



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 announcement on 3 September 2023 in relation to the Proposed Acquisition of a Photovoltaic Solar Panels Installation Company (“**3 September 2023 Announcement**”) and the Company’s announcement on 4 September 2023 in relation to Response to SGX queries (“**4 September 2023 Announcement**”).

Unless defined otherwise, all capitalised terms used herein shall have the meaning as ascribed to them in the 3 September 2023 Announcement and 4 September 2023 Announcement.

The Board of Directors (“**Board**”) of the Company responds to these queries as follows.

3 September 2023 Announcement: Proposed Acquisition of a Photovoltaic Solar Panels Installation Company

SGX Query 1

On France Habitat Enr SAS (the “**Target Company**”):

- a. Please disclose its year of incorporation and the time it commenced business operation of Photovoltaic Solar Panels Installation; and
- b. Please disclose details on the business, its revenue model, its main operating expenses, how profit is recognized under the contracts, tenure of its contracts, the products sold and service provided, the type of customer it caters to and the capacity of the Target Company in the Photovoltaic Solar Panels Installation.

Company’s response to SGX Query 1

- a. France Habitat Enr SAS was incorporated on 1 October 2010 and it commenced business operations in Photovoltaic Solar Panels Installation on the same day as its incorporation. Since 2010, it has successfully completed 5,600 photovoltaic solar panels projects.
- b. France Habitat Enr SAS primarily provides photovoltaic solar panels installation services to private individuals. Customers visit the the Target Company’s office and receive a quote fafter a site visit. The installation typically takes 2 to 3 days to complete. Revenue is recognised in full upon the completion of the installation. Due to the short duration of our projects, there are no significant issues related to long-term contracts or revenue recognition cut-off. Revenue

includes the cost of photovoltaic solar panels, small equipment and technician remuneration. Additionally, some maintenance or after-sale services may be invoiced on existing installations. Based on the the Target Company's past performance, the Target Company can handle up to 430 photovoltaic solar panel projects per year.

SGX Query 2

The conditions precedent for the completion of the Proposed Acquisition include, inter alia, “(a) a copy of the employees’ information letter regarding the sale of the Sold Shares and the employees’ letter of waiver”; “(b) a copy of the authorizations of the banking institutions as to the completion of the sale of the Sold Shares and the change of Chairman concerning the loans”; “(h) an original copy of the minutes of the sole shareholder of the Target Company waiving the application of the statutory approval and pre-emption clause”; and “(i) a copy of the amendment to the part-time employment contract of Ms Laura Milas in order to specify the conditions for changing the distribution of working hours in the week as well as the possibility of working overtime”. Please provide more details respectively as follow.

a. With respect to (a) and (b), please elaborate how does the employees’ information letter on sale of the Sold Shares and letter of waiver relate to the purchase of the Target Company? Who are these employees and to whom have they sold their Sold Shares. To also elaborate on the substance of the “letter of waiver” and why does this concern the sale of the Target to the Company;

b. With respect to (b), please elaborate on the current size of the loan and the identities of the current and the proposed Chairman that will have to be approved by the banking institutions. Please quantify the loans that the Company will be taking over after the purchase of the Target Company and elaborate how these loans will be repaid by the Company after completion of the Proposed Acquisition.

c. With respect to (h), please disclose the details of the “statutory approval and pre-emption clause” that will be waived for the purpose of the Proposed Acquisition. As statutory approval for any legal transfer, please explain why the application of the statutory approval and pre-emption clauses should be waived. Please disclose more details on the waiver accordingly and how is this in the best interest of the Company to acquire an entity which will not have received the necessary statutory approval. To also elaborate in detail the pre-emption clause and why is this in the interest of the Company to waive the pre-emption clause; and

d. With respect to (i), please explain the role and responsibilities of Ms Laura Milas and in what capacity does Ms Laura Milas hold with the Target Company. To also explain her role in the proposed acquisition and the reason why amendment to her part-time employment contract is a pre-condition to the completion of the Proposed Acquisition. To elaborate what are amendments that have to be/have been made.

