



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

**ACCEPTANCE OF BINDING OFFER FOR
ACQUISITION OF CONTROLLING STAKE IN ENERGY SYSTEMS COMPANY**

1. INTRODUCTION

The Board of Directors of Anan International Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its subsidiary, Dyneff SAS (“**Dyneff**”), has on 22 September 2020 made a binding offer (“**Offer**”) for the proposed acquisition of a 70% stake in SARL ANEO (“**Target Company**”), an energy systems company incorporated in France (“**Proposed Transaction**”). The terms of the binding offer (“**Contract Terms**”) were accepted on 22 September 2020 (“**Acceptance**”). Rompetrol France SAS (together with its subsidiaries, the “**Dyneff Group**”) is a 51% indirect subsidiary of the Company, and Dyneff is a 100% wholly owned subsidiary of Rompetrol France SAS.

2. INFORMATION ON THE TARGET COMPANY

The Target Company is incorporated in France and has an issued and paid-up capital of EUR 8,000 (equivalent to approximately USD 9,496 based on the exchange rate of EUR 1:USD 1.187) comprising 80 ordinary shares as at the date of the Acceptance.

The Target Company is an installer of heating systems and equipment mostly to private individual customers, including air / water heating pumps, air / air heating pumps, wood boiler, gas boiler, oil boiler, solar panels. They also provide repair and maintenance services.

The net tangible asset value of the Target Company as at 31 March 2020 is estimated at around EUR 674,978 (equivalent to approximately USD 801,199 based on the exchange rate of EUR 1:USD 1.187).

The equity book value of the Target Company as at 31 March 2020 was EUR 674,978 (equivalent to approximately USD 801,199 based on the exchange rate of EUR 1:USD 1.187).

3. RATIONALE FOR THE PROPOSED TRANSACTION

The Proposed Transaction was made as part of the five years strategic plan implemented by the Dyneff Group. This strategic plan includes investments in new areas of business in order to gain expertise and knowledge on other areas of the energy sector. The Target Company is currently operating in a market that is experiencing annual growth of approximately 15 to 20%.

4. SALIENT TERMS OF THE CONTRACT TERMS

4.1. Conditions Precedent

The closing for the Proposed Transaction shall be subject, *inter alia*, to the following conditions precedent:-

- (a) the approval of the Company's shareholders in respect of the Proposed Transaction; or
- (b) a waiver (express or implied) by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") from the requirement to obtain shareholders' approval in respect of the Proposed Transaction pursuant to Listing Rule 1014 of the SGX-ST's Listing Manual.
- 4.2.** The sellers shall receive an earn-out of up to EUR280,000 over the years 2021 and 2022, should certain financial indicators be met ("**Earn-Out**").

5. CONSIDERATION AND SOURCE OF FUNDS

A consideration in the amount of EUR 2,310,000 (the "**Consideration**") (equivalent to approximately USD 2,741,970 based on the exchange rate of EUR 1:USD 1.187) shall be paid by Dyneff for the Proposed Transaction.

The Consideration will be financed through internal resources of the Dyneff Group.

6. INFORMATION ON THE SELLER

The seller is not related to the Group, and none of the Directors, the Company's substantial shareholders and/or their respective associates has any interests (direct or indirect) in the seller.

7. RELATIVE FIGURES ON THE BASES SET OUT IN RULE 1006 OF THE SGX-ST LISTING MANUAL

The relative figures computed on the applicable bases under Rule 1006 of the Singapore Exchange Securities Trading Limited's (the "**SGX-ST**") Listing Manual (the "**Listing Manual**") are as follows:

Rule 1006	Bases	Relative Figures
Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
Rule 1006(b)	Net profits of approximately attributable to the assets acquired, compared with the Group's net profits	20.54% ⁽¹⁾ ⁽³⁾
Rule 1006(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	3.38% ⁽²⁾ ⁽³⁾
Rule 1006(d)	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
Rule 1006(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Notes:

- (1) The net profits attributable to the Target Company is in the amount of EUR 501,897 (USD 595,752) for the financial year ended 31 March 2020. The Group's net profit is in the amount of USD 2,901,000 as at 30 June 2020.
- (2) Computed based on the Consideration and the market capitalisation of the Company which was in turn computed based on 4,233,185,850 ordinary shares and the closing price of SGD 0.026 per share transacted on 21 September 2020, being the market day preceding the date of the Share Purchase Agreement. The Consideration takes into

account the Earn-Out referred to in paragraph 4.2 above. If the Earn-Out is not taken into account and the relative figure is calculated based on the base consideration of EUR2,030,000, the relative figure for LM1006(c) is 2.97%.

- (3) Based on an exchange rate of EUR 1:USD 1.187 and USD 1: SGD 1.355, for information only.

As the only limit breached is under Rule 1006 (b) of the Listing Manual, the Proposed Transaction is not subject to the approval of the shareholders of the Company as it falls under the exemption prescribed by Rule 1014 (2) of the Listing Manual. Consequently, Dyneff Group shall be waiving the conditions stated in 4.1(a) and (b) above.

8. FINANCIAL EFFECTS ARISING FROM THE PROPOSED TRANSACTION

The financial effects of the Proposed Transaction on the Group as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the Proposed Transaction.

The financial effects set out below have been prepared based on the latest consolidated financial statements of the Group for financial year ended 31 December 2019 ("FY2019") and on the following key assumptions:

- (a) the effect on the net tangible assets per share of the Group is based on the assumption that the Proposed Transaction had been effected at the end of FY2019; and
- (b) the effect on the earnings per share of the Group is based on the assumption that the Proposed Transaction had been effected at the beginning of FY2019.

8.1. Net Tangible Assets

	Before the Proposed Transaction	After the Proposed Transaction
NTA of the Group attributable to shareholders of the Company (USD'000)	57,433	57,624
Number of shares ('000)	4,233,185	4,233,185
NTA per share (USD cents)	1.3567	1.3612

8.2. Earnings Per Share

	Before the Proposed Transaction	After the Proposed Transaction
Net loss attributable to shareholders of the Company for FY2019 (USD'000)	(2,697)	(2,506)
Weighted average number of shares ('000)	4,233,185	4,233,185
EPS (USD cents)	(0.0637)	(0.0592)

9. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the date hereof, none of the directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Transaction, other than through their shareholdings in the Company.

10. SERVICE CONTRACTS

No person is to be appointed to the Board of the Company in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. DOCUMENT FOR INSPECTION

A copy of the Offer and the Acceptance is 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 3 months from the date hereof.

12. 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 financial, tax or other advisors.

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

Shirley Tan
Company Secretary
25 September 2020