INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANAN INTERNATIONAL LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of AnAn International Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Qualified Opinion

This audit report included a similar qualification with respect to financial year ended 31 December 2021, as below:

<u>Opening balance of Energy Certificate Inventory</u>

As at 31 December 2021, the carrying value of the inventories stated on the consolidated financial statements was 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. As we were unable to carry out audit procedures to obtain sufficient and appropriate audit evidences on the Energy Certificate inventory, we were unable to ascertain completeness, accuracy, existence and valuation of Energy Certificate inventory as at 31 December 2021. Since opening inventories enter into the determination of the financial performance and cash flows for the year, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the consolidated statement of comprehensive income and the net cash flows from operating activities reported in the consolidated statement of cash flows.

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditor's report thereon, which we obtained prior to the date of this report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Report on the Audit of the Financial Statements (Cont'd)

Other information (Cont'd)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We are unable to obtain sufficient appropriate evidence about the matters as described in the Basis for Qualified Opinion section above. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matters</th><th>How the matter was addressed in the audit</th></tr>
<tr><td>
<u>Assessment of carrying values and impairment in investments in subsidiaries, associates, and joint ventures (JV)</u>

The Company's carrying amounts of the investments in subsidiaries (see Note 5) are as follows:

<table>
<tr><th></th><th>FY2022
US$'000</th><th>FY2021
US$'000</th></tr>
<tr><td>Unquoted equity shares, at cost</td><td>50,160</td><td>50,160</td></tr>
<tr><td>Impairment loss</td><td>(160)</td><td>(160)</td></tr>
<tr><td></td><td>50,000</td><td>50,000</td></tr>
</table>
The Group's investment in associates (see Note 6) as at 31 December 2022 is as follows:

<table>
<tr><th></th><th>FY2022
US$'000</th><th>FY2021
US$'000</th></tr>
<tr><td>Investment in associates</td><td>12,531</td><td>12,785</td></tr>
</table>
</td><td>
We considered the audit of management's assessment of the carrying values and impairment in investments, associates, and joint ventures to be a key audit matter due to the magnitude of the amount recognised in the financial statements and the assessment process involved significant management judgement and was based on assumptions that are based on expected future market and economic conditions.

Our audit procedures included the following:

• Obtained the latest management accounts and/or audited financial statements and reviewed the key financial information, such as, profit or loss for the period, net asset positions, cash flows, for indication of impairment and/or fair value.

• Obtained Company's impairment assessment and evaluated the reasonableness of the assessments for those investments that showed an indication of impairment.
</td></tr>
</table>

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

<table>
<tr><th>Key audit matters</th><th>How the matter was addressed in the audit</th></tr>
<tr><td>
<u>Assessment of carrying values and impairment in investments in subsidiaries, associates, and joint ventures (JV) (cont'd)</u>

The Group's investments in joint ventures are disclosed in Note 7 of the financial statements as follows:

<table>
<tr><td></td><td>FY2022
US$'000</td><td>FY2021
US$'000</td></tr>
<tr><td>Investment in joint ventures</td><td>44,899</td><td>45,154</td></tr>
</table>
</td><td>
• Reviewed the accounting treatment for the impairment.

Based on our work, the carrying value of investments have been properly assessed and impairment has been properly provided for in financial year ended 31 December 2022.
</td></tr>
<tr><td>
<u>Impairment assessment of goodwill</u>

As at 31 December 2022, the Group's carrying amount for goodwill amounting to US$ 14,342,000 is disclosed in Note 4.

Goodwill acquired through business combinations that have been allocated to the Group's cash-generating units ("CGU"), which are also the reportable operating segments for impairment testing as follows:

AnAn Assets Management & Equity Investment (Hong Kong) Co., Limited. ("AnAn AM") distribution segment

The Group allocated the entire goodwill from its investment in AnAn AM to one CGU, which is the distribution segment managed under AnAn AM. The key assumptions for the value in use calculations are the discount rate, terminal growth rate, projected revenue and direct costs during the forecasted period. The recoverable amount of the CGU is based on their value in use, computed by discounting the expected future cash flows of the CGU.
</td><td>
We considered the audit of management's impairment assessment of the goodwill to be a key audit matter due to the magnitude of the amount recognised in the financial statements and the assessment process involved significant management judgement and was based on assumption that are based on expected future market and economic condition. Based on the impairment test, management assessed that the goodwill was not impaired as at 31 December 2022.

