



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

RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON THE COMPANY’S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Board of Directors (“**Board**”) of AnAn International Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) wish to provide the following information in response to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 27 June 2023 to the Company’s Annual Report for the Financial Year ended 31 December 2021:

SGX-ST Query 1:

The Company announced on 15 June 2023 its Notice for AGM for the year ended 31 December 2021 (“FY2021”) for the AGM to be held on 30 June 2023. Please disclose how the Board has fulfilled its fiduciary duties and has ensured that the Board and the Company has complied with its obligations under its Constitution, its obligations to hold its FY2021 AGM within the timeline required under the Companies Act and under Listing Rule 707(1). Please disclose these relevant timelines and elaborate how the Board has fulfilled its obligations under the respective requirements.

Company’s Response:

The delay of holding the Company’s FY2021 AGM on 30 June 2023 was mainly due the delay of holding the Company’s FY2018, FY2019 and FY2020 AGM that held on 22 November 2022 as a result of change of auditors. Please refer to Company’s circular to the shareholders dated 17 September 2021 and minutes of special general meeting published on 3 November 2021. Please also refer to our announcements dated 16 April 2019, 25 April 2019, 29 April 2019, 19 June 2019, 8 August 2019 and 21 July 2020 in relation to the applications for extension of time hold the AGMs. The Company is a limited liability company domiciled and incorporated in Bermuda. The Company had applied and obtained approval for extension of time to hold FY2021 AGM on 30 June 2023 from the relevant regulatory authority in Bermuda.

In FY2020 AGM held on 22 November 2022, the Company obtained shareholders’ approval on re-appointment of Messrs RT LLP as the auditors of the Company for FY2021 audit. The Company also made announcement to inform shareholders on the indicative timeline for FY2021 audit on 6 March 2023. The target of the indicative timeline for FY2021 audit and FY2021 AGM are now met by the Company.

The Board has endeavoured to fulfil its obligations under the respective requirements and also expecting to hold FY2023 AGM in accordance with the respective requirements.

SGX-ST Query 2:

On page 19 of the Annual Report, it was disclosed that “The Board has also received assurance from the Executive Chairman and Management: a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances; and b) regarding the adequacy and effectiveness of the Company’s risk management and internal control systems.” Provision 9.2 of the Code of Corporate Governance (“CG Code”) recommends, inter alia, that the Board requires and discloses in the company's annual report that it has received assurance from: (a) the CEO and the Chief Financial Officer (“CFO”) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances.

To disclose whether the CFO of the Company has provided the assurance in provision 9.2 of the CG Code. Listing Rule 103(1) also requires issuers to have minimum standards of quality, operations, management experience and expertise and Listing Rule 719(1) requires an issuer to have, inter alia, adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. In this respect, please elaborate further on the identity, qualifications and experience of the person responsible for the finance function of the Company, and how the Board has ensured that the Company has adequate and effective internal controls in the financial functions.

Company’s Response:

The Company did not appoint CFO for FY2021 and the Financial Controller, Ms Tan Bee Huey, as the key management personnel, has provided the assurance in provision 9.2 of the CG Code.

Please find below the identity, qualifications and experience of the person responsible for the finance function of the Company for FY2021:

i) Identity:

-Ms Tan Bee Huey

ii) Qualifications:

-Chartered Accountant Singapore (CA Singapore)

iii) Experience:

-2012 – 2018

Director

Strategic Consultancy Pte Ltd

-2006 – 2012

Deputy Director, Finance

Singapore National Eye Centre

Based on the work done by the external auditors and the Group’s internal auditor for FY2021, and the various management controls put in place, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls and risk management systems, maintained by Management that were in place in FY2021 and up to the date of this FY2021 Annual Report, are adequate and effective.

SGX-ST Query 3:

Listing Rule 720(5) requires an issuer to have all directors submit themselves for re-nomination and re-appointment at least once every three years. In addition, Paragraph 9(b) of Appendix 2.2 requires that where a director is appointed either to fill a casual vacancy, or as an addition to the board, any director so appointed shall hold office only until the next annual general meeting of the Company, and shall then be eligible for re-election. (i) Please provide a tabulation of the Board members and how the Company is in compliance with Listing Rule 720(5) and Paragraph 9(b) of Appendix 2.2 of the Listing Manual. (ii) In addition, we note the disclosure that Mr. Toh Hock Ghim, an independent director, has been a director of the Company since 30 December 2011. Please elaborate on the steps, if any, that the Company has taken/will be taking to comply with Listing Rule 210(5)(d)(iv).

