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 Company unaudited Financial Statements for the period ended 30 June 2020 released on 14 August 2020 (the "**June 2020 Unaudited Financial Statements**"). The Board of Directors ("**Board**") of the Company responds to these queries as follows:

SGX Query 1

Page 3: Inventories - $75,848,000

Provide a breakdown of these inventories. What are these inventories and do they comprise of oil-related products? If so, has any impairment testing been undertaken on these significant inventories balance of $75,848,000, which is equivalent to 91.8% of the Group's NAV?

Company's response to SGX Query 1

The breakdown of the inventories is as follows:

	USD'000
Petroleum products	44,522
French energy savings certificates	29,693
Retail merchandise at petrol stations	1,633
Total	75,848

The inventories consist mainly of petroleum products and energy savings certificates. These energy savings certificates accumulated by the Rompetrol France SAS and its subsidiaries (collectively, the "**Dyneff Group**") are for the purposes of complying with the *Loi d'Orientation de la Politique Energetique* legislation in France. To elaborate, this is an environmental legislation that imposes energy saving requirements on all energy suppliers in France, either directly on their own plants and equipment or indirectly by supporting their clients to save energy. Failure to comply would result in penalties to the energy supplier. One of the ways that energy suppliers can prove their compliance with the *Loi d'Orientation de la Politique Energetique* legislation is to accumulate a certain number of energy savings certificates, which was what the Dyneff Group has done.

Subject to the year-end audit, no impairment provision is currently needed based on the Company's evaluation.

SGX Query 2

Page 3: Trade and other receivables - $160,258,000

Provide a breakdown between trade and other receivables, and explain the nature of the underlying transactions relating to other receivables. Elaborate on how these transactions are part of the operating activities of the Company, noting that in the cash flow statement, the net movement of this balance was adjusted wholly from the section relating to operating activities. Provide an aging schedule of other receivables.

Company's response to SGX Query 2

The breakdown of trade and other receivables is as follows:

	USD'000
Trade receivables	
Trade receivables due from third parties	158,282
Allowance for doubtful receivables	(4,307)
	153,975
Trade receivables due from a related party	142,852
Allowance for doubtful receivables	(142,852)
	-
Other receivables	
Advance payment to acquire a subsidiary	3,582
Margin account with broker	1,373
Prepayment	419
Advance to acquire stocks	393
Advance to suppliers	174
Deposits	174
Others	120
Derivatives financial assets	48
	6,283
Total	160,258

The nature of the other receivables is set out in the breakdown above. They are incurred as part of routine business operations and are reflected in the operating activities of the cash flow statements of the June 2020 Unaudited Financial Statements.

The Company does not adopt the practice of providing for aging schedules as this is not required under the International Financial Reporting Standards for the purpose of disclosures.

SGX Query 3

Page 3: Trade and other payables - $191,632,000

Provide a breakdown between trade and other payables, and explain the nature of the transactions relating to the amount of "other payables" outstanding.

Company's response to SGX Query 3

The breakdown of trade and other payables is as follows:

	USD'000
Trade payables – third parties	88,909
Advance collection	428
France excise tax payable	91,538
France employees and social obligations	5,867
France VAT and other tax payable	3,555
Provision for audit fees	419
Provision for independent directors' fees	350
Deferred revenue	255
Accrued professional fees and others	311
Total	191,632

Please refer to the description of each line item above for the nature of the transactions.

SGX Query 4

Page 3: Loans and borrowings - $37,519,000

Explain the large increase from $9,116,000.

Company's response to SGX Query 4

As part of its daily operations, the Dyneff Group experiences significant fluctuations to its working capital requirement. Drawings on the short term facilities of the Dyneff Group follows the same fluctuation. Where the working capital requirement increases, drawings on short term facilities also increase. The increase in borrowing of USD 9,116,000 reflects an increase in the working capital requirement for the same period.

SGX Query 5

Page 4: Borrowings and debt securities

The total as at 30 June 2020 was $55,266,000, compared to $31,811,000 as at 31 December 2019. Elaborate on the use of proceeds from the $23,455,000 increase.

Company's response to SGX Query 5

In line with our response to query 4 above, the USD 23,455,000 increase in borrowing was also in order to meet the working capital requirements of the Dyneff Group.

SGX Query 6

Page 4: Contingent liabilities

Who were the guarantees given to? How much is the quantum of each guarantee? When will the loans mature and what is the name of the JV company? How much does the JV partner hold in the JV? Is this guarantee several and each, i.e. JV partner takes on only their share of the guarantee amount? Have they also given a joint or several guarantee, and of how much?

Company's response to SGX Query 6

The guarantees in the amount of USD 12.83 million consist of: (i) bank guarantees in the amount of USD 6.68 million to 4 oil product suppliers to secure certain favourable buying conditions and payments terms; (ii) and letters of support issued by the Company's French subsidiary and their JV partner to banks in the amount of USD 6.15 million in favour of the JV company, EPPLNS SAS.

The maturity periods of the loans are from 2020 to 2025.

The JV partner holds 50% in EPPLNS SAS.

The Company's French subsidiary and their JV partner have each issued separate and several letters of comfort to the banks participating in the financing of the depot to reinstatement their individual support to EPPLNS SAS.

SGX Query 7

Page 5: Exchange realignment – ($1,384,000)

Provide details of this adjustment.

