AnAn International Limited
安安国际有限公司

2019
Annual Report

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AnAn International Limited ("AnAn International" or the Company") is a company listed on the Main Board of the Singapore Exchange (stock code: Y35).

AnAn International is primarily engaged in investment holding in the energy industry. AnAn International and its subsidiaries ("the Group") is staying focus on investments holding of its oil distribution business in France and Spain as well as the oil storage and transportation business in China.

Besides focusing and monitoring on the core business in oil distribution business, AnAn International continues to explore potential business opportunities which have high potential value and are able to deliver good investment returns by using conservative risk management approach. AnAn International strives to strengthen the Group's earnings base and generate value for its stakeholders.

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors (the "Board") of AnAn International Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present to you our Annual Report 2019 for the financial year ended 31 December 2019 ("FY2019").

Operational and Financial Review

With focusing on core business, the Group's revenue in FY2019 was mainly contributed by oil distribution business in France and Spain. The Group's revenue decreased by 17% from US$2.03 billion in FY2018 to US$1.68 billion in FY2019. This was mainly due to depressed global oil prices though the volume of sales remained high in FY2019.

The Group reported a gross profit of US$55.09 million in FY2019 compared to US$56.07 million in FY2018. The decrease of US$0.98 million or 2% was mainly due to slight reduction in the gross profit generated from the oil distribution business in Dyneff.

The Group's other income was reduced by US$3.21 million from US$4.65 million to US$1.44 million due mainly to management service provided to AnAn Group (Singapore) Pte Ltd in FY2018 being discontinued in FY2019.

The Group's selling and distribution expenses and administrative expenses were reduced in FY2019 but the Group's finance costs increased due mainly to increase in interest expenses as a result of higher bank borrowings resulted in overall a net loss of US$1.69 million for the Group in FY2019. Compared with a net loss of US$18.8m in FY2018, the Group's FY2019 performance was improved as a result of no further significant impairment for trade receivables was needed in FY2019.

Looking Forward

The Group is conducting a thorough review on the situation each year, and we are working to revamp the overall business strategy and structure for it to reflect our current functioning, profit generating businesses, with the possible addition of other businesses. Besides focusing and monitoring on the core business in oil distribution business, the Group continues to explore potential business opportunities which have high potential value and are able to deliver good investment returns by using conservative risk management approach. The Group strives to strengthen its earnings base and generate value for its stakeholders.

Seek Your Understanding

While many factors are beyond our control, we will remain diligent, prudent pragmatic and prospecting other strategic options. We will keep shareholders updated on all our major developments. The silver lining is that the moderate economic growth globally, especially in Europe, would continue in 2020, providing favourable market conditions for Dyneff's distribution business.

On behalf of the Board of Directors, we would like to seek our shareholders' understanding in the current situation, and seek your continued support in the management and the Group. We hope to preserve shareholders' value as best as we can, and lead AnAn International to the next phase of growth.

Zang Jian Jun
Executive Chairman

Mr. Zang Jian Jun

Mr. Zang Jian Jun was appointed to the Board as Executive Director on 4 January 2012. Mr. Zang was further appointed as Chief Executive Officer on 3 December 2012 (he stepped down as Chief Executive Officer on 17 February 2015) and to the Board as Executive Chairman on 2 December 2013. Mr. Zang has over twenty years of experience in the petrochemical industry and has a very extensive network. From August 2006 to March 2011, Mr. Zang was the General Manager of CEFC Beijing International Energy Co.,Ltd, in charge of establishing corporate strategy and general operating strategy. From June 1999 to July 2006, Mr. Zang was the Executive Vice General Manager in Hebei Grand Port Chemical Limited Corporation. At the same time, he was also the International Trading Manager responsible for the company's importing projects which involved both the upstream and downstream sectors. From October 1996 to May 1999, he was the International Trading Manager in Hebei Ideal Group Corporation. From June 1995 to September 1996, Mr. Zang was the Business Manager in Hebei Baoding International Trading Company.

Mr. Toh Hock Ghim

Mr. Toh Hock Ghim was appointed to the Board as an Independent Director on 30 December 2011 and serves as Chairman of Nominating Committee and a member of Remuneration Committee and Audit Committee. He joined the Singapore Ministry of Foreign Affairs in 1966. He had served in the embassies of Singapore in many countries including the Philippines, Thailand, Malaysia and Vietnam. In 1989, he served as Deputy Director and later as Director in the ASEAN Directorate in the Singapore Foreign Ministry. He also served as Singapore's Ambassador to Vietnam from 1994 to 2002. In addition, he was Consul-General in Hong Kong and Macao from February 2002 to December 2007. Upon his return from Hong Kong and Macao, he was appointed Senior Adviser to the Singapore Foreign Ministry. Beyond these public appointments, he also holds appointments in the corporate sector. He is the Chairman of Singapore- listed DiSa Limited and a Director of The Fullerton Hotel Singapore. Mr. Toh Hock Ghim obtained his Bachelor of Arts (Political Science) Degree from the University of Singapore in 1966.

Mr. Siow Hung Jui

Mr. Siow Hung Jui was appointed to the Board as an Independent Director on 17 February 2022 and serves as Chairman of Audit Committee and a member of Nominating Committee and Remuneration Committee. Mr Siow is a veteran banker with more than 25 years' experience. He has deep knowledge of the commodities markets and has strong industry contacts ranging from traders, producers, shipping companies, tank operators and financial institutions. Mr Siow left the banking industry in 2019 with his last position being Head of Commodity Trade Finance Asia in Societe Generale, He has since been active in the oil trading business and is currently holding a number of concurrent roles as a Director at TIS Petroleum (Asia) Pte Ltd and as a Business Consultant at Singfar International Pte Ltd. The former is a crude and oil products trader while Singfar is a shipping logistics provider and trader of oil products. Mr Siow graduated from the University of Bradford with a Bachelor of Commerce (Business and Management Studies) in 1999.

Ms. Li Xiao Ming

Ms. Li Xiao Ming was appointed to the Board as Independent Director on 17 February 2022 and serves as Chairman of Remuneration Committee and a member of Nominating Committee and Audit Committee. Ms Li has about 33 years of experience in the oil and gas industry. As a Senior Economist with the China National United Oil Corporation, she participated in various important work conferences, including annual work meetings with bureau leaders and cadres, drafting of leadership speeches, reports and documents for the production and operation of each oil field. In addition, she also participated in investigations and researches on oilfield companies. During her stint with the company's risk control department, she strengthened the management of joint venture projects by the company through the formulation and implementation of internal measures and was responsible in the recovery of the company's foreign debts. As the company's general counsel, she oversaw the legal affairs department of the company and was responsible in the team's participation and negotiation of legal contracts. She is currently an arbitrator with the Beijing Arbitration Commission and has handled more than 130 civil and commercial disputes. Ms Li graduated with an Executive Masters in Business Administration from the National University of Singapore in 2021.

Corporate Information

BOARD OF DIRECTORS

Mr. Zang Jian Jun
(Executive Director / Executive Chairman)
(appointed on 4 January 2012)

Mr. Toh Hock Ghim
(Independent Director)
(appointed on 30 December 2011)

Mr. Siow Hung Jui
(Independent Director)
(appointed on 17 February 2022)

Ms. Li Xiao Ming
(Independent Director)
(appointed on 17 February 2022)

AUDIT COMMITTEE

Mr. Siow Hung Jui (Chairman)
Mr. Toh Hock Ghim
Ms. Li Xiao Ming

REMUNERATION COMMITTEE

Ms. Li Xiao Ming (Chairman)
Mr. Toh Hock Ghim
Mr. Siow Hung Jui

NOMINATING COMMITTEE

Mr. Toh Hock Ghim (Chairman)
Mr. Siow Hung Jui
Ms. Li Xiao Ming

COMPANY SECRETARY

Ms. Shirley Tan Sey Liy (FCS, FCG)

BERMUDA RESIDENT REPRESENTATIVE AND SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street,
Hamilton HM11,
Bermuda

REGISTERED OFFICE

Clarendon House, 2 Church Street,
Hamilton HM11,
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

10 Anson Road,
#17-12 International Plaza,
Singapore 079903
Tel: (65) 6223 1471

SINGAPORE SHARE TRANSFER AGENT

B.A.C.S Private Limited
77 Robinson Road,
#06-03 Robinson 77,
Singapore 068896
Tel: (65) 6593 4848

AUDITOR

RT LLP
297 South Bridge Road,
Singapore 058839
Partner-in-charge: Mr. Ravinthran Arumugam FCA
(appointed with effect from 12 October 2021)

The Board of Directors ("**Board**") and the Management ("**Management**") of AnAn International Limited ("**Company**", and together with its subsidiaries, "**Group**") are committed to maintaining a high standard of corporate governance and endeavour to comply with the principles and guidelines of the Code of Corporate Governance 2018 ("**Code**").