Company's Response:

As disclosed in page 10 of the Company's FY2021 Annual Report, the Nominating Committee ("NC") reviews the independence of each of the Independent Directors annually. As part of their review process, the NC requires the Independent Directors to complete and execute declaration forms in relation to their independence. These declaration forms are drawn up based on the guidelines on the Code. The NC reviewed declaration forms executed by the Independent Directors as well as any declaration which they may make to determine their respective independence. Pursuant to its review, the NC is of the view that all the Independent Directors are independent to the Group and the Management.

In addition, the Independent Directors exercise no management functions in the Company or any of its subsidiaries. Although all the Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in reviewing and monitoring the performance of executive management in meeting the Group's agreed goals and objectives and ensuring that the strategies proposed by the Management are fully discussed and rigorously examined taking into account the long-term interests, not only of the Shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Independent Directors also have no financial or contractual interests in the Group other than by way of their fees as set out in the Report of the Directors.

The NC has determined that Mr Toh Hock Ghim has demonstrated strong independence in character and judgement over the years in discharging his duties and responsibilities as an Independent Director. His continued presence as an Independent Board member will ensure best practices being followed and provide effective oversight and compliance to good corporate governance. Accordingly, the NC had recommended to the Board that Mr Toh Hock Ghim continues to be considered independent, notwithstanding he has served on the Board for more than nine years from the date of his first appointment. Mr Toh Hock Ghim, being a NC member, abstained from any discussion and voting on the matter. The Board had concurred with the NC's assessment. The Company had adopted the two-tier voting process ahead of the Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which came into effect on 1 January 2022, and Mr Toh Hock Ghim had voluntarily offered himself to be subject to the two-tier voting process at the Special General Meeting held on 17 February 2022 and was approved by shareholders for his re-appointment as Independent Director. In this respect, Mr Toh Hock Ghim will remain as Independent Director until the earlier of (a) his retirement or resignation or (b) the conclusion of the third AGM from the Special General Meeting held on 17 February 2022, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST with effect from 1 January 2022.

On 11 January 2023, SGX RegCo announced the change of listing rules to limit the nine years tenure of independent directors serving on the boards of listed companies and to remove the two-tier vote mechanism for listed companies to retain long-serving Independent Directors who have served for more than nine years. As a transition, independent director whose tenure exceeds the nine-year limit can continue to be deemed independent until the issuer's next AGM to be held in 2024, for the financial year ending on or after 31 December 2023. In view of this, Mr Toh Hock Ghim, who has served for more than 9 years will continue to be deemed independent until the Company's next AGM to be held in year 2024.

The Company has further disclosed in page 14 of the Company's FY2021 Annual Report that the re-election of Directors is held annually and in accordance with the Bye-laws of the Company. As set out in Bye-law 86(1) of the Company's Bye-laws, each Director shall retire at least once every three years and shall be eligible for re-election at each Annual General Meeting.

The Board has delegated to the NC the functions of developing and maintaining a transparent and formal process for the appointment of new directors, making recommendations for directors who are due for retirement by rotation to seek re-election at the subsequent general meeting and determining the independent status of each director.

According to the Company's Bye-laws, the NC has recommended to the Board that the following Directors be nominated for re-election at the forthcoming AGM. The Board has accepted the NC's recommendation and would table for re-election at the forthcoming AGM.

Bye-law 86(1)

Mr Toh Hock Ghim

The Company has also disclosed in page 26 of the Company's FY2021 Annual Report on the date of last re-election for the respective Director under the section "Particulars of Directors Pursuant to the Code of Corporate Governance".

In view of the Listing Rule 210(5) will take effect for the financial year ending on or after 31 December 2023 and the Board needs to be reconstituted, the NC is in the midst of identifying suitable qualified candidates to the Board for appointment as Independent Director as a replacement of Mr Toh Hock Ghim as at date of this FY2021 Annual Report. The Company will make the announcement for new appointment of Independent Director in due course.

