



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

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

SGX-ST raised further queries to AnAn International Limited (“**Company**”, and together with its subsidiaries, collectively “**Group**”) in the light of the Company’s “Response to Queries by SGX-ST” announced on 20 April 2020. The Board of Directors (“**Board**”) of the Company responds to these further queries as follows.

SGX Query 1

Company’s response to SGX Query 2 – Royalties, software license and other taxes of US\$5,893,000

Provide a breakdown and details of these items, elaborating on the material items. In particular, provide details on the nature of royalties. Please elaborate on the nature and tenure of royalties, who were royalties paid to, what are the terms of the payments, and how the amount payable was determined.

Company’s response to SGX Query 1

The breakdown of the relevant items are as follows:

<u>Items</u>	<u>USD’000</u>	<u>%</u>
Usage Rights	3,591	61
French taxes and contributions	2,002	34
Various IT software licenses	165	3
Spanish taxes and contributions	92	1
Others	43	1
Total	<u>5,893</u>	<u>100</u>

It is clarified that the “usage rights” are paid to motorway companies for the usage of the petrol stations in France. Such usage rights were obtained through open tenders and would vary from petrol station to petrol station on a case-by-case basis.

SGX Query 2

Company's response to SGX Query 2 – Custom, Environmental protection and others of US\$4,878,000

Provide a breakdown and explain the nature of the payments of each of these items, and why they are classified as cost of sales.

Company's response to SGX Query 2

The breakdown of the relevant items are as follows:

<u>Items</u>	<u>USD'000</u>	<u>%</u>
Repair and maintenance of land, oil depots, tanks, pumps, electrical, equipment, office, etc	1,901	39
Fees for services in relation with Health and Safety, HR, Gas, etc	1,358	28
Environmental protection expenses incurred in France and Spain	1,043	21
Purchase, repair and maintenance of IT equipment	419	9
Others	157	3
Total	<u>4,878</u>	<u>100</u>

It is clarified that these “expenses” were previously classified and discussed as “selling and distribution” expenses and not as ‘cost of sales’.

SGX Query 3

Company's response to SGX Query 2 – Staff Cost of US\$22,750,000

- a) What is the staff strength of the French subsidiary?
- b) In the Company's FY2017 annual report, it was stated “Due to the size of the Company, the Company did not have any other key management personnel in FY2017 save for Mr Zang Jian Jun, Mr Zhao Guang Ming, Mr Liu Zhong Qiu, Mr Lu Da Chuan and Mr Ye Bin Lin. The details of remuneration paid to these key management personnel for their services are set out above in bands of S\$250,000.” We note that there was only one key management personnel who was paid less than S\$250,000. Please provide details on why staff cost amounted to US\$22,750,000 and US\$23,335,000 in FY2019 and FY2018 respectively. Who are these staff, and explain how their salaries amounted to such a significant amount but was not previously disclosed?

Company's response to SGX Query 3

- a) The staff strength of the Group's Subsidiaries in France and Spain is about 400 as at 31 December 2019.
- b) We wish to clarify that the staff costs in the amount of US\$22,750,000 and US\$23,335,000 for FY2019 and FY2018 respectively related only to staff in France and Spain. These were grouped into staff cost (including key management personnel compensation) for the Group as disclosed in Part 1a of the Company's Unaudited Financial Statements for the Period Ended 31 December 2019 released on 25 February 2020.

SGX Query 4

Company's response to SGX Query 6 – Minority shareholder of Rompetrol France SAS

- a) Please disclose the terms of the related party loans and what is the amount, the use of proceeds from these related party loans, interest rates, and maturity dates.
- b) Please clarify the relationship between Rompetrol and Dyneff.

Company's response to SGX Query 4

- a) We wish to clarify that the “loan from a related party at EURIBOR + 2% p.a of US\$7,025,000 as previously disclosed, is in fact a shareholder loan from the minority shareholder of Rompetrol France SAS, and such minority shareholder of Rompetrol France SAS is unrelated to the Group (apart from by reason of such minority shareholder's shareholding in Rompetrol France SAS). Such shareholder loan is intended for working capital purposes, and matures on 31 December 2020.
- b) Rompetrol France SAS is the 100% parent company of Dyneff SAS.

SGX Query 5

Company's response to SGX Query 8 – Goodwill arising from the acquisition of 3 companies by the Company's French subsidiary

Were the acquisitions of the 3 companies announced on SGXNet? Please advise how the Company has complied with Listing Rule 706(A).

Company's response to SGX Query 5

The Company's French Subsidiary, Dyneff SAS, made 1 share acquisition in 2018 for 100% of the shares of ETS Rossignol SAS, and 2 asset acquisitions in 2019. No announcements were previously made by the Company in respect of these acquisitions.

In relation to how the Company would have complied with Listing Rule 706(A) in respect of the share acquisition of ETS Rossignol SAS, please see the details set out below:

On 8 November 2018, Dyneff SAS acquired 100% of the following entity:

Name	:	ETS ROSSIGNOL SAS
Principal Activity	:	Distributor of refined petroleum products to professionals and private individuals
Country of incorporation	:	France
Paid-up Capital	:	EUR 8,000
Net asset value	:	EUR 277,982
Number of share(s)	:	500 ordinary shares of EUR16 each
Consideration	:	EUR 770,074

The consideration for the 100% share acquisition of ETS Rossignol SAS was satisfied wholly in cash, and was arrived at following arms' length negotiation between Dyneff SAS and the vendor on a willing-buyer-willing-seller basis, after taking into account the business plan for

ETS Rossignol SAS, the nature of the customer portfolio of ETS Rossignol SAS, and the location and maturity of the oil distribution market in France.

SGX Query 6

Company's response to SGX Query 9 – Amounts owing by COI members

We note that the Company's debts of HK\$1,164.7 million exceeded the combined debts of SPDB International Investment Management Ltd, China Huarong International Holdings Limited and LORWIN, who were appointed as members of the COI while the Company was not. Please explain why the Company was not allowed to be represented on the COI, despite the Company being a more significant creditor.

Company's response to SGX Query 6

As previously disclosed, the decision on the composition of the COI was decided by the Court of Hong Kong SAR, taking into account the size of the creditor and the need to ensure diverse representation. As such, the size of the creditor would not have been the sole criteria for the selection of the COI members.

SGX Query 7

Company's response to SGX Query 10 – Dispute between AnAn Group and VTB Bank

The Company disclosed in its response that "We wish to clarify that the Company is not involved in the dispute between AnAn Group and VTB bank, and consequently, the Company is not in a position to comment upon the details of the dispute between AnAn Group and VTB bank." If the Company is not involved in this dispute, please explain why this disclosure was made in the prospect statement of the Company in paragraph 10 of its FY2019 results announcement. Please explain how this impacts on the prospects of the company as disclosed in paragraph 10.

Company's response to SGX Query 7

It is clarified that the dispute between AnAn Group and VTB bank had led to the winding up of AnAn Group. The dispute was therefore disclosed because such winding up would have an adverse impact on the business and operations of the Group.

By Order of the Board

Zang Jian Jun
Executive Director and Executive Chairman
4 May 2020