Company's response to SGX Query 7

The exchange rate gain of USD 1.38 million arose from EUR and USD forex fluctuations between 31 March 2020 and 30 June 2020, mainly from the below accounts:

	USD'000
Properties, plant and equipment & Intangible assets	465
Investments in joint ventures and associates	385
Inventories	689
Trade receivables	2,313
Other receivables	100
Cash and cash equivalents	1,714
Trade payables	(1,298)
Other payables	(2,214)
Term loans	(502)
Non-controlling interest	(268)
	1,384

SGX Query 8

Page 5: Net cash flows generated from/(used in) operating activities – ($46,439,000)

Explain why the Company is unable to generate net cash inflow from its operating activities, and despite having to repay trade creditors faster, is unable to collect its debts from its trade and other receivables.

Company's response to SGX Query 8

Changes to the net cash outflow for the relevant period was due to the need to finance changes to the working capital requirement for the same period.

The collectability of the trade and other receivables has not been adversely impacted in any way.

SGX Query 9

Page 9: Review of the Group's financial performance - $191,632,000

Provide a breakdown of the salary increment in 2020 of USD 1.18 million. Explain why this increase arose and how this amount of increment is reasonable for the headcount, especially noting the decline in revenue and sales volume, and the COVID-19 lockdown containment measures.

Company's response to SGX Query 9

It is clarified at the outset that the financial results of the Dyneff Group were not negatively impacted by the COVID-19 lockdown. The salary increment of USD 1.18 million has thus been compliant with its operational budget.

The salary increment in 2020 was a result of changes to the business perimeter of Dyneff arising largely from the Dyneff Group having won a tender to run a new motorway station which resulted in an additional headcount of 22 staff. Other salary increases were due mainly to organic growth and other head office recruitments.

SGX Query 10

Page 11: Commentary at the date of the announcement of the significant trends and competitive conditions of the industry

What is the amount due from Shanghai Huaxin Group (HK) and what would be the recoverable amount? How much outstanding debts may be unrecoverable, and has this amount been provided? Is the write-off due from an interested person and if so, please provide relevant information and disclose details required under Chapter 9 of the Listing Manual, where applicable.

Company's response to SGX Query 10

The amount due from Shanghai Huaxin Group (Hong Kong) Limited ("**CEFC HK**") was USD 142.852 million and as previously announced, full provision for doubtful debts has been made in FY 2017 and FY 2018.

CEFC HK is not an interested person under Chapter 9 of the Listing Manual.

SGX Query 11

Page 11: Commentary at the date of the announcement of the significant trends and competitive conditions of the industry

The Company disclosed that "The Group has credit insurance policy and has not expected major default in its trade receivables". What is the amount insured and what are the circumstances that can be claimed under this insurance policy? Who is the insurer?

Company's response to SGX Query 11

The credit amount insured by the Group's French subsidiaries is approximately USD 8.42 million. The insurance can be claimed upon the final liquidation and/or confirmation that no further steps can be taken to recover the outstanding receivable. The insurer is Euler Hermes.

SGX Query 12

Page 11: Commentary at the date of the announcement of the significant trends and competitive conditions of the industry

Elaborate on the factors which affected Rizhao's business in China which resulted in its business not being affected during the COVID-19 pandemic, and the reasons why. Also provide Rizhao's business outlook for the next reporting period and the next 12 months.

Company's response to SGX Query 12

As announced in Q1 2020, Rizhao has continued to remain in business operation during the COVID-19 pandemic period in China. However, due to the impact from the COVID, the consumption of the refined oil and chemical products at Rizhao's premise has dropped greatly, resulting in a decline in the production scale of local refineries, then a slower turnabout of the crude oil, which resulted in a decrease in the revenue of Rizhao, from its loading and unloading services. On the other hand, there was an increased demand for oil storage due to decline of global oil prices. Hence, comprehensively speaking, the performance of Rizhao was not significantly affected in the first half of 2020.

For the next 12 months, with the continued depressed global oil prices, the demand for oil storage is expected to continue. In addition, following the gradual resumption of business, the consumption of refined oil products is expected to increase and this would in turn increase the consumption of crude oil and the turnabout of the storage handled by Rizhao. Intense competition is also foreseen with the completion of the fourth crude oil terminal and distribution network. Overall, Rizhao expects a slight improvement of performance on the next 12 months.

SGX Query 13

Page 13: Disclosure pursuant to Rule 706(A)

Provide an update on the Proposed Acquisition's conditions precedent, including the "waiver by the Singapore Exchange Securities Trading Limited ("SGX-ST") from the requirement to obtain shareholders' approval in respect of the Proposed Acquisition pursuant to Listing Rule 1014 of the SGXST's Listing Manual".

Company's response to SGX Query 13

Further to the Company's announcement on 3 July 2020 regarding the proposed acquisition of SAS Orceyre by the Company's French subsidiary ("**Proposed Acquisition**") and subsequent correspondences with the SGX-ST, the SGX-ST does not object that the exemption pursuant to Listing Rule 1014(2) of the SGX-ST's Listing Manual would apply to the Proposed Acquisition. Consequently, no shareholder approval was required for the Proposed Acquisition.

For and on Behalf of the Board of
AnAn International Limited

Shirley Tan
Company Secretary
11 October 2020