The Board and the Management believe that corporate governance is as a fundamental part of its responsibilities to promote corporate transparency and protects and enhances shareholders' value.

This report outlines the Group's corporate governance practices and processes with specific reference to the guidelines of the Code that were in place during the financial year ended 31 December 2019 ("**FY2019**"). The Board notes that the Company has generally complied with the spirit and intent of the Code but in areas where the Company deviates from the Code, the rationale is provided.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board's primary function of the Board is to provide leadership to the Group, protect and enhance the long-term value and returns for its shareholders. The Board's roles include but are not limited to the following:

a) providing entrepreneurial leadership;

b) setting and approving policies and strategies of the Group;

c) establishing goals for the Management, monitoring the achievement of these goals and reviewing the Management's performance;

d) reviewing the remuneration packages of the Directors and key executives;

e) reviewing and approving the financial performance of the Group including its quarterly and full year financial results announcements;

f) reviewing the adequacy and effectiveness of the Company's risk management, internal controls and the financial information reporting systems;

g) approving the nomination of Directors and appointments to the Board and/or the Board Committees (i.e., the Audit Committee ("**AC**"), the Nominating Committee ("**NC**"), and the Remuneration Committee ("**RC**") (collectively, "**Board Committees**");

h) authorising major transactions such as fund-raising exercises and material acquisitions;

i) setting the Company's values and standards, and ensuring that obligations to shareholders and others are understood and met;

j) assuming responsibility for corporate governance of the Group; and

k) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets.

The Executive Directors supervise the management of the business and affairs of the Company. However, meetings of the Board are still held and/or resolutions in writing of the Board are circulated for matters which require the Board's approval, including, but are not limited to the following:

a) review of the annual budget and the performance of the Group;

b) review of the key activities and business strategies;

c) approval of the corporate strategy and direction of the Group;

d) approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person transactions;

e) material acquisitions and disposals;

f) corporate or financial restructuring and share issuances;

g) declaration of dividends and other returns to Shareholders; and

h) appointments of new Directors or key personnel.

The Directors all have the right core competencies and diversity of experience which enable them to effectively contribute to the Group. The experience and competence of each Director contributes to the overall effective management of the Group.

All the Directors bring their independent judgement, diversified knowledge and experience to bear on issues of strategy, performance, resource and standards of conduct and are fiduciaries obliged to act in good faith and to take objective decisions in the best interest of the Group and hold the Management accountable for performance. The Directors facing conflicts of interest would recuse themselves from discussions and decisions involving the issues of conflict. The Directors would abstain from voting and decision involving the conflict-related matters.

A formal document setting out the following guidelines has been adopted by the Board:

a) the matters reserved for the Board's decision; and

b) clear directions to Management on matters that must be approved by the Board.

Board Processes

To assist in the execution of its responsibilities and to facilitate effective management, the Board has established the Board Committees. The effectiveness of each Board Committee is constantly monitored. All the Board Committees are actively engaged and played an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance, taking into consideration the changes in the corporate governance and legal environment. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lie with the entire Board. The Board has also established a framework for the management of the Group including a system of internal control.

Since 1 January 2019 and the date of this report, there has been a change to the composition of the Board Committees of the Company. A summary of the changes to the composition of the Board Committees are as set out below:

Name of Director	Date of Appointment	Date of Cessation	Audit Committee	Nominating Committee	Remuneration Committee
Ooi Hoe Seong	30 December 2011	17 February 2022	Chairman	Member	Member
Ling Chi	7 February 2013	17 February 2022	Member	Member	Chairman
Wong Joo Wan	25 October 2019	16 April 2020	Member	Member	Member
Siow Hung Jui	17 February 2022	N/A	Chairman	Member	Member
Toh Hock Ghim	30 December 2011	N/A	Member	Chairman	Member
Li Xiao Ming	17 February 2022	N/A	Member	Member	Chairman

The Board is committed to hold regular meetings to review the Company's operations and as and when required, it will not hesitate to hold additional meetings to address any specific significant matters that may arise. Formal Board meetings are held at least four times a year to, among others, approve the quarterly and full year results announcements and to oversee the business affairs of the Group. The schedule of all the Board and Board Committees meetings for a calendar year is usually given to all the Directors well in advance in accordance with the Terms of Reference. The Board is free to seek clarification and information from Management on all matters within their purview. Details of the number of meetings held during FY2019 are also set out below for your reference.

The agenda for all meetings of the Board and Board Committees were prepared in consultation with the Board.

Standing items include the management report, financial reports, strategic matters, governance, business risk issues and compliance. Executives were from time to time invited to attend the Board meeting to provide updates on operational matters. Further to the above, the Board also discussed matters relating to the Company in informal settings and written resolutions were also circulated amongst the Board members to decide appropriate actions to be taken in relation to the Company's operations.

The Bye-laws of the Company allows the Directors to participate in meetings of the Board and/or Board Committees by telephone conference or by means of similar communication equipment whereby all persons participating in the meetings are able to communicate as a group, without requiring the Directors' physical presence at the meetings.

The Board and Board Committees also circulate written resolutions to its members to regulate the business operations of the Company. The Board also conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

Board and Board Committees Meetings held in FY2019

The number of meetings held by the Board and Board Committees and attendance during FY2019 are as follows:

	Board	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
No. of meeting held	**2**	**4**	**1**	**1**
Name of Directors	**Attended**	**Attended**	**Attended**	**Attended**
Zang Jian Jun	2	–	–	–
Ooi Hoe Seong(1)	1	3	–	–
Toh Hock Ghim	2	4	1	1
Ling Chi(2)	2	3	1	1
Wong Joo Wan(3)	1	1*	–	–

* By invitation

Notes:

(1) Mr Ooi Hoe Seong had resigned from the Board with effect from 17 February 2022. Details of his resignation were contained in an announcement released via SGXNet on 17 February 2022.

(2) Ms Ling Chi had resigned from the Board with effect from 17 February 2022. Details of her resignation were contained in an announcement released via SGXNet on 17 February 2022.

(3) Mr Wong Joo Wan was appointed as the Non – Executive Director on 25 October 2019 Details of his appointment were contained in the announcement released via SGXNet on 29 October 2019.

Matters Requiring Board Approval

The Board's approval is required for matters such as:

a) all announcements of the Group released via the SGXNet, in particular the Group's quarterly and annual financial results;

b) the corporate strategy and direction of the Group, including major corporate policies on key areas of operations;

c) interested person transactions;

d) material acquisitions and disposals;

e) corporate and financial restructuring, including mergers and joint ventures;

f) major investments;

g) declaration of interim dividends and proposal of final dividends; and

h) appointments of new Directors and senior management.

i) All other matters are delegated to the Board Committees whose actions are reported to and monitored by the Board.

Training of Directors

All the newly appointed Directors were given an orientation to familiarise them with the Group's business and governance practices. In addition, they were each provided with a memorandum setting out the duties and obligations of a director of a listed company.

All Directors appointed to the AC were also provided with the Guidebook for Audit Committee in Singapore issued by the Audit Committee Guidance Committee. Directors are also encouraged to attend seminars and training courses to assist them in executing their obligations and responsibilities to the Company. Details of seminars and courses held by the Singapore Accounting and Corporate Regulatory Authority ("**ACRA**"), Singapore Institute of Directors and Singapore Exchange Securities Trading Limited ("**SGX-ST**") are sent to the Directors via email for their consideration. In view that there were changes to the Board's composition since 1 January 2019 and the date of this report, the newly appointed Directors have attended and/or registered themselves for the Listed Entity Director Essentials course provided by Singapore Institute of Directors ("**SID**"). In addition, the Directors have also registered themselves with the SID for the ESG – Environmental, Social and Governance Essentials. The Directors is endeavours to complete these courses within year 2022.

Further to the above, the Directors are also provided with updates on the relevant new laws, regulations and changing commercial risks in the Group's operating environment through regular presentations and meetings or via email. Directors also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of business operations.

News releases issued by the SGX-ST and ACRA which are relevant to the Directors are circulated to the Board. The Company Secretary informed the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

A formal letter of appointment would be furnished to every newly-appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as member of the Board.