As part of our audit, we performed the following:

• Assessed and tested the appropriateness of the methodology and key assumptions such as discount rate, terminal growth rate and data used by the management by comparing them to external data such as market growth expectations.

• Assessed the future cash flow projections by reviewing robustness of management's budgeting process by comparing historical budget against actual results.

• Assessed the adequacy of the disclosure made on the impairment assessment in Note 4 to the financial statements.
</td></tr>
</table>

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matters	How the matter was addressed in the audit
Acquisition of new subsidiaries As disclosed in Note 35, the Group has acquired during the current financial year 100% equity interest in the following entities through its 51% owned indirect subsidiary Dyneff SAS: • Geraud Tampier Sarl ("Geraud") • David Recoules SAS ("David") • Alegri Sarl ("Alegri") The acquisitions of Geraud, David and Alegri were each determined to be a business combination and were accounted for using the acquisition method.	We considered the audit of management's acquisition of new subsidiaries to be a key audit matter due to the significant level of estimation and judgement involved in determining the data and assumptions. As part of our audit, we performed the following: • Reviewed and assessed that the management has complied with IFRS 3 Business Combinations when adopting the accounting treatments with respect to the acquisition of the new subsidiaries. • Reviewed the presentation and preparation of consolidated financial statements when an entity controls one or more other entities under IFRS 10 Consolidated Financial Statements

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the subsidiary corporation incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Kenneth Ng Boon Chong.

RT LLP
Public Accountants and
Chartered Accountants

Singapore
30 November 2023

4. INTANGIBLE ASSETS

Group	Lease premium	Goodwill	Customer relationships	Software	Land use rights	Concessions and similar rights	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost							
As at 1 January 2021	70	12,895	1,605	1,024	623	639	16,856
Additions	-	-	-	226	-	22	248
Write-off	-	-	-	(36)	-	(2)	(38)
Reclassification	-	-	-	105	-	(105)	-
Acquisition of subsidiaries	-	1,610	380	-	-	212	2,202
Transfer from property, plant and equipment (Note 3)	-	-	-	458	35	-	493
Currency translation differences	(5)	(727)	-	(106)	(49)	(55)	(942)
As at 31 December 2021	65	13,778	1,985	1,671	609	711	18,819
As at 1 January 2022	65	13,778	1,985	1,671	609	711	18,819
Additions	-	-	79	74	-	240	393
Write-off	(40)	-	-	(11)	(459)	(6)	(516)
Acquisition of subsidiaries	-	1,085	433	-	-	15	1,533
Currency translation differences	(4)	(521)	(57)	(93)	(42)	(35)	(752)
As at 31 December 2022	21	14,342	2,440	1,641	108	925	19,477

4. INTANGIBLE ASSETS (CONT'D)

Group	Lease premium	Goodwill	Customer relationships	Software	Land use rights	Concessions and similar rights	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Accumulated amortisation and impairment losses							
As at 1 January 2021	13	-	-	190	592	377	1,172
Charge for the year	31	-	-	363	14	54	462
Reclassification	-	-	-	53	-	(53)	-
Write-off	-	-	-	(36)	-	(2)	(38)
Acquisition of subsidiaries	-	-	-	-	-	135	135
Currency translation differences	(2)	-	-	(29)	(46)	(27)	(104)
As at 31 December 2021	42	-	-	541	560	484	1,627
As at 1 January 2022	42	-	-	541	560	484	1,627
Charge for the year	-	-	-	317	13	83	413
Write-off	(40)	-	-	(11)	(459)	(6)	(516)
Acquisition of subsidiaries	-	-	-	-	-	15	15
Currency translation differences	(2)	-	-	(25)	(39)	(27)	(93)
As at 31 December 2022	-	-	-	822	75	549	1,446
Net carrying amount							
As at 31 December 2022	21	14,342	2,440	819	33	376	18,031
As at 31 December 2021	23	13,778	1,985	1,130	49	227	17,192

