attributable to shareholders of the Company (USD '000)	73,518	71,885
Number of Shares ('000)	4,233,185	4,233,185
NTA per share (USD cents)	1.74	1.70

(b) **Earnings Per Share (“EPS”)**

For illustrative purposes only and assuming completion of the Proposed Transaction had taken place at the beginning of FY2022, the estimated financial effects of the Proposed Transaction on the consolidated earnings per share of the Group are as follows:

	Before the Proposed Transaction	After the Proposed Transaction
Net profit attributable to shareholders of the Company (USD '000)	21,125	19,492
Weighted average number of shares ('000)	4,233,185	4,233,185
EPS (USD cents)	0.50	0.46

6.3 Effect on Share Capital of the Company

The Proposed Transaction will not have any effect on the issued and paid up share capital of the Company.

7. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Transaction (save through their respective shareholdings in the Company).

8. SERVICE CONTRACT(S)

No person will be appointed to the Board of Directors of the Company in connection with the Proposed Transaction and no service contracts in relation thereto will be entered into by the Company.

9. DOCUMENTS FOR INSPECTION

A copy of the Agreement will be available for inspection during normal business hours at the Company's principal office in Singapore at 10 Anson Road #17-12 International Plaza Singapore 079903 for a period of three (3) months from the date of this announcement.

10. RESPONSIBILITY STATEMENT BY THE DIRECTORS

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Transaction, the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the Company's shares, and where in doubt as to the action they should take, they should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Zang Jian Jun
Executive Director and Executive Chairman
Date: 20 March 2023