Access to information and Management and Company Secretary

To enable the Board to fulfil its responsibilities, the Board members will receive from the Management with adequate and timely information for Board and Board Committees meetings on an on-going basis. The Board and Board Committees papers include financial, business and corporate matters of the Group so as to enable the Directors to be properly briefed on matters to be considered at the Board and Board Committees meetings and to make informed decisions.

Directors are given separate and independent access to the Group's Management and Company Secretary to address any enquiries. The Directors have separate and independent access to the Management and Company Secretary. Directors may seek professional advice in furtherance of their duties and the costs will be borne by the Company. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

The Company Secretary and/or her representative assists the Chairman and the Chairman of each Board Committees in the development of the agendas for the various Board and Board Committees meetings. They ensure good information flows within the Board and Board Committees, and between Management and Independent Directors, advising the Board on all corporate governance matters, as well as facilitating orientation and assisting with professional development as required. Minutes of all meetings are prepared by the Company Secretary and will be circulated respectively to the Board and Board Committees for their review and approval.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Since 1 January 2019 and the date of this report, there has been a change to the composition of the Board of the Company. A summary of the changes to the composition of the Board are set out below:

Name of Director	Position	Date of Initial Appointment	Date of Cessation
Zang Jian Jun	Executive Director and Executive Chairman	4 January 2012	N/A
Toh Hock Ghim	Independent Director	30 December 2011	N/A
Siow Hung Jui	Independent Director	17 February 2022	N/A
Li Xiao Ming	Independent Director	17 February 2022	N/A
Ooi Hoe Seong	Lead Independent Director	30 December 2011	17 February 2022
Ling Chi	Independent Director	7 February 2013	17 February 2022
Wong Joo Wan	Non – Executive Director	25 October 2019	16 April 2020

During FY2019 and as at the date of this report, the Board comprised three Independent Directors, all having the right core competencies and diversity of experience which enable them to effectively contribute to the Group. The experience and competence of each Director contributes to the overall effective management of the Group. With the introduction of Rule 710(A) of the SGX-ST Listing Manual effective from 1 January 2022, the Board will endeavour to maintain a board diversity policy that addresses gender, skills and experience, and any other relevant aspects of diversity, and describe such policy in its Annual Report for the financial year ending 31 December 2022.

There is presently a strong and independent element on the Board with one (1) Executive Director and three (3) Independent Directors on the Board. The Company is in compliance with the Provision 2.2 of the Code and Rule 210(5)(c) of the Listing Manual of the SGX-ST.

For key information on these Directors, please refer to their profiles set out in this Report. Information relating to their respective shareholdings in the Company is also disclosed in the Report of the Directors contained in this Report.

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.

Further to the above, the 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.

For avoidance of doubt, the criterion of independence is based on the definition given in the Code and Rule 210(5)(d) of the Listing Manual of the SGX-ST. The Board considers an "independent" director as one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

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.

The Company co-ordinates informal meeting sessions for Independent Directors to meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

The NC has reviewed the size and composition of the Board. The NC is satisfied that after taking into account the scope and nature of operations of the Group in the year under review, the current Board size is appropriate and effective. The Board and the NC will continue to review the composition of the Board on an annual basis to ensure that the Board continues to have members who would be able to provide the Board with an appropriate mix of expertise and experience, and that the Board collectively possesses the necessary core competencies for effective functioning and informed decision-making.

In the event that a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new director with particular skills, the NC, in consultation with the Board, shall determine the selection criteria and select candidates with the appropriate expertise and experience for the position. In particular, the Board and the NC took into consideration the following factors:

a) the Board should comprise a sufficient number of directors to fulfil its responsibilities and who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer- based experience or knowledge. (This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified);

b) the Board should comprise a majority of non-executive directors, with at least half of the Board made up of independent non-executive directors;

c) the Board should have enough directors to serve on various committees of the Board without overburdening the Directors or making it difficult for them to fully discharge their responsibilities; and

d) the number of listed company board representations and other principal commitments of each Director when assessing whether each Director is able to adequately carry out his/her duties to the Company.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of the Chairman and the CEO are separated to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

As at the date of this report, Mr Zang Jian Jun holds the position as the Company's Executive Chairman.

The Executive Chairman leads the Board and is responsible for the management of the Board. He develops and instils core corporate values into the Group. He also provides guidance and mentorship to the Management.

The Company currently does not have a Chief Executive Officer. In the interim, the Board and the Management will take a more direct involvement in the affairs of the Company pending the appointment of the new Chief Executive Officer. The role of the Chief Executive Officer was to carry out the strategic plan agreed by the Board. He is also responsible for the day-to-day running of the Group's business. In addition to this, his role is also to develop an achievable and a sustainable business model for the Group.

All major decisions made by the Executive Chairman and Chief Executive Officer are under the purview of the Board.

Each of the Executive Chairman's and Chief Executive Officer's performance and appointment to the Board are also reviewed periodically by the NC while their remuneration packages are reviewed periodically by the RC. In addition, at least half of the Board is made up of the Independent Directors to ensure independent review of the Management's performance. As such, the Board believes that the power is not unduly concentrated in the hands of one individual nor is there any compromised accountability and independent decision-making as all major decisions and policy changes are conducted through the respective Board Committees, which are chaired by Independent Directors.

Given the Chairman's independence, separation of roles between the Chairman and CEO, and a majority of independence on the Board, the Board is of the view that there are adequate safeguards and checks in place to ensure the objective assessment of the Group's ongoing affairs. The current structure also facilitates a decision-making process by the Board that is based on the collective decision of all Directors, without any concentration of power or influence residing in any one individual. In view of this, the appointment of a Lead Independent Director is not considered by the Board to be necessary.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC is chaired by Mr Toh Hock Ghim and its members include Mr Siow Hung Jui and Ms Li Xiao Ming.

The primary functions of the NC are as follows:

a) to identify candidates and review all nominations for the appointment or reappointment of members of the Board and Chief Executive Officer of the Group, and to determine the selection criteria therefore;

b) to ensure that all Board appointees undergo an appropriate induction programme;

c) to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;

d) to identify gaps in the mix of skills, experience and other qualities required in an effective Board and to nominate or recommend suitable candidates to fill these gaps;

e) to decide whether a Director is able to and has been adequately carrying out his duties as director of the Company, particularly where the Director has multiple board representations;

f) to review the independence of each Director annually;

g) to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval; and

h) to assess the effectiveness of the Board as a whole.

The NC is also responsible for ensuring that the existing Directors contribute a blend of relevant experiences to the Board and have core competencies to effectively manage the Company. In view that some of the Directors may serve on multiple boards, the NC also performs annual evaluation to determine if such Director is able to commit to the Company effectively despite his other commitments.

As part of their review, the NC noted the following engagements of the existing Directors:

Name of Director	Current Directorship in other Listed Companies	Past Directorship in other listed companies (for the last three years)
Zang Jian Jun	–	–
Toh Hock Ghim	Disa Limited (formerly known as Equation Summit Limited)	Hon Corporation Limited; FDG Kinetic Limited (listed on SEHK); and Auralite Investment Inc. (Listed on TSX Venture Exchange)
Siow Hung Jui	–	–
Li Xiao Ming	–	–

For the financial year under review, the NC is of the view that the Independent Directors of the Company are independent (as defined in the Code) and are able to exercise judgment on the corporate affairs of the Group independent of the Management.

The Code recommends that listed companies fix the maximum number of board representations on other listed companies that their directors may hold and to disclose this in their annual report. Details of other directorships and other principal commitments of the Directors can be found in the particulars of directors in this report. In determining whether each Director is able to devote sufficient time to discharge his or her duties, the NC has taken cognizance of the recommendations under the Code, but is of the view that its assessment should not be restricted to the number of board representations of each Director and their other principal commitments per se. The contributions by the Directors to and during meetings of the Board and relevant Board Committees as well as their attendance at such meeting are also holistically assessed and taken into account by the NC.

In addition, the Board did not fix the maximum number of listed company board representations and other principal commitments which any Director may hold as currently. The NC and the Board will review the requirement to determine maximum number of listed Board representations as and when it deemed fits.

After reviewing the disclosures made by the Directors as well as their performances for FY2019, the Board is of the view that the Directors have been able to devote adequate time and attention to the affairs of the Company and they have been able to fulfil their duties as directors to the Company. For FY2019, the NC has also noted that the Group has not employed any person who is a relative of a Director, Chief Executive Officer or Substantial Shareholder of the Company.