SGX-ST Query 4:

On page 17 & 18 of the FY2021 Annual Report, the Company disclosed the remuneration of Tan Bee Huey as the sole key management of the Company. Please disclose who are the other key management referred to in the statement by the Company in Query 2 above ("The Board has also received assurance from the Executive Chairman and Management...") and disclose the remuneration of these key management, including the remuneration of the Chief Executive Officer, as required under Principle 8 of the CG Code and in accordance with the requirement under provision 8.1.

Company's Response:

As disclosed in page 18 of the Company's FY2021 Annual Report, due to the size of the Company, the Company did not have any other key management personnel in FY2021 save for Mr Zang Jian Jun (Executive Director and Executive Chairman) and Ms Tan Bee Huey (Financial Controller). As disclosed in page 12 of the Company's FY2021 Annual Report, the Company currently does not have a Chief Executive Officer.

SGX-ST Query 5:

On page 34 of the FY2021 Annual Report, the auditors stated that "As at 31 December 2021, the carrying value of the inventories stated on the consolidated financial statements is US\$106,221,000. Included in this amount is US\$34,247,000 which comprises Energy Certificate inventory of a subsidiary. We did not receive sufficient and appropriate audit evidence to complete our audit procedures as of the date of this report." Kindly explain how the Board has formed its view that that "the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and b) regarding the adequacy and effectiveness of the Company's risk management and internal control systems" when the auditors were not able to obtain sufficient and appropriate audit evidence. Please provide details to substantiate the director's claims and basis for their views and confirmation disclosed in the Annual Report.

Company's Response:

The Board of the Company has received assurance from the FY2021 audited consolidated financial statements of the subsidiary, Rompetrol Group who is 100% owning Dyneff Group, of which give a true and fair view of the consolidated financial statements in all material respects, issued by subsidiary's auditor Ernst & Young France. Besides, the Board of the Company also received reasonable assurance from the Internal Auditor, BDO France, that the subsidiary's risk management, internal controls systems and governance processes are adequate and effective. Both forms the Board's claims and basis for their views and confirmation disclosed in the FY2021 Annual Report.

The qualified opinion stated by Group' auditor, RT LLP, on not receive sufficient and appropriate audit evidence to complete their audit procedures as of date of the report was mainly due to audit timeline and cut off. The Board believes that it can be resolved in coming FY2022 audit with more time given for the Group's auditor's understanding on the topic and resolve the issue.

SGX-ST Query 6:

On page 34 of the FY2021 Annual Report, the auditors qualified their audit opinion relating to the Company's "investment at fair value through other comprehensive income ("FVOCI")" disclosing that "Included in this amount is US\$57,000 which comprises equity investment in Narbonnais Racing Club. We did not receive sufficient supporting documents to perform audit procedures on the equity investment in Narbonnais Racing Club." Please disclose the background of this equity investment, the date when this was acquired, the reasons for the acquisition, detailed reasons why the auditor was not provided with sufficient supporting documents and what documents were provided to the auditors which were deemed insufficient.

Company's Response:

The carrying value of this equity investment in Narbonnais Racing Club amounted to US\$57,000 from a subsidiary is immaterial which is 0.08% of the Group's net assets of US\$73.918 million as at 31 December 2021. It represents the shares that were acquired in a France local sports club by a subsidiary more than a decade ago. With no share certificate can be provided to Group auditors, the subsidiary will fully impair this investment in FY2022 in order to resolve the issue.

SGX-ST Query 7:

Listing Rule 715(2) states that the Company "must engage a suitable accounting firm for its significant foreign-incorporated subsidiaries and associated companies". We note that the Company stated on page 73 of its Annual Report that three of its foreign incorporated subsidiaries, Aneo SAS, TP Distribution Transport Sarl and ABC Carburants SAS were not audited.

With regard to these subsidiaries and providing basis for your responses:-

- (i) Please clarify whether these entities are significant foreign-incorporated subsidiaries an associated companies; and
- (ii) Please provide the Audit Committee and Board's basis of assessment for the lack of appointment of an external auditor.

