Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: AnAn International Limited

Stock code: Y35

Meeting details:
Date: 30 May 2024
Time: 2.30 p.m.
Venue: M Hotel Singapore 81 Anson Road, Singapore 079908 Anson I, Level 2

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Q1. For the financial year ended 31 December 2023, revenue declined by 19% to US$2.57 billion due to reduced sales volume and demand normalisation. The group's gross profit margin has also decreased from 4.7% to 4.5% due to heightened market competition faced by Dyneff. Profit attributable to owners of the company amounted to just US$5.63 million in 2023 (2022: US$21.15 million).

Based on the financial statements for the first quarter ended 31 March 2024 announced on 15 May 2024, revenue and gross profit continued to slip by 14% and 20% respectively, while selling and distribution expenses, and finance expenses increased by 32% and 86% respectively. The group reported a loss of US$(4.09) million in Q12024, with loss attributable to owners of the company amounting to US$(2.17) million.

(i) **Can management help shareholders better understand the consumer sentiments on the ground in France and Spain?**

(ii) **How similar or different are the two markets, and does the group have separate management teams addressing the unique market dynamics in each country?**

(iii) **What is the revenue split between France and Spain? Would management consider providing more detailed financial and operational performance data for France and Spain separately in the financial statements and annual report?**

(iv) **Could management provide a detailed analysis of how the recent declines in sales volumes and average prices have impacted the company's overall performance? What measures are being implemented to mitigate these effects and sustain profitability?**

(v) **How does Dyneff, as an independent energy distributor, compete with oil majors that have their own upstream assets as well as distribution networks, such as TotalEnergies, Esso, Shell, and Repsol?**

(vi) According to Dyneff's website, it has around 150 stations in France and approximately 50 in Spain. **Can management confirm the size of its network in the two countries and elaborate on the potential of organic growth? What is the strategy to increase its scale of operations, and what target has the board set for management?**

(vii) **Separately, can management elaborate on the group's long-term plans for the wholesale business?**

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Q2. As noted in his statement to shareholders, the chairman highlighted the group's plan to grow Dyneff's distribution business organically while pursuing acquisitions to transform the group into an energy service provider.

In the year, the group, through Dyneff SAS, acquired 100% equity interest in Travaux Forestiers Zaplotny SAS ("Travaux"), Neel Fraisse SAS ("Fraisse"), France Habitat Enr SAS ("Habitat") and Global 'Ethic Delta SAS ("GED") (See Note 35 Business combinations; page 116).

(i) **Can the board/management clarify if the company announced the acquisitions of Travaux, Fraisse and GED on SGXNet?** The acquisition of Habitat was announced on 3 September 2023 by the company[1,2].

Based on Note 35, the total consideration for the four newly acquired indirect subsidiaries was US$10.55 million, of which US$8.40 million has been allocated to goodwill.

(ii) **What guidance has the board given to management to ensure that the group does not overpay for its acquisitions?**

(iii) **Do the contractual agreements include safeguards such as earn-outs or contingent payments to better manage the risks associated with acquisitions?**

(iv) **Could the board elaborate on its perspective regarding global trends in decarbonisation and energy transition and discuss how these trends might impact the group's prospects?**

(v) **Can management provide shareholders with a comprehensive understanding of Dyneff's strategies to transform into an energy service provider? What are the key thrusts of the 5-year strategic plan?**

(vi) **Will management be providing an update on the group's operations and strategic growth plans at the AGM, and will this material be uploaded to SGXNet for the benefit of all stakeholders?**

[1] https://links.sgx.com/1.0.0/corporate-announcements/U2WXWHYED3MM8IJ2/6b8c41107b09bcbfc5429ee6d145fed40788c3d8a8b73c67082683bb9c0f7fde

[2] https://links.sgx.com/FileOpen/AAI%20-%20Completion%20of%20Acquisition%20-%20Final.ashx?App=Announcement&FileID=781080

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Q3. The group, through its wholly owned subsidiary, Singapore AnAn Petrochemical & Energy Pte Ltd ("SPE"), has outstanding trade receivables owning from a related party, amounting to:

- US$124.5 million after offsetting against amounts payable, due between 11 January 2018 aand 16 February;
- US$18.8 million due on 3 May 2018

These outstanding trade receivables continue to be overdue and have not been repaid. Despite the group sending a demand letter to the related party for immediate payment, the related party has not made any repayment and has not responded to the letter of demand.

As at 31 December 2023, the group had total trade receivables outstanding of US$142.9 million (2022: US$142.9 million) from the abovementioned related party. In 2018, the board and the management of the group had decided to fully impair these outstanding trade receivables, resulting in total impairment loss of US$(142.9) million recognised as at 31 December 2023.

This was because the related party has been placed under court-order winding up.

Nevertheless, management has stated that it will continue to closely monitor the situation and explore all possible options to recover these outstanding trade receivables.

(i) **Can the independent directors provide updates on the status of:**
  a. **Shanghai Huaxin Group (Hong Kong) Limited (上海华信集团（香港）有限公司) ("CEFC HK");**
  b. **CEFC Shanghai International Group Limited (上海华信国际集团有限公司) ("CEFC Shanghai"); and**
  c. **CEFC China Energy Company Limited (中国华信能源有限公司) ("CEFC China")?**

(ii) **What are the options available to the group/SPE to recover the outstanding amount from CEFC HK?**

(iii) **Have the independent directors rigorously conducted a post-mortem analysis to understand the factors contributing to the significant outstanding trade receivables owed by a related party? Have any areas of improvement been identified in internal controls and risk management?**

(iv) **Has the board held itself, the executive directors and/or senior management accountable for the actions that led to the impairment of trade receivables of US$142.9 million?**

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(v) **Separately, what are the board's plan for the company to recover the amount of US$3.1 million owed by the holding company, AnAn Group (Singapore) Pte Ltd (AAG), to the company?**

AAG is the majority and controlling shareholder of the company, holding a 63.8% stake. However, AAG itself is under liquidation since prior years.

(vi) **Can the independent directors help shareholders better understand the impact on the company from AAG's liquidation? Is there a risk that the company and its subsidiaries will be liquidated? Will AAG's stake in the company be sold or auctioned off by the Joint and Several Liquidators of AAG?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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