In the event that the Board needs to be reconstituted, the NC is responsible for nominating suitable candidates to the Board for appointment as Director, if the nominee is able to fill up the core competencies and expertise which the existing Board lacks. The NC will seek candidates widely and beyond persons directly known to the Directors and is empowered to engage professional search firms and also give due consideration to candidates identified by any persons. In its search and nomination process for new directors, the NC will also have, at its disposal, search companies, personal contacts and recommendations, to cast its net as wide as possible for the right candidates.

For any appointment of a new director to the Board, the NC would, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The NC does so by first evaluating the existing strengths and capabilities of the Board, assess the likely future needs of the Board, assess whether this need can be fulfilled by the appointment of one person and if not, then to consult the Board with respect to the appointment of two persons, seek likely candidates widely and source resumes for review, undertake background checks on the resumes received, narrow this list of resumes to a short list and then to invite the shortlisted candidates to an interview which may include a briefing of the duties required to ensure that there are no expectation gaps. The NC will interview all potential candidates in frank and detailed meetings and make recommendations to the Board for approval.

The NC may engage consultants to undertake research on, or assess, candidates applying for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities.

The Board will consider the potential candidates and Directors newly appointed by the Board are appointed by way of resolutions passed by the Board, following which they are subject to election by Shareholders at the next Annual General Meeting immediately following their appointment and thereafter, they are required to retire once every three years under Bye-law 86 of the Company's Bye-laws.

Re-election of Directors

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 85(6)

Mr Siow Hung Jui
Ms Li Xiao Ming

Bye-law 86(1)

Mr Zang Jian Jun
Mr Toh Hock Ghim

There is no Alternate Director being appointed to the Board.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

To ensure that the Board contributes effectively to the Group, the NC evaluates the Board's performances using assessment forms Including:

- Board Evaluation Form as a whole
- Individual Director Evaluation Form
- AC Evaluation Form
- NC Evaluation Form
- RC Evaluation Form

The NC also takes into consideration the skills and experience of each Director to ensure that the Directors appointed are able to assist the Company and the Group adequately. The assessment on the Board is both quantitative and qualitative in nature. To assess the contribution of each individual Director, the factors evaluated by the NC include but are not limited to:

a) his/her participation at the meetings of the Board;

b) his/her ability to contribute to the discussion conducted by the Board;

c) his/her ability to evaluate the Company's strength and weaknesses and make informed business decisions;

d) his/her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;

e) his/her compliance with the policies and procedures of the Group;

f) his/her performance of specific tasks delegated to him/her;

g) his/her disclosure of any related person transactions or conflicts of interest; and

h) for Independent Directors, his/her independence from the Group and the Management.

In addition to its constant evaluation of the Board's performance, the NC also assesses annually the performances and contributions of the Director that is to be re-appointed at the Annual General Meeting as well as the effectiveness of its Board Committees.

Based on the NC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board during FY2019. No external facilitator was used in the evaluation process.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises Ms Li Xiao Ming as its Chairman and Mr Toh Hock Ghim and Mr Siow Hung Jui as its members.

Notwithstanding the above, the Group may appoint individuals as new Directors and as members of the RC if they are found to be suitable after a review by the existing Board and NC.

The responsibilities of the RC include the following:

a) to attract, retain and reward well-qualified people to serve the Group by pegging remuneration and benefits at competitive rates;

b) to review Directors' fees to ensure that they are at sufficiently competitive levels;

c) to reward staff based on their merit and performance through annual merit service increments;

d) to review and advise the Board on the terms of appointment and remuneration of its members and senior management of the Group;

e) to review the terms of the employment arrangements with management so as to develop consistent group wide employment practices subject to regional differences; and

f) to recommend to the Board in consultation with the Management and the Chairman of the Board, any long-term incentive scheme.

The RC reviews and recommends to the Board for approval the fees and remuneration of all Directors (including the Executive Chairman and Chief Executive Officer). No Director is involved in deciding his own remuneration.

The RC will be provided with access to professional advice on remuneration matters, as and when necessary. The expenses of such services shall be borne by the Company. No remuneration consultants were appointed for the remuneration matters.

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of Executive Directors and key management executives to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance. As part of its review, the RC shall ensure that:

a) all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind should be covered;

b) the remuneration packages should be comparable with comparable companies within the industry, shall include a performance-related element; and

c) the remuneration package of employees related to Directors or Controlling Shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

The members of the RC have not and will not participate in any decision concerning their own remuneration.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Group's remuneration policy is to provide compensation packages appropriate to attract, retain and motivate the Directors and key personnel required to run the Group successfully.

In setting remuneration packages, the RC will take into consideration the prevailing economic situation, the pay and employment conditions within the industry and in comparable companies. As part of its review, the RC will ensure that the performance related elements of remuneration form a significant part of the total remuneration package of the Executive Directors and is designed to align the Executive Directors' interests with those of Shareholders and link rewards to corporate and individual performance.

In determining the remuneration of the Independent Directors, the RC will ensure that the level of remuneration is appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the Independent Directors. The RC will ensure that Independent Directors are not overcompensated to the extent that their independence may be compromised. The Board will, if necessary, consult experts on the remuneration of Independent Directors. The Board will recommend the remuneration of the Independent Directors for approval at the Annual General Meeting.

Currently, the Company does not have any long-term incentive scheme for its Directors and key managements.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

A breakdown of the Directors' remuneration from the Company for FY2019 is set out below:

Remuneration Band and Name of Directors	Fees (%)	Salary (%)	Bonus (%)	Others (%)	Total (%)
Below S$250,000					
Zang Jian Jun	–	92	8	–	100
Ooi Hoe Seong[(1)]	100	–	–	–	100
Toh Hock Ghim	100	–	–	–	100
Ling Chi[(2)]	100	–	–	–	100
Wong Joo Wan[(3)]	100	–	–	–	100

Notes:

(1) Mr Ooi Hoe Seong resigned from the Board with effect from 17 February 2022.

(2) Ms Ling Chi resigned from the Board with effect from 17 February 2022.

(3) Mr Wong Joo Wan was appointed as the Non – Executive Director on 25 October 2019.

Details of remuneration paid to the key management personnel (who are not Directors or the Chief Executive Officer) which identified for the FY2019 are set out below:

Remuneration Band and Name of Key Management Personnel	Fees (%)	Salary (%)	Bonus (%)	Others (%)	Total (%)
Below S$250,000					
Tan Bee Huey	100	–	–	–	100

Due to the size of the Company, the Company did not have any other key management personnel in FY2019 save for Mr Zang Jian Jun, Mr Wong Joo Wan and Ms Tan Bee Huey. In view of the confidentiality and sensitivity attached to remuneration matters, the details of remuneration paid to these key management personnel for their services are set out above in bands of S$250,000 without aggregate of total remuneration paid to the key management personnel.

For FY2019, there were no terminations, retirement or post-employment benefits granted to Directors and relevant key management personnel other than the standard contractual notice period and termination payment in lieu of service.

The Board is of the view that given the sensitive and confidential nature of employees' remuneration, detailed disclosure on the key management personnel is not in the best interests of the Company and the Group. Such disclosure would disadvantage the Group in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing among the employees of the Group.

The Company also did not employ any employees who are immediate family members of a Director, the Chief Executive Officer or Substantial Shareholders in FY2019.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board acknowledges that it is responsible for the overall systems of risk management and internal controls but recognises that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board notes that no systems of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. The Company's systems of risk management and internal controls provide reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The Company does not have a Risk Management Committee. However, the Board is currently assisted by the AC and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies

The AC shall, on behalf of the Board, conduct regular review of the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls, put in place by Management.

The external auditors will highlight any significant deficiencies in internal control over the areas that are significant to the audit. Such significant internal control deficiencies noted during their audit and recommendation, if any, are reported to the AC. Subsequently, the AC will follow up to review the actions taken by the Management to address the deficiencies based on the said recommendations of the external auditors.

The Group has in place a management structure with clear reporting lines and delegation of authority to carry out its operations. Management monitors the performance, operating effectiveness and efficiency of the Company's internal control practices through their day-to-day involvement in the Group's operations.

The Board, at least annually, review the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls.

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.

Based on the work done by the external auditors 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 FY2019 and up to the date of this report, are adequate and effective.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC is chaired by Mr Siow Hung Jui and its members include Mr Toh Hock Ghim and Ms Li Xiao Ming. All members of the AC bring with them invaluable managerial and professional expertise in the financial and/or business management spheres.