Company's Response:

These three foreign incorporated subsidiaries ("3 companies") were not required to be audited by the law of the incorporation in France due to its sizes. The total equity value of these 3 companies was US\$2.76 million as at 31 December 2021 which is only 3.7% of the Group's consolidated net assets of US\$73.918 million as at 31 December 2021. Hence, these 3 companies are considered not significant foreign-incorporated subsidiaries to the Group.

The accounts of these 3 companies are prepared and maintained by an external firm of accountants that are subject to all the professional controls and standards applicable to these professions. With the internal financial controls of the subsidiary group and assurance given by external auditors and internal auditor, both Audit Committee and Board satisfied that lack of appointment of an external auditor for these 3 companies would not have any significant impact to the Group.

SGX-ST Query 8:

Listing Rule 710A(2) states that an issuer must describe in its annual report its board diversity policy, including the following: (a) the issuer's targets to achieve diversity on the board; (b) the issuer's accompanying plans and timelines for achieving the targets; (c) the issuer's progress towards achieving the targets within the timelines; and (d) a description of how the combination of skills, talents, experience and diversity of its directors serve the needs and plans of the issuer. Please disclose (i) the Company's board diversity policy addressing gender, skills and experience, and any other relevant aspects of diversity; (ii) the Company's specific targets for its board diversity policy, (iii) accompanying plans and timelines, (iv) its progress towards achieving targets within the timelines, as well as (v) how the combination of skills, talents, experience and diversity of its directors serve the needs and plans of the Company, as required under Rule 710A(2).

Company's Response:

The definition and importance of board diversity policy includes the range of skills, business and industry experience, gender, age, ethnicity, geographic background, length of service, and other distinctive qualities of the board members. The Company recognises that an effective board requires Directors to possess not only integrity, commitment, relevant experience, qualifications and skills in carrying out their duties effectively but also include diverse background towards promoting good corporate governance. In the process of searching for qualified persons to serve on the Board, the Nominating Committee ("NC") shall strive for the inclusion of diverse groups and the final decision on selection of directors will be based on merit against the objective criteria set and after giving due regard for the benefits of diversity on the Board. The Board comprises of Directors who possess the core competencies, experience and knowledge in business, finance and management skills critical to the Group's business and that each Director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. The Directors, having reviewed the composition of the Board, are satisfied that the present size and composition of the Board is effective for decision making. Further details of our Board's mix of expertise, background and experience are set out in the profile of each of our Board members found at pages 3 of the FY2021 Annual Report. However, the Board has not set up a policy on gender diversity, the Board recognized the need and any further progress made towards the implementation of the policy will be disclosed in further annual report.

The Company has disclosed in page 10 of the Company's FY2021 Annual Report that in general, the Board and the NC review the composition of the Board and the Board Committees regularly to ensure that they are well-constituted and comprise members of sufficient calibre and who contribute effectively to the Company. Pursuant to their review, the Board and the NC are of the view that the current size and composition of the Board are appropriate for effective decision-making, having taken into account the nature of the businesses and current scope of operations of the Group as the Directors are business leaders and professionals with industry background and/or financial backgrounds. The Board's composition also enables the Management to benefit from a diverse and objective external perspective when issues are brought before the Board for discussion. As majority of the Board comprises Independent Directors, the Company believes the Board is able to exercise independent judgment on corporate affairs and ensures that no one individual or groups of individuals dominate any decision-making process.

Although the Company is currently in the midst of setting up the board diversity policy, the Company has appointed Ms. Li Xiao Ming as the Independent Director of the Company on 17 February 2022. This appointment has added the diversity of gender to the current composition of the Board of the Company and representing 25% of the Board.

SGX-ST Query 9:

Listing Rule 711 states that an issuer must issue a sustainability report for its financial year, no later than 4 months after the end of the financial year, or where the issuer has conducted external assurance on the sustainability report, no later than 5 months after the end of the financial year. Please disclose when the Company will be publishing its Sustainability Report, and if it would be externally assured.

Company's Response:

The Company will be publishing its Sustainability Report by or on 29 December 2023.

BY ORDER OF THE BOARD

Zang Jian Jun
Executive Director and Executive Chairman
29 June 2023