4. INTANGIBLE ASSETS (CONT'D)

Impairment tests for goodwill

Goodwill acquired through business combinations have been allocated to the Group's cash-generating units ("CGU"), which are also the reportable operating segments for impairment testing as follows:

	Group	
	2022	2021
	US$'000	US$'000
AnAn Assets Management & Equity Investment (Hong Kong) Co., Limited. ("AnAn AM") distribution segment	14,342	13,778

The Group allocated the entire goodwill from its investment in AnAn AM to one CGU, which is the distribution segment managed under AnAn AM. The key assumptions for the value in use calculations are the discount rate, terminal growth rate, projected revenue and direct costs during the forecasted period. The recoverable amount of the CGU is based on their value in use, computed by discounting the expected future cash flows of the CGU.

Management estimates the discount rate using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the CGU. Cash flow projections are based on the approved 1-year budget and projected forecast for year 2 to year 5 using a 3% (2021: 3%) historical growth rate. The management then uses a perpetuity valuation model with terminal growth rate of 1% (2021: 1%) and weighted average cost of capital of 8.4% (2021: 8.4%) to discount the enterprise to its present value.

Impairment is recognised in the consolidated statement of profit or loss and other comprehensive income when the carrying amount of the operating segment exceeds its recoverable amount.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for the AnAn AM distribution segment, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying amount of the operating segment to exceed their recoverable amount, and no impairment of goodwill is required for the financial year ended 31 December 2022.

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	US$'000	US$'000
Unquoted equity shares, at cost	50,160	50,160
Impairment loss	(160)	(160)
	50,000	50,000

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(i) Details of the subsidiaries

Name of companies	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2022 %	2021 %
Held by the Company				
Singapore AnAn Petrochemical & Energy Pte. Ltd. ("SPE") [(a)]	Trading	Singapore	100	100
Hong Kong China Energy Finance Service Co., Limited. ("HKCEFS") [(b)]	Investment holding	Hong Kong	100	100
AnAn Assets Management & Equity Investment (Hong Kong) Co., Limited ("AnAn AM") [(b)]	Investment holding	Hong Kong	100	100
Held through HKCEFS				
Shanghai Dajiang Shenyuan Equity Investment Fund Management Co., Ltd. [(h)]	Equity trust investment and consultancy services	People's Republic of China ("PRC")	100	100
Held through AnAn AM				
Rompetrol France SAS. [(c)]	Investment holding	France	51	51
Held through Rompetrol France SAS				
Dyneff SAS. [(c)]	Distribution of petroleum products	France	51	51
Held through Dyneff SAS				
DPPLN SAS [(c)]	Storage and distribution of marine oil products	France	51	51
Dyneff Retail [(c)]	Operation of petrol stations	France	51	51
Dyneff Gas Stations Network SL [(h)]	Dormant	Spain	51	51
Dyneff Espana S.L.U [(d)]	Distribution of petroleum products	Spain	51	51
Dyneff Trading S.L.U [(h)]	Operation of petrol stations	Spain	51	51
Combustibles De Cerdagne SAS [(c)]	Distribution of petroleum products	France	51	51
Boissonnade Combustibles SAS [(c)]	Distribution of petroleum products	France	51	51
Ets Rossignol SAS [(c)]	Distribution of petroleum products	France	51	51
Plantier SAS [(c)]	Distribution of petroleum products	France	51	51
Natgas France SAS [(e)]	Wholesale distributor of natural gas	France	51	51
Orceyre SAS [(f)]	Distributor of refined petroleum products	France	51	51
Aneo SAS [(h)]	Installer of heating systems and equipment	France	36	36
Etablissement Aubac SAS [(g)]	Distributor of refined petroleum products	France	51	51
TP Distribution Transport Sarl [(h)]	Transporter of petroleum products	France	51	51
ABC Carburants SAS [(h)]	Distributor of refined petroleum products	France	51	51