Company’s response to SGX Query 2

a. Under French legislation, whenever a company is sold, there is an obligation to inform the employees of the proposed transaction. Employees also have the right to make an offer to acquire the Target Company. Therefore, it is necessary to ensure that: a) The employees have been informed about the sale. b) None of the employees have submitted a purchase offer.

Additionally, the Seller need to obtain a waiver from banks and lending institutions when there are existing loans. This is because these loans typically include a "change of control clause,"

which grants the lender the right to demand full repayment of the remaining capital in certain circumstances. The seller should reach out to the banks prior to the sale to determine their position. The banks can choose to either execute the clause and request full repayment of the loan or continue the loan with the new shareholder.

b. The outstanding loans amounted to EUR 310,631 as at 30 April 2023 based on last available financial accounts. The current Chairman is the Seller, Mr Francois Lavoix and the proposed Chairman is Mr Riu Emmanuel, the Managing Director of the Purchaser. There are three active loans with two banks, Crédit Agricole and Banque Populaire. These banks have not invoked the change of control clause and have not demanded early repayment. The change in the Target Company's Chairman has also not raised concerns with the banks. The estimated outstanding loans to be taken over by the Purchaser after the purchase of the Target Company is around EUR 500,000, which is consistent with the increase in forecasted revenue and cost of photovoltaic solar panels. The outstanding loans will be repaid by cash or working capitals of the Target Company after the takeover by the Purchaser, in accordance with their respective tenors.

c. It is to clarify that “the application of the statutory approval and pre-emption clause” should be read as “the application of the statutory approval on pre-emption clause.” The Target Company's articles of association include a pre-emption clause in case one of the shareholders decides to sell part of their shares. This clause grants priority rights to other shareholders to acquire the shares. However, in reality, this clause is not applicable because the Target Company was solely owned by a single shareholder, Mr. Francois Lavoix. Therefore, the minute that was signed was purely a formality to strictly comply with the letter of the articles of association.

d. Ms Laura Milas is one of the administrative assistants responsible for handling administrative tasks at the Target Company. As recommended by the due-diligence team, amendments of her employment contract are necessary to ensure that it was up to date and aligns with her actual employment conditions and working hours in accordance with French labour laws.

SGX Query 3

The purchase consideration is a pre-adjusted value of EUR 6,076,006 for the Target Company which has a paid-up capital of only EUR 30,000, net tangible asset value of EUR 443,413 and book value of EUR 452,437.

a. Pursuant to Listing Rule 1010 (3) and 1010 (5), Please quantify the factors taken into account in arriving at purchase consideration value which is significantly above its book value of EUR 452,437;

b. To disclose the valuation methods applied in arriving at the pre-adjusted consideration value of EUR 6,076,006. To also disclose the identity of the valuer and the date of the valuation.

c. Please explain what are the adjustments needed for the purchase consideration, quantify the current value of these adjustments and provide the value post-adjustment.

Company's response to SGX Query 3

a. As disclosed in page 3 of 3 September 2023 Announcement on Consideration and Source of Funds, the enterprise value of the Target Company was determined based on a five-year business plan, taking into consideration factors such as the nature of the customer portfolio, the location, the state of the industry and market in France. The purchase consideration has no direct relationship with the net assets or equity of the Target Company as the Purchase does not involve merely acquiring a list of assets but also the potential for financial performance (EBITDA and future cash flows).

b. The purchase consideration was calculated using classic valuation methods that combine EBITDA multiples and discounted future cash flows based on the projected business plan. The valuation was conducted by the Dyneff Group's business development department on 30 January 2023 and it was endorsed by the Dyneff Group's Investment Committee, which includes members representing both the Company and non-controlling shareholder who own 51% and 49% of the Dyneff Group, respectively.

