



**Securities Investors Association (Singapore)**

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**Issuer:** AnAn International Limited

**Security:** AnAn International Limited

**Meeting details:**

Date: 28 June 2018

Time: 10.00 a.m.

Venue: Six Battery Road #10-01 Singapore 049909

**Company Description**

AnAn International Limited, an investment holding company, engages in the trading of petrochemical, and fuel oil and petroleum products. It offers crude oil; light ends products, such as LPG, NGLs, naphtha, gasoline, and blending components, etc.; middle distillates products, including kerosene and diesel; heavy ends products, such as vacuum gasoil, straight-run fuel oil, cracked fuel, asphalt, etc.; and chemical products comprising paraxylene, mixed xylenes, glycol, styrene, natural runner, etc. The company also operates petrol stations; and provides equity trust investment management and consulting services, including investment consulting, management consulting, and business information consulting. It operates in Europe, Singapore, Hong Kong, and the People's Republic of China. The company was formerly known as CEFC International Limited and changed its name to AnAn International Limited in September 2017. AnAn International Limited was incorporated in 2004 and is headquartered in Singapore. AnAn International Limited is a subsidiary of AnAn Group (Singapore) Pte. Ltd.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=Y35](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=Y35))

1. As noted in the Joint Chairman-CEO Statement, the group has diversified into the distribution of motor fuels, biofuels and other products in France and Spain with the acquisition of Dyneff and into financial services, namely factoring through a new 15% associated company, Yinxin Commercial Factoring Co., Ltd.

- (i) For the benefit of new and old shareholders, would the board (re)state the group's priorities and key targets in the next 3-5 years?**
- (ii) Given that the group has difficulties collecting the outstanding trade receivables of US\$125 million from a related party, how has the group's growth plans been affected?**
- (iii) Can the board/management also clarify if there are synergies between the group's wholesale business, distribution business and the financing business?**
- (iv) What is the track record and experience of the management team in the new business segments (the distribution of diesel in Europe and in financial services, specifically factoring in the PRC)?**

2. Would the board/management provide more clarity into the operational matters of the group? Specifically:

- (i) Dyneff: As the operations of Dyneff are based in Spain and France, what is management's level of control and oversight of Dyneff? Who is responsible for the day-to-day running of Dyneff and for the financial performance of Dyneff?**
- (ii) Wholesale business: Could management help shareholders understand the actual day-to-day business activities of the wholesale business in FY2017? Who are the suppliers and the major customers? What is the value proposition of the wholesale segment? How will the segment evolve going forward as the number of staff in the wholesale segment is scaled back?**
- (iii) Yinxin Commercial Factoring Co., Ltd.: What is the level of commercial due diligence carried out by the group prior to the investment into Yinxin? With a 15% stake in Yinxin, does management have any influence on the strategic direction and on the operational matters of Yinxin?**

3. The group has impaired trade receivables amounting to US\$124.52 million due from a related party. As at 31 December 2017, the group still has outstanding trade receivables from third parties of US\$135.8 million (gross).

As shown in Note 31a (page 82 – Financial instruments and financial risks: Credit risks), the group still has US\$131.4 million of trade receivables from the distribution business, of which \$108.1 million originate from customers in France and \$23.3 million from customers in Spain.

*Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring the country and industry profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period are as follows:

	Group	
	2017 US\$'000	2016 US\$'000
By country:		
Hong Kong	6,055	151,641
France	108,085	116,656
Spain	23,304	18,455
	137,444	286,752
By segments:		
Distribution	131,389	135,111
Wholesales	6,055	151,641
	137,444	286,752

(Source: Company annual report)

- (i) Can management justify in greater detail the existence of a large amount (US\$131.4 million) of trade receivables in the distribution business? Please explain the business model of the Dyneff's distribution business.**
- (ii) Can management also provide a breakdown of the distribution of the trade receivables by customers? What are the profiles of the customers?**
- (iii) Can management confirm that there are no other major customers that account for more than 5% of the outstanding trade receivables and that the group is not exposed to significant level of credit risk concentration?**