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(i) Details of the subsidiaries (Cont'd)

Name of companies	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2022 %	2021 %
Held through Dyneff SAS (Cont'd)				
Geraud Tampier Sarl [h] [i]	Distributor of refined petroleum products	France	51	-
David Recoules SAS [h] [i]	Distributor of refined petroleum products	France	51	-
Alegri Sarl [h] [i]	Distributor of refined petroleum products	France	51	-

[a] Audited by RT LLP, Singapore
[b] Audited by East Asia Sentinel Ltd, Hong Kong
[c] Audited by Ernst & Young et L Associés, France
[d] Audited by Ernst & Young S.L, Spain
[e] Audited by Grant Thornton, France
[f] Audited by A-A-Arverne Audit, France
[g] Audited by GEXCO - FIDOC, France
[h] Not required to be audited by the law of the country of incorporation
[i] Acquired during the financial year

(ii) Non-controlling interests

The Group has the following subsidiary that has NCI that are material to the Group as at 31 December 2022 and 2021.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest		Profit allocated to NCI during the reporting period		Accumulated NCI at the end of reporting period		Dividends paid to NCI	
		2022	2021	2022	2021	2022	2021	2022	2021
		%		US$'000		US$'000		US$'000	
Rompetrol France SAS	France	49	49	22,583	6,765	51,502	29,610	1,078	-

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(ii) Non-controlling interests (Cont'd)

Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Rompetrol France SAS	
	2022	**2021**
	US$'000	**US$'000**
Assets		
Current assets	350,866	340,601
Non-current assets	116,332	99,508
	467,198	440,109
Liabilities		
Current liabilities	(311,372)	(329,097)
Non-current liabilities	(42,337)	(37,567)
	(353,709)	(366,664)
Net assets	113,489	73,445

Summarised statement of comprehensive income

	Rompetrol France SAS	
	2022	**2021**
	US$'000	**US$'000**
Revenue	3,185,835	1,926,396
Expenses	(3,120,134)	(1,906,268)
Profit before income tax	65,701	20,128
Income tax expense	(19,751)	(4,856)
Profit after tax, representing total comprehensive income for the year	45,950	15,272

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(iii) Impairment of investment in subsidiary

As at 31 December 2022, the Company's wholly owned subsidiary, Singapore AnAn Petrochemical & Energy Pte. Ltd. ("SPE"), had fully provided for its outstanding trade receivables of US$143 million (2021: US$143 million) owing from a related party (Note 10). As a result, the Company had also fully provided for its investment in SPE amounting to US$160,000 (2021: US$160,000).

6. INVESTMENT IN ASSOCIATES

	Group	
	2022	2021
	US$'000	US$'000
Investment in associates	12,531	12,785

The details of the associates are as follows:

Name of companies	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2022	2021
			%	%
Held through Dyneff SAS				
DP FOS SA [(a)]	Storage of petroleum products	France	4.93	4.93
SPR SA [(b)]	Storage of petroleum products	France	8.49	8.49
Held through Shanghai Dajiang Shenyuan Equity Investment Fund Management				
Yinxin Commercial Factoring Co., Ltd [(c)]	Factoring and consulting activities	China	15	15

(a) Audited by Financiere Saint Honore, France
(b) Audited by Mazars, France
(c) Audited by Zhong Xi Certified Public Accountants, People's Republic of China

The movements in the Group's investment in associates are as follows:

	Group	
	2022	2021
	US$'000	US$'000
Carrying amount of interest in associates at beginning of the year	12,785	12,906
Share of results of associates, net of tax	561	415
Exchange difference	(815)	(536)
Carrying amount of interest in associates at end of the year	12,531	12,785

The associates are equity accounted.

The profit arising from the Group's investments in these associates in 2022 is US$16,479,000 (2021: US$12,886,000) and there is no other comprehensive income arising from these associates.