c. The final purchase consideration will be adjusted by final cash and final financial debts of the Target Company, as determined by audited adjustment accounts as of the closing date of the proposed transaction. The estimated current value of these adjustments is approximately EUR 202,000, and the estimated post adjustment value is approximately EUR 6,278,006 as of 30 April 2023. According to the terms of the Agreement, the Seller is obligated to provide the audited adjustment accounts as at the closing date within 60 days from the closing date. Purchaser has 60 days to review the audited adjustment accounts and will either agree or provide a final price calculation with written explanation and supporting documentation for acceptance by the Seller.

SGX Query 4

Please disclose if a valuation report is available for inspection during normal business hours at the issuer's registered office for 3 months from the date of the announcement under Listing Rule 1011.

Company's response to SGX Query 4

In addition to a copy of the Agreement, a valuation report, which is included in the Investment Projects Presentation to Dyneff Group's Investment Committee will also be available for inspection during normal business hours at the issuer's registered office for 3 months from the date of the 3 September 2023 announcement.

SGX Query 5

The Company computed its ratio pursuant to Rule 1006(b) based on pre-tax profits of the Company for a 6-months period of USD 8.657 million in 1H 2023 versus pre-tax profits of the Target Company for a 12-months period of USD 492,214 in the financial year ended 31 December 2022. Please align the calculation using the same 6-month periods for comparison of both the Target and the Group and disclose the revised ratio accordingly.

Company's response to SGX Query 5

Based on the net profits before tax and non-controlling interest of the Group for 1H 2023, which amounted to USD8.657 million, and the forecasted net profits before tax and non-controlling interest of the Target Company for 1H 2023 amounting to USD388,069 (equivalent to EUR 357,042 based on the exchange rate of EURO 1:USD 1.0869), the ratio of net profits of approximately attributable to the assets acquired compared with the Group's net profits, pursuant to Rule 1006(b), will be revised to 4.48%.

SGX Query 6

In paragraph 8.1 the Company disclosed the increase in Net Tangible Assets ("NTA") by US\$190,000 after the Proposed Transaction, notwithstanding the purchase consideration of EUR 6,076,006 for the Target Company which has a significantly lower net tangible asset value of EUR443,413. Please explain and reconcile the computation to US\$73,708,000 after the Proposed Transaction.

Company's response to SGX Query 6

The increase in NTA of the Group attributable to shareholders of the Company at the end of FY2022 is assumed to be the additions of FY2022 net profits after tax and non-controlling interest (49%) of the Target Company, amounted to US\$ 190,000 (equivalent to EUR 174,798). Therefore, the NTA of the Group attributable to shareholders of the Company increased from US\$73,518,000 to US\$73,708,000 after the Proposed Transaction.

It is important to note that the financial effects of the Proposed Transaction on the Group as outlined above are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the Proposed Transaction.

4 September 2023 Announcement: Response to SGX Queries

SGX Query 7

Under SGX Query 2, the Company had not disclosed details on the increase in capacity utilization of the "Additions of property, plant and equipment" amounting to US\$19,902,000 in its response. Please disclose accordingly. To also disclose the number and geographic locations of the new petrol and gas stations constructed.

Company's response to SGX Query 7

The additions of property, plant, and equipment, totaling US\$19,902,000, relate to the construction of 9 new petrol and gas stations. Additionally, 1 new petrol and gas station is currently under construction as work-in-progress during 1H 2023, and its capacity utilization is at 90%.

These new petrol and gas stations are distributed across various geographic locations as follows:

- a) 5 new petrol and gas stations are located in Southern France, including 1 petrol and gas station under construction as work-in-progress.
- b) 3 new petrol and gas stations are situated in Western France.
- c) 2 new petrol and gas stations are positioned in Northern France.

BY ORDER OF THE BOARD

Zang Jian Jun
Executive Director and Executive Chairman
8 September 2023