In general, the Group may appoint individuals as new Directors and as members of the AC if they are found to be suitable after a review by the existing Board and NC.

All AC members, including the AC Chairman, are independent and non-executive directors. In addition, no former partner or director of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation, has acted as a member of the AC.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with updates being given by the external auditors. Specifically, for any changes to the accounting and financial reporting standards, the AC is kept updated annually or from time to time by the external auditors.

The AC assists the Board in discharging their responsibility to safeguard the assets, maintain adequate accounting records, and review the adequacy and effectiveness of systems of risk management and internal controls, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Company. The AC meets as and when required to discuss and review the following matters:

a) the audit plans of the external auditors of the Company, and their reports arising from the audit;

b) the adequacy of the assistance and cooperation given by the Company's management to the external auditors;

c) the financial statements of the Company and the consolidated financial statements of the Group;

d) the quarterly and annual announcement of the results of the Group before submission to the Board for approval;

e) the adequacy and effectiveness of the Group's systems of risk management and internal controls including financial, operational, compliance and information technology controls;

f) legal and regulatory matters that may have material impact on the financial statements, compliance policies and programmes and any reports received from regulators;

g) the cost effectiveness, independence and objectivity of the external auditor;

h) the approval of compensation to the external auditor;

i) the nature and extent of non-audit services provided by the external auditor;

j) the recommendation to the Board for the appointment or re-appointment of the external auditor of the Company;

k) any suspected fraud and irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact to the Group's operating results or financial position and the Management's response;

l) to report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate;

m) interested person transactions to ensure that the current procedures for monitoring of interested party transactions have been complied with; and

n) reviewing the adequacy and effectiveness of the internal audit function.

The AC is authorised to investigate any matter within its terms of reference, and has full access to the management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any executive director or executive management to attend its meetings.

The AC will provide a channel of communication between the Board, the Management and the external auditors of the Company on matters relating to audit. The Company had obtained the shareholders' approval at the Special General Meeting held on 8 January 2019 to change the auditors from Ernst & Young LLP to Crowe Horwath First Trust LLP. The Company's auditors were subsequently change from Ernst & Young LLP to RT LLP via the Special General Meeting held on 12 October 2021. RT LLP is an auditing firm registered with the ACRA and it was in charge of auditing the Company and all its subsidiaries except for that which audit is not required in FY2019.

The AC has reviewed the work performed by RT LLP after taking into consideration the guidelines set out in the "Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors" issued in July 2010 by SGX-ST and ACRA and the "Guidance to Audit Committees on ACRA's Audit Quality Indicators Disclosure Framework" introduced by ACRA. After taking into consideration the adequacy of the resources and experience of RT LLP (including the audit partner in charge of auditing the Company), the other audit engagements of RT LLP, the number and experience of supervisory and professional staff assigned to review the Group as well as the size and complexity of our Group, the AC and the Board were satisfied that Rules 712 and Rule 715 together with Rule 716 of the SGX Listing Manual have been complied with and were of the view that RT LLP have been able to assist the Company in meeting its audit obligations. On this basis, the AC has recommended to the Board the nomination of RT LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

Annually, the AC meets with the external auditors without the presence of the Management. In addition, the AC conducts a review of all non-audit services provided by the auditors and is satisfied that there were no non-audit services provided by the auditors which would affect the independence and objectivity of the external auditors.

Notwithstanding the above, the AC Members also had informal discussions with the Management of the Company or such discussions were tabled at the Board Meetings instead.

For FY2019, the AC has reviewed the Company's financial reporting function, internal controls and processes and is satisfied with the adequacy and effectiveness of the same. The AC is satisfied with the adequacy of the Company's accounts and financial reporting resources and the performance of the management in the Finance Department.

The Company has in place a set of whistle-blowing policy and arrangements whereby accessible channels are provided for employees, which the employees of the Company may, in confidence, raise concerns about the possible improprieties in matters of financial reporting or other matters within the Group through emails, with the objectives of ensuring that arrangements are in place for concerns to be raised, independent investigation of such matters and for appropriate follow-up action as and when the need arise. The objective for such arrangements is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. The results from the investigation are reported directly to the Chairman of the AC. The AC is responsible for oversight and monitoring of whistleblowing. The whistle-blowing policy and procedures are reviewed by the AC from time to time to ensure they remain relevant.

The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action. During the financial year under review, there were no reported cases under the whistle-blowing programme.

For FY2019, due to cease of oil trading activities in Singapore, the scale of Singapore office is reduced from 20 over employees to minimum requirement of 5 employees as a corporate office to manage and monitor its investments. The internal audit department in Singapore was also be closed. However, as the main business and operational activities of the Group were mainly carried out at major subsidiary in France, the management was looking for outsourcing the internal audit function and the appointment of qualified service provider to perform such services would be approved by the AC.

SHAREHOLDERS RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of development in the Group in accordance with the Listing Manual of the SGX-ST.

Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings. The Company will make available minutes of general meetings to shareholders upon their requests. Any notice of a general meeting of Shareholders is issued at least 14 days before the scheduled date of such meeting. These notices are also advertised in a national newspaper.

General meetings of the Company will be chaired by the Executive Chairman or his representatives and are also attended by other Directors, the Management, the Company Secretary or her representative and if necessary, the external auditor, RT LLP. In the event that a Shareholder has any queries and/or concerns with regards to the Group, its businesses and operations, the Shareholder may raise his/ her queries and/or concerns at such general meetings so that the Company can better understand the views of the Shareholders. The Board (assisted by the Management, the Company Secretary or her representative, external auditors as well as the Chairman of the Board Committees) will address any relevant queries and/or concerns raised by the Shareholders.

Shareholders are informed of general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. Shareholders are also informed on the voting procedures at the general meetings The Company's Bye-laws allow any Shareholder to appoint one or two proxies to attend the general meetings held and vote in his/her place. However, the Board is of the view that voting in absentia can only be possible if there is absolute certainty that the integrity of the information and authentication of the identity of such Shareholder is not compromised. The Company's Bye-laws does not include the nominee or custodial services to appoint more than two proxies.

The Company acknowledges that voting by poll in all its general meetings is integral in the enhancement of corporate governance. The Company adheres to the requirements of the Listing Manual of the SGX-ST and the Code, all resolutions at the Company's general meetings held on or after 1 August 2015, if any, are put to vote by poll. For cost effectiveness, the voting of the resolutions at the general meetings are conducted by manual polling.

In addition to the above, the detailed results of all general meetings are also released as announcements via SGXNet after the general meetings

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. No dividend was paid or proposed for FY2019 as the Board feels it is prudent to retain cash resources so that the Company has the flexibility to execute its business plans effectively The Company endeavours to pay dividends and where dividends are not paid, the Company will disclose its reason(s) accordingly.

The Board is not recommending any dividend distribution to Shareholders in FY2019 on the basis that the Group has reported net loss for FY2019.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

In line with continuous disclosure obligations of the Company, pursuant to the listing rules of the SGX-ST's Listing Manual, the Board's policy is that Shareholders are informed of all major developments that impact the Group.

Information is communicated to shareholders on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

a) annual reports that are prepared and issued to all Shareholders. The Board makes every effort to ensure that the annual reports include all relevant information about the Group, including future developments and other disclosures required under the listing rules of the SGX-ST's Listing Manual and the relevant accounting standards;

b) quarterly financial statements containing a summary of the financial information and affairs of the Group for the period;

c) notices of and explanatory memoranda for annual general meetings and special general meetings;

d) disclosures to the SGX-ST and the Shareholders by releasing announcements via SGXNet and its corporate website; and

e) analyst briefings and investor roadshows.

The Board is mindful of its obligations to provide timely disclosure of material information to Shareholders and does so through (i) the Company's Annual Reports; (ii) the Group's results announcements; and (iii) other SGXNet announcements on developments within the Group or in relation to disclosures required by the SGX-ST. If necessary, the Group will also despatch circulars or letters to its Shareholders to provide the Shareholders with more information on its major transactions.

The Board regards the general meetings as opportunities to communicate directly with the Shareholders and encourages greater shareholder participation. As such, the Shareholders are encouraged to attend general meetings of the Company to grasp a better understanding of the Group's businesses and be informed of the Group's strategic goals and objectives. Notices of general meetings are dispatched to the Shareholders at least 14 days before the meeting if ordinary businesses are to be transacted at the meeting or at least 21 days before the meeting if special businesses are to be transacted at the meeting. The notices of general meetings are also released as announcements via SGXNet and advertised in the newspapers.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Group has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long term growth. The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly are able to impact the Group's business and operations. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. The key stakeholders include, but are not limited to employees, suppliers & service providers, investors & shareholders, customers and regulators.