6. INVESTMENT IN ASSOCIATES (CONT'D)

The summarised financial information of the Group's material associates based on its IFRS financial statements and reconciled with the carrying amount of the investment in the consolidated financial statements are as follows:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Revenue	64,268	66,734
Profit from continuing operations	16,713	12,452
Other comprehensive income	-	-
Total comprehensive income	16,713	12,452
Non-current assets	65,998	73,296
Current assets	59,812	61,612
Non-current liabilities	(29,954)	(31,143)
Current liabilities	(12,102)	(19,259)
Net assets	83,754	84,506

7. INVESTMENT IN JOINT VENTURES

	Group	
	2022	**2021**
	US$'000	**US$'000**
Investment in joint ventures	44,899	45,154

The details of the joint ventures are as follow:

Name of joint ventures	**Principal activities**	**Country of incorporation**	**Effective equity interest held by the Company**	
			2022	**2021**
			%	**%**
Held through HKCEFS				
Rizhao Port Gold Brick Oil Storage and Transportation Corporation Limited [a]	Oil storage and transportation	People's Republic of China	49	49
Held through Dyneff SAS				
BAE [b]	Distribution of biocarburant products	France	25.5	25.5
EPPLN SAS [b]	Storage of petroleum products	France	25.5	25.5

(a) Audited by Shine Wing Certified Public Accountants, People's Republic of China
(b) Audited by KPMG LLP, France

7. INVESTMENT IN JOINT VENTURES (CONT'D)

The Group has 49% (2021: 49%) interest in the ownership and voting rights in a joint venture, Rizhao Port Gold Brick Oil Storage and Transportation Corporation Limited that is held through a subsidiary of the Group, and represents the Group's joint venture. This joint venture is incorporated in the People's Republic of China and is a strategic venture in the oil storage and transportation business. The Group jointly controls the venture with another partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

The summarised financial information of the Group's material joint ventures based on its IFRS financial statements and reconciled with the carrying amount of the investment in the consolidated financial statements are as follows:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Revenue	55,610	46,719
Profit from continuing operations	1,427	1,327
Total comprehensive income	1,427	1,327
Non-current assets	124,777	138,002
Current assets	9,627	24,211
Non-current liabilities	(42,596)	(33,441)
Current liabilities	(9,038)	(41,111)
Net assets	82,770	87,661

The movements of the Group's interest in joint ventures during the year are as follows:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Carrying amount of interest in joint ventures at beginning of the year	45,154	45,897
Profit from continuing operations	699	650
Exchange difference	(954)	(1,393)
Carrying amount of interest in joint ventures at end of the year	44,899	45,154

11. INVENTORIES

	Group	
	2022	2021
	US$'000	US$'000
Trading inventories at fair value less costs to sell	82,425	72,592
Others	24,663	33,629
	107,088	106,221

Trading inventories at fair value less costs to sell are categorised within Level 1 of the fair value hierarchy under IFRS 13 *Fair Value Measurement.*

The Group participates in a 'cap and trade' scheme in various countries. Under the scheme, at the beginning of each year the government in each country sets specific annual limits for emitting pollutants and grants the Group the respective number of energy certificates. The Group can settle its annual obligation created by the emission of pollutants only by surrendering energy certificates by a specified date, which is usually within 12 months after the reporting date. If the Group's annual emissions are below the limit, then it can sell the remaining certificates to other parties on a trading platform. Conversely, if the annual emissions exceed the limit, then the Group purchases additional certificates to settle its obligation. Historically, the Group has emitted less pollutants than its annual allocation of emissions certificates from the government and the carrying amount of energy certificates amounting to US$24,663,000 (2021: US$34,247,000) is reflected in Inventory.

The Group recognises energy certificates as inventory. Emissions certificates received from the government are initially measured at fair value, which is determined based on the market price of certificates traded on the platform at that date. Emissions certificates purchased on the trading platform are initially measured at cost.

