



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

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

SGX-ST raised certain queries to AnAn International Limited (“**Company**”, and together with its subsidiaries, collectively “**Group**”) in respect of the Company’s “Unaudited Financial Statements for the Period Ended 31 December 2020” released on 22 February 2021. The Board of Directors (“**Board**”) of the Company responds to these queries as follows:

SGX Query 1

Page 3: Non-current assets: Property, plant and equipment

Explain the significant increase to US\$36,184,000.

Company’s response to SGX Query 1

The increase in property, plant and equipment from US\$29.8million in FY2019 to US\$36.2million was mainly attributable to the construction of 2 motorway gas stations and 1 airport gas station amounted to US\$5.6 million and the additions of other non-current assets of US\$0.8 million (net value) arising mainly from the acquisition of 3 subsidiaries in France during the financial year 31 December 2020.

SGX Query 2

Page 3: Non-current assets: Intangible assets

We note these arise from the acquisition of the subsidiaries. Provide a discussion on the performance of these subsidiaries, and what has been reviewed to assess the fair value of intangible assets of US\$15,684,000.

Company’s response to SGX Query 2

The intangible assets comprised mainly the following:

1. Goodwill arising from the acquisition of subsidiaries by Dyneff France prior to FY2020 amounted to approximately US\$ 5.5 million;
2. Goodwill arising from the acquisition of subsidiaries by Dyneff France during the financial year ended 31 December 2020 amounted to approximately US\$5.8 million;
3. Goodwill arising from the acquisition of Dyneff itself prior to FY2020 of US\$2.6 million via the Company’s subsidiary in Hong Kong;

4. Others are mainly intangible software, concessions rights and exchange alignment of US\$1.8 million.

In view of the Covid-19, the performance of the Dyneff Group and its subsidiaries in the distribution in France had been affected adversely due to the lockdown since March 2020. The sharp decline in the volume of demand for its petroleum products and decreased activities at its petrol stations also contributed to the decline in performance. Despite this, the Group was able to increase its gross margin due to the lower cost of inventory. The Group is also closely monitoring the situation and remains cautiously optimistic going forward.

In arriving at the fair value of the goodwill above, the Dyneff Group has worked with the component auditors in France to determine if any impairment was necessary and had concluded that there were no indicators of impairment that would require an exceptional provision/depreciation for the financial year ended 31 December 2020.

SGX Query 3

Page 3: Current liabilities: Trade and other payables of US\$189,211,000

Provide a breakdown, and explain the nature of other payables.

Company's response to SGX Query 3

The breakdown of trade and other payables and their nature are explained below:

	<u>US'000</u>
Trade accounts payables – third parties	97,748
France excise taxes payable	74,901
France VAT and other taxes payable	5,883
France employees and social obligations	5,597
Accounts payables - non-trade	2,513
Advance collection	1,152
Provision for audit fees	556
Provision for independent directors' fees	392
Accrued professional fees and others	251
Other accrual	163
Deferred revenue	54
Total	<u>189,210</u>

SGX Query 4

Page 3: Current liabilities: Loans and borrowings

Explain the significant increase to US\$45,430,000.

Company's response to SGX Query 4

Dyneff Group's operations have been experiencing significant fluctuations to its working capital requirements and drawings on the short term facilities such as overdraft follow the same fluctuation. The significant drawdown of its bank overdraft and loan facilities was to pay off its trade payables, excise and VAT and to support the Dyneff Group's work capital requirements during the period ended 31 December 2020.

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

Shirley Tan
Company Secretary
12 March 2021