All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNet, press releases and the Company's website. The Company does not practice selective disclosure of material information. The Company maintains its website at http://www.ananinternational.com/ to communicate and engage with stakeholders. On the website, stakeholders can find information about corporate announcements, quarterly results, annual reports, company profile and other information.

DEALINGS IN SECURITIES

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, the Company had adopted a Code of Best Practices to provide guidance to its officers on securities transactions by the Company and its officers.

The Company and its officers are not allowed to deal in before the announcement of the Company's full year financial results, and ending on the date of the announcement of the relevant results.

Directors and executives are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period or when they are in possession of unpublished price sensitive information and they are not to deal in the Company's securities on short-term considerations.

MATERIAL CONTRACTS

Save as disclosed under "Material Contracts" in the announcements made on SGXNet, Director's Report and these financial statements, there were no material contracts of the Company or its subsidiaries involving the interest of any director or controlling shareholders subsisting at the end of FY2019.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders.

The Board will meet to review if the Company will be entering into any interested person transaction. If the Company intends to enter into an interested person transaction, the Board of Directors will ensure that the Company complies with the requisite rules under Chapter 9 of the Listing Manual of the SGX-ST. The Audit Committee has met and will meet regularly to review if the Company will be entering into an interested person transaction, and if so, the AC ensures that the relevant rules under Chapter 9 of the SGX-ST's Listing Manual are complied with.

In compliance with Rule 907 of the Listing Manual of the SGX-ST, there were no transactions with interested persons for FY2019 which exceeds the stipulated threshold except as disclosed below:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 902 (excluding transactions less than S$100,000)
AnAn Group (Singapore) Pte Ltd ("**AAG**")	AAG is a controlling shareholder of the Group		
Repayment to AAG by the Group		US$1,400,000	–

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE

Name of Director	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member	Directorship Date First Appointed	Date of Last Re-election	Directorships in Other Listed Companies and Other Major Appointments	Past Directorships in Other Listed Companies and Other Major Appointments Over the Preceding 3 Years
Mr. Zang Jian Jun	Executive Director and Executive Chairman	Chairman of Board Committee	4 January 2012	24 April 2017	N.A.	N.A.
Mr. Toh Hock Ghim	Independent Director	Board Member, Chairman of Nominating Committee, Member of Audit Committee and Remuneration Committee	30 December 2011	24 April 2017	Disa Limited (formerly known as Equation Summit Limited)	Hon Corporation Limited; FDG Kinetic Limited (listed on SEHK); and Auralite Investment Inc. (Listed on TSX Venture Exchange)
Mr. Siow Hung Jui	Independent Director	Board Member, Chairman of Audit Committee, Member of Nominating Committee and Remuneration Committee	17 February 2022	N.A.	TIS Petroleum Pte. Ltd.	Energy & Natural Resources Trade, Societe Generale
Ms. Li Xiao Ming	Independent Director	Board Member, Chairman of Remuneration Committee, Member of Nominating Committee and Audit Committee	17 February 2022	N.A.	N.A.	N.A.

Information for the Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM pursuant to Rule 720(5) of the Listing Manual of the SGX-ST:

	Name of Director			
Details	**Zang Jian Jun**	**Toh Hock Ghim**	**Siow Hung Jui**	**Li Xiao Ming**
Date of Appointment	4 January 2012	30 December 2011	17 February 2022	17 February 2022
Date of last re-appointment (if applicable)	N.A.	17 February 2022	N.A.	N.A.
Age	48	80	49	66
Country of principal residence	China	Singapore	Singapore	China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Zang was recommended by the NC and the Board has accepted the recommendation, after taking into consideration, Mr. Zang's qualifications, experience, and overall contribution since he was appointed as an Executive Director and Executive Chairman of the Company.	The re-election of Mr. Toh was recommended by the NC and the Board has accepted the recommendation, after taking into consideration, Mr. Toh's qualifications, experience, and overall contribution since he was appointed as the Independent Director of the Company. The Board considers Mr. Toh to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.	The re-election of Mr. Siow was recommended by the NC and the Board has accepted the recommendation, after taking into consideration, Mr. Siow's qualifications, experience, and overall contribution since he was appointed as the Independent Director of the Company. The Board considers Mr. Siow to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.	The re-election of Ms. Li was recommended by the NC and the Board has accepted the recommendation, after taking into consideration, Ms. Li's qualifications, experience, and overall contribution since she was appointed as the Independent Director of the Company. The Board considers Ms. Li to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.
Whether appointment is executive, and if so, the area of responsibility	Executive. Responsible for the management of the Board	Independent Director	Independent Director	Independent Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.	Executive Director and Executive Chairman	Chairman of Nominating Committee, Member of Audit Committee and Remuneration Committee	Chairman of Audit Committee, Member of Nominating Committee and Remuneration Committee	Chairman of Remuneration Committee, Member of Nominating Committee and Audit Committee
Professional qualifications	Bachelor of Arts (Literacy)	• Bachelor of Arts (Political Science)	• Bachelor of Commerce (Major in Business and Management Studies)	• Masters – Executive MBA

Details	Name of Director			
	Zang Jian Jun	**Toh Hock Ghim**	**Siow Hung Jui**	**Li Xiao Ming**
Working experience and occupation(s) during the past 10 years	• 1999-2003: General Manager, DaGang Petro Chemical Co. Ltd. • 2003-2006: Deputy General Manager, DaGang Petro Chemical Co. Ltd. • 2006-2011: General Manager, Hua Xin Energy Holdings Ltd.	• 2002-2007: Consul-General in Hong Kong and Macau • 2007-2014: Senior Adviser to the MFA • Present: sits on the board of several private and listed companies	• 2005 – 2019: Managing Director, Energy & Natural Resources Trade, Societe Generale • 2021-Present: Finance Director, TIS Petroleum Pte. Ltd.	• Arbitrator with Beijing Arbitration Commission
Shareholding interest in the listed issuer and its subsidiaries	2,701,614,695 shares (Deemed interests)	Nil	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments Including Directorships – past (for the last 5 years) and present	Nil	Past Nil Present Disa Limited (formerly known as Equation Summit Limited)	Past Energy & Natural Resources Trade, Societe Generale Present TIS Petroleum Pte. Ltd.	Nil

Details	Name of Director			
	Zang Jian Jun	Toh Hock Ghim	Siow Hung Jui	Li Xiao Ming
The general statutory disclosures of the Directors are as follows:				
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No

Details	Name of Director			
	Zang Jian Jun	**Toh Hock Ghim**	**Siow Hung Jui**	**Li Xiao Ming**
c. Whether there is any unsatisfied judgment against him?	No	No	No	No
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No

Details	Name of Director			
	Zang Jian Jun	Toh Hock Ghim	Siow Hung Jui	Li Xiao Ming
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No

Details	Name of Director			
	Zang Jian Jun	Toh Hock Ghim	Siow Hung Jui	Li Xiao Ming
i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: -	No	No	No	No
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No

Details	Name of Director			
	Zang Jian Jun	Toh Hock Ghim	Siow Hung Jui	Li Xiao Ming
iv. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No
Information required **Disclosure applicable to the appointment of Director only.**				
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable. This is a re-election of Director.			

The directors present their statement to the members together with the audited consolidated financial statements of AnAn International Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2019 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2019.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 40 to 116 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Zang Jian Jun
Toh Hock Ghim
Ooi Hoe Seong (resigned on 17 February 2022)
Ling Chi (resigned on 17 February 2022)
Siow Hung Jui (Appointed on 17 February 2022)
Li Xiao Ming (Appointed on 17 February 2022)
Wong Joo Wan (Appointed on 25 October 2019 and resigned on 16 April 2020)

Directors' interests in shares or debentures

None of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Deemed interest	
	At 1 January 2019	**At 31 December 2019**
Company		
Ordinary shares		
Zang Jian Jun	2,701,614,695	2,701,614,695

There were no changes in any of the abovementioned interests in the Company and its related corporation between the end of the financial year and 21 January 2020.

Zang Jian Jun is the 100% shareholder of Zhong Ye Equity Investment Fund Limited ("Zhong Ye"). Accordingly, Zang Jian Jun is deemed to have interest in the shares of the Company held by Zhong Ye.