35. BUSINESS COMBINATIONS

During the current financial year, the Group acquired 100% equity interest in Geraud Tampier Sarl ("Geraud"), David Recoules SAS ("David") and Alegri Sarl ("Alegri") through its 51% owned indirect subsidiary, Dyneff SAS, of which, is 100% owned by Rompetrol France SAS (together with its subsidiaries, the "Rompetrol Group").

Geraud, David and Alegri, newly acquired indirect subsidiaries of the Group, are distributors of refined petroleum products to professionals and private individuals. The acquisitions were made pursuant to the 5-year strategic plan implemented by the Rompetrol Group. The objective of the 5-year strategic plan is to extend the Rompetrol Group's geographical coverage of oil products distribution.

In 2021, the Group acquired 100% equity interest in ABC Carburants SAS ("ABCC") through its 51% owned indirect subsidiary, Dyneff SAS, of which, is 100% owned by Rompetrol Group at provisional goodwill of US$584,000. This acquisition was accounted for using the acquisition method where the Group performed a provisional price allocation ("PPA") exercise in financial year ended 2021. The provisional PPA was finalised in 2022.

35. BUSINESS COMBINATIONS (CONT'D)

(i) Geraud, David and Alegri

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	2022 US$'000
(a) Purchase consideration and consideration transferred for the business	
Cash paid	2,414
(b) Effect of cash flows of the Group	
Cash paid (as above)	2,414
Less: Cash and cash equivalents in subsidiary acquired	(908)
Cash outflow on acquisition	1,506
(c) Identifiable assets acquired and liabilities assumed	
Property, plant and equipment (Note 3)	367
Intangible assets (Note 4)	433
Financial assets, at FVPL	8
Inventories	605
Income tax receivable	2
Cash and cash equivalents	908
Total assets	2,323
Trade and other payable	(864)
Income tax payable	-
Loans and borrowings	(130)
Total liabilities	(994)
Total identifiable net assets	1,329
Add: Goodwill	1,085
Consideration transferred for the business	2,414
Composition	
Customers relationships	433
Goodwill arising on consolidation	1,085
Intangible asset (Note 4)	1,518

35. BUSINESS COMBINATIONS (CONT'D)

(i) Geraud, David and Alegri (Cont'd)

(d) Goodwill

The goodwill of US$151,000, US$274,000 and US$63,000 arising from the acquisition of Geraud, David and Alegri respectively are attributable to the distribution network in France and the synergies expected to arise from the economies of scale in combining the management and operation of the Dyneff SAS with those of Geraud, David and Alegri. It is not deductible for tax purposes.

The increase in goodwill of US$597,000 arising from the acquisition of ABCC is attributable to the fair value adjustments after the provisional PPA was finalised in 2022.

(e) Revenue and profit contribution

Geraud
The acquired business contributed revenue of US$6,523,000 and net profit of US$101,000 to the Group from the period from 2 May 2022 to 31 December 2022.

If the acquisition of Geraud had been completed on the first day of the financial year, group revenue for the year would have been US$3.20 billion and group profit would have been US$43.88 million.

David
The acquired business contributed revenue of US$3,197,000 and net loss of US$45,000 to the Group from the period from 9 June 2022 to 31 December 2022.

If the acquisition of David had been completed on the first day of the financial year, group revenue for the year would have been US$3.19 billion and group profit would have been US$43.66 million.

Alegri
The acquired business contributed revenue of US$Nil and net profit of US$Nil to the Group from the period from 14 October 2022 to 31 December 2022.

If the acquisition of Alegri had been completed on the first day of the financial year, group revenue for the year would have been US$3.19 billion and group profit would have been US$43.73 million.

35. BUSINESS COMBINATIONS (CONT'D)

During the financial year ended 31 December 2021, the Group acquired 100% equity interest in Etablissement Aubac SAS ("Aubac"), TP Distribution Transport SAS ("TPDT") and ABC Carburants SAS ("ABCC") through its 51% owned indirect subsidiary, Dyneff SAS, of which, is 100% owned by Rompetrol France SAS (together with its subsidiaries, the "Rompetrol Group").

Aubac and ABCC, newly acquired indirect subsidiaries of the Group, are distributors of refined petroleum products to professionals and private individuals. The acquisitions were made pursuant to the 5-year strategic plan implemented by the Rompetrol Group. The objective of the 5-year strategic plan is to extend the Rompetrol Group's geographical coverage of oil products distribution.

TPDT, the newly acquired indirect subsidiary of the Group, is a transport company which provides rental services for trucks of which are used for distributing oil products to external companies. The acquisitions were made as part of the 5-year strategic plan implemented by the Rompetrol Group. This strategic plan includes investments in new areas of business in order to gain expertise and knowledge on other areas of the energy sector and reinforce its logistics independence.

In 2020, the Group acquired 70% equity interest in Aneo SAS ("Aneo") through its 51% owned indirect subsidiary, Dyneff SAS, of which, is 100% owned by Rompetrol Group at provisional goodwill of US$2,109,000. This acquisition was accounted for using the acquisition method where the Group performed a provisional price allocation ("PPA") exercise in financial year ended 2020. The provisional PPA was finalised in 2021.

35. BUSINESS COMBINATIONS (CONT'D)

(i) Aubac, TPDT and ABCC

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	2021 US$'000
(a) Purchase consideration and consideration transferred for the business	
Cash paid	4,072
(b) Effect of cash flows of the Group	
Cash paid (as above)	4,072
Less: Cash and cash equivalents in subsidiary acquired	(2,307)
Cash outflow on acquisition	1,765
(c) Identifiable assets acquired and liabilities assumed	
Property, plant and equipment (Note 3)	296
Intangible assets (Note 4)	457
Financial assets, at FVPL	12
Inventories	484
Trade and other receivables	1,062
Income tax receivable	19
Cash and cash equivalents	2,307
Total assets	4,637
Trade and other payable	(690)
Income tax payable	(92)
Loans and borrowings	(1,257)
Total liabilities	(2,039)
Total identifiable net assets	2,598
Add: Goodwill	1,610
Less: Non-controlling interest measured at the non-controlling interest's proportionate share of Aneo's net identifiable assets	(136)
Consideration transferred for the business	4,072
Composition	
Customers relationships	380
Concessions and similar rights	77
Goodwill arising on consolidation	1,610
Intangible asset (Note 4)	2,067

35. BUSINESS COMBINATIONS (CONT'D)

(i) <u>Aubac, TPDT and ABCC (Cont'd)</u>

(d) Goodwill

The goodwill of US$1,276,000 and US$584,000 arising from the acquisition of Aubac and ABCC respectively are attributable to the distribution network in France and the synergies expected to arise from the economies of scale in combining the management and operation of the Dyneff SAS with those of Aubac and ABCC. It is not deductible for tax purposes.

The goodwill of US$68,000 arising from the acquisition of TPDT is attributable to the gaining of business expertise and knowledge on logistic area in the energy sector as part of diversification plan of the Group. It is not deductible for tax purposes.

The decrease in goodwill of US$318,000 arising from the acquisition of Aneo is attributable to the fair value adjustments after the provisional PPA was finalised in 2021.

(e) Revenue and profit contribution

Aubac
The acquired business contributed revenue of US$5,916,000 and net profit of US$133,000 to the Group from the period from 20 July 2021 to 31 December 2021.

If the acquisition of Aubac had been completed on the first day of the financial year, group revenue for the year would have been US$1.94 billion and group profit would have been US$11.95 million.

TPDT
The acquired business contributed revenue of US$Nil and net profit of US$Nil to the Group from the period from 10 November 2021 to 31 December 2021.

If the acquisition of TPDT had been completed on the first day of the financial year, group revenue for the year would have been US$1.93 billion and group profit would have been US$11.64 million.

ABCC
The acquired business contributed revenue of US$Nil and net profit of US$Nil to the Group from the period from 1 December 2021 to 31 December 2021.

If the acquisition of TPDT had been completed on the first day of the financial year, group revenue for the year would have been US$1.93 billion and group profit would have been US$11.97 million.