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the financial year nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share options

During the financial year, no options to take up unissued shares of the Company or any subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries. There were no unissued shares of the Company or any subsidiaries under option at the end of the financial year.

Audit committee

The members of the Audit Committee ("AC") at the end of the financial year are as follows:

Ooi Hoe Seong (Chairman)
Toh Hock Ghim
Ling Chi

The Audit Committee carried out its functions in accordance with the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance. In performing those functions, the Audit Committee has performed the following:

- Reviewed the audit plan and results of the external audit, including the evaluation of internal accounting controls and its cost effectiveness, and the independence and objectivity of the external auditor, including the review of the extent of non-audit services provided by the external auditor to the Group;

- Reviewed the audit plan of the internal auditor of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;

- Reviewed the Group's annual financial statements and the external auditor's report on the annual financial statements of the Group and of the Company before their submission to the Board of Directors;

- Reviewed the quarterly, half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;

- Reviewed the effectiveness of the Group's and the Company's internal controls, including financial operational and compliance controls and risk management via reviews carried out by the internal auditor;

- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

- Reviewed the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

- Reviewed interested person transactions in accordance with SGX listing rules;

- Recommended to the Board of Directors the nomination of external auditor, and approved the compensation to the external auditor; and

- Reported actions and minutes of the AC to the Board of Directors with any recommendations as the AC deems appropriate.

The Audit Committee has recommended to the Board of Directors that the independent auditors, RT LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit Committee has conducted an annual review of non-audit services provided by the auditors to satisfy itself that the nature and extent of such services will not affect the independence and objectivity of the external auditors before confirming their re-nomination.

In appointing the external auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Further details regarding the Audit Committee are disclosed in the Corporate Governance Report.

Independent auditor

The independent auditor, RT LLP, has expressed its willingness to accept re-appointment as auditor of the Company.

On behalf of the Board of Directors

Zang Jian Jun Director	**Li Xiao Ming** Director

23 September 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 2019, 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 2019 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

Non-compliance with International Accounting Standard (IAS) 36 *Impairment of Assets*

As at 31 December 2019, there were indications of impairment in an investment in a subsidiary, Hong Kong China Energy Finance Service Co., Limited. ("HKCEFS") (see Note 5), with carrying value of US$ 29,500,000. The Company was unable to ascertain the recoverable amount as required under IAS 36 *Impairment of Assets*. A valuation to ascertain the value in use (VIU) was not performed. Neither could its fair value less costs of disposal be reliably determined. Consequently, the Company did not assess or determine the extent of impairment.

In view of the above, we were unable to assess the appropriateness of the carrying amount and provision for impairment for the investment in this subsidiary, if any, during the financial year.

Our audit report dated 23 September 2022 included a similar qualification with respect to financial year ended 31 December 2018.

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.

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. As described in the *Basis for Qualified Opinion* section above, we noted that there is a non-compliance with IAS 36 *Impairment of Assets* in the investment in a subsidiary. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Report on the Audit of the Financial Statements (Continued)

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>FY2019
US$'000</th><th>FY2018
US$'000</th></tr>
<tr><td>Unquoted equity shares, at cost</td><td>50,660</td><td>50,660</td></tr>
<tr><td>Impairment loss</td><td>(160)</td><td>(160)</td></tr>
<tr><td>Investment written off</td><td>(500)</td><td>–</td></tr>
<tr><td></td><td>50,000</td><td>50,500</td></tr>
</table>
The Group's investment in associate (see Note 6) as at 31 December 2019 is as follows:

<table>
<tr><th></th><th>FY2019
US$'000</th><th>FY2018
US$'000</th></tr>
<tr><td>Investment in associate</td><td>11,703</td><td>11,821</td></tr>
</table>
The Group's investments in joint ventures are disclosed in Note 7 of the financial statements as follows:

<table>
<tr><th></th><th>FY2019
US$'000</th><th>FY2018
US$'000</th></tr>
<tr><td>Investment in joint ventures</td><td>43,803</td><td>43,750</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

• 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 2019 except for investment in the following subsidiaries:

• AnAn Assets Management & Equity Investment (Hong Kong) Co., Limited. ("AnAn AM"); and

• Hong Kong China Energy Finance Service Co., Limited. ("HKCEFS").

<u>AnAn AM</u>

There is evidence of indication of impairment for this subsidiary. However, the difference between the carrying value of the investment and the subsidiary's net tangible assets is immaterial. The drop in value is expected to be temporary. Consequently, no impairment has been provided.
</td></tr>
</table>

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters	How the matter was addressed in the audit
	HKCEFS The Company is unable to ascertain the recoverable amount of the investment in this subsidiary. We are unable to assess the appropriateness of the carrying amount and provision for impairment for the investment in this subsidiary. Accordingly, we have qualified on this matter.
Impairment assessment of goodwill As at 31 December 2019, the Group's carrying amount for goodwill amounting to US$ 7,924,000 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.	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 2019. 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.

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 (Continued)

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.

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. Ravinthran Arumugam FCA.

RT LLP
Public Accountants and
Chartered Accountants

Singapore
23 September 2022

Statements of Financial Position

As at 31 December 2019
(Amounts in thousands of United States dollars)

	Note	Group		Company	
		2019	2018	2019	2018
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	29,820	33,053	–	–
Right-of-use assets	3	7,213	–	–	–
Intangible assets	4	9,257	8,755	–	–
Investment in subsidiaries	5	–	–	50,000	50,500
Investment in associates	6	11,703	11,821	–	–
Investment in joint ventures	7	43,803	43,750	–	–
Financial assets, at FVPL	8	128	16	–	–
Available-for-sale financial assets	9	–	–	–	–
Deferred tax assets	10	1,356	1,373	–	–
Other receivables	11	308	306	–	–
Total non-current assets		103,588	99,074	50,000	50,500
Current assets					
Inventories	12	69,459	45,201	–	–
Trade and other receivables	11	162,851	177,525	5	49
Derivative financial assets	13	182	241	–	–
Due from subsidiaries (non-trade)	14	–	–	288	251
Due from related parties (non-trade)	15	2,730	2,402	–	–
Due from holding company (non-trade)	16	–	–	–	–
Tax recoverable		724	2,155	–	–
Cash and cash equivalents	17	26,957	21,321	–	–
Total current assets		262,903	248,845	293	300
TOTAL ASSETS		366,491	347,919	50,293	50,800

The accompanying notes are an integral part of the financial statements.

As at 31 December 2019
(Amounts in thousands of United States dollars)

	Note	Group		Company	
		2019	2018	2019	2018
		US$'000	US$'000	US$'000	US$'000
LIABILITIES					
Current liabilities					
Trade and other payables	18	232,924	218,792	600	335
Derivative financial liabilities	13	78	29	–	–
Due to holding company (non-trade)	16	1,100	2,500	–	–
Due to a subsidiary (non-trade)	14	–	–	–	430
Due to related parties (non-trade)	15	247	1,642	–	–
Provisions	19	87	86	–	–
Lease liabilities	20	1,432	–	–	–
Loans and borrowings	20	9,116	8,955	–	–
		244,984	232,004	600	765
Non-current liabilities					
Provisions	19	7,900	8,851	–	–
Loans and borrowings	20	15,453	14,360	–	–
Deferred tax liabilities	10	5,379	4,222	–	–
Lease liabilities	20	5,810	–	–	–
Other payables	18	1,437	1,451	–	–
Total non-current liabilities		35,979	28,884	–	–
TOTAL LIABILITIES		280,963	260,888	600	765
NET ASSETS		85,528	87,031	49,693	50,035
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	545	545	545	545
Share premium		196,308	196,308	196,308	196,308
Translation reserve		1,050	1,321	–	–
Accumulated losses		(131,213)	(128,634)	(147,160)	(146,818)
		66,690	69,540	49,693	50,035
Non-controlling interests	5 (ii)	18,838	17,491	–	–
TOTAL EQUITY		85,528	87,031	49,693	50,035

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2019
(Amounts in thousands of United States dollars)

	Note	2019 US$'000	2018 US$'000
Revenue	22	1,679,514	2,025,797
Cost of sales		(1,624,423)	(1,969,729)
Gross profit		55,091	56,068
Other income	23	1,442	4,652
Selling and distribution expenses		(46,870)	(47,456)
Administrative expenses		(5,726)	(6,705)
Other operating expenses		(395)	(273)
Impairment loss on receivables		(598)	(22,983)
Finance costs	24	(3,320)	(2,856)
Share of results of associates and joint ventures (net of tax)		323	865
Loss before tax	25	(53)	(18,688)
Income tax expense	27	(1,637)	(150)
Loss for the year		(1,690)	(18,838)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation differences arising from consolidation		(377)	(1,661)
Other comprehensive loss, net of tax		(377)	(1,661)
Total comprehensive loss for the year		(2,067)	(20,499)
Loss attributable to:			
Equity holders of the Company		(3,107)	(20,762)
Non-controlling interests		1,417	1,924
		(1,690)	(18,838)
Total comprehensive loss attributable to:			
Equity holders of the Company		(3,414)	(23,242)
Non-controlling interests		1,347	2,743
		(2,067)	(20,499)
Loss per share (cents)			
Basic and diluted	28	(0.073)	(0.491)

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2019
(Amounts in thousands of United States dollars)

Group	Attributable to equity holders of the Company						
	Share capital	Share premium	Translation reserve	Accumulated losses	Equity attributable To owners of the Company	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 1 January 2018	545	196,308	3,801	(107,872)	92,782	14,748	107,530
Loss for the year	–	–	–	(20,762)	(20,762)	1,924	(18,838)
Currency translation differences	–	–	(2,480)	–	(2,480)	819	(1,661)
Total comprehensive loss for the year	–	–	(2,480)	(20,762)	(23,242)	2,743	(20,499)
Balance as at 31 December 2018	545	196,308	1,321	(128,634)	69,540	17,491	87,031
Balance as at 1 January 2019	545	196,308	1,321	(128,634)	69,540	17,491	87,031
Adoption of IFRS 16	–	–	–	409	409	–	409
Balance as at 1 Jan 2019 (restated)	545	196,308	1,321	(128,225)	69,949	17,491	87,440
Prior year adjustment (note 4)	–	–	36	119	155	–	155
Loss for the year	–	–	–	(3,107)	(3,107)	1,417	(1,690)
Currency translation differences	–	–	(307)	–	(307)	(70)	(377)
Total comprehensive loss for the year	–	–	(307)	(3,107)	(3,414)	1,347	(2,067)
Balance as at 31 December 2019	545	196,308	1,050	(131,213)	66,690	18,838	85,528

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Equity

For the financial year ended 31 December 2019
(Amounts in thousands of United States dollars)

Company	Share capital	Share premium	Accumulated losses	Total equity
	US$'000	US$'000	US$'000	US$'000
At 1 January 2018	545	196,308	(147,813)	49,040
Profit for the year, representing total comprehensive income for the year	–	–	995	995
At 31 December 2018 and at 1 January 2019	545	196,308	(146,818)	50,035
Loss for the year, representing total comprehensive loss for the year	–	–	(342)	(342)
At 31 December 2019	545	196,308	(147,160)	49,693

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2019
(Amounts in thousands of United States dollars)

	Note	2019 US$'000	2018 US$'000
Cash flows from operating activities			
Loss before tax		(53)	(18,688)
Adjustments:			
Share of results of associates and joint ventures		(323)	(865)
Amortisation of intangible assets	4	488	545
Amortisation of right-of-use assets	3	1,488	–
Impairment loss on trade receivables	11	598	19,100
Impairment loss on amount due from holding company	16	–	3,883
Depreciation of property, plant and equipment	3	5,785	5,946
Impairment loss on intangible assets	4	–	81
Loss on disposal of property, plant and equipment		811	31
Fair value measurement on derivative instrument		108	(1,136)
Interest expense		2,217	1,733
Interest income		(985)	(333)
Exchange differences		(236)	677
Operating profit before working capital changes		9,898	10,974
Inventories		(24,823)	10,155
Trade and other receivables		11,854	(65,590)
Trade and other payables		11,569	74,915
Cash generated from operations		8,498	30,454
Interest paid		–	(1,733)
Interest income received		985	333
Income taxes refund/(paid)		972	(3,752)
Net cash generated from operating activities		10,455	25,302
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		575	11
Acquisition of subsidiary	36	–	(1,049)
Investment in financial assets, at FVPL	8	(113)	–
Purchase of property, plant and equipment	3	(4,385)	(4,659)
Addition to intangible assets	4	(766)	(125)
Net cash used in investing activities		(4,689)	(5,822)
Cash flows from financing activities			
Proceeds of borrowings		5,581	3,947
Repayment of borrowings		(4,327)	(19,563)
Payment of principal portion of lease liabilities		(1,050)	–
Repayment of finance lease obligations		–	(33)
Proceeds/ (repayment) to related companies		3,243	(5,292)
Proceeds/ (repayment) to holding company		(1,400)	198
Restricted cash	17	(1,100)	(2,500)
Interest paid		(2,217)	–
Net cash used in financing activities		(1,270)	(23,243)
Net increase/(decrease) in cash and cash equivalents		4,496	(3,763)
Cash and cash equivalents at beginning of year		20,996	23,050
Effects of exchange rate changes in cash and cash equivalents		350	(791)
Cash and cash equivalents at end of year	17	25,842	18,496

The accompanying notes are an integral part of the financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

AnAn International Limited (the "Company"), formerly known as CEFC International Limited, is a limited liability company domiciled and incorporated in Bermuda and is listed on the Main Board of Singapore Exchange Securities Trading Limited. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is 10 Anson Road, #17-12 International Plaza, Singapore 079903.

The Company's immediate and ultimate holding company is AnAn Group (Singapore) Pte. Ltd. ("AAG"), incorporated in Singapore.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Note 5, 6 and 7 to the financial statements respectively.

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the date of the directors' statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the International Financial Reporting Standards ("IFRS"). These financial statements are presented in United States dollars ("US$") and all values are rounded to the nearest thousand (US$'000), unless otherwise stated.

The preparation of the financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

(Amounts in thousands of United States dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of new and revised standards

On 1 January 2019, the Group adopted the new or amended IFRS and Interpretations of IFRS ("IFRIC") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC. The adoption of these new or amended IFRS and IFRIC did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years, except as disclosed below:

Adoption of IFRS 16 Leases

This new standard on leases supersedes the previous standard (IAS 17) and interpretations and brings in a new definition of a lease that will be used to identify whether a contract is, or contains, a lease. For leases, IFRS 16 reforms lease accounting by introducing a single model similar to the existing finance lease model. Specifically, lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets and the associated obligations for lease payments, with limited exemptions. However, lessor accounting, with the distinction between operating and finance leases, remains largely unchanged. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. The Group adopted IFRS 16 by applying the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 at the date of initial application.

The effect of adopting IFRS 16 as at 1 January 2019 was as follows:

	Increase/(decrease)
	US$'000
Property, plant and equipment	8,701
Borrowings	8,292
Accumulated losses	(409)

The Group has lease contracts for buildings, machinery plant and equipment and office. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 January 2019 is disclosed in Note 2.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 January 2019 is disclosed in Note 2.

The Group also applied the available practical expedients wherein it:

- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;

(Amounts in thousands of United States dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued and are relevant to the Group but not yet effective:

Descriptions	Effective for annual periods beginning on or after
Amendments to IFRS 3: *Definition of a Business*	1 January 2020
Amendments to IAS 1 and IAS 8: *Definition of Material*	1 January 2020
Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16: *Interest rate benchmark reform – Phase 1*	1 January 2020
Covid-19-related Rent Concessions – Amendments to IFRS 16	1 June 2020
Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16: *Interest rate benchmark reform – Phase 2*	1 January 2021
Amendments to IFRS 16 Leases: *Covid-19-Related Rent Concessions beyond 30 June 2021*	1 January 2021
Amendments to IFRS 3: *Reference to the Conceptual Framework*	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	1 January 2022
Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to IAS 8: *Definition of Accounting Estimates*	1 January 2023
Amendments to IAS12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: *Disclosure of Accounting policies*	1 January 2023
Amendments to IAS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The directors expect that the adoption of the new or amended standards and interpretations above will have no material impact on the financial statements in the period of initial application.

Group accounting

(i) Subsidiaries

(a) Basis of consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(a) Basis of consolidation (Continued)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(b) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to recognise them either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, at the date of acquisition.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(c) Disposals of subsidiaries or businesses

The assets and liabilities of the subsidiary, including any goodwill, are derecognised when a change in the Company's ownership interest in a subsidiary result in a loss of control over the subsidiary. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(ii) Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

(iii) Associates

Associates are entities over which the Group exercises significant influence, but not control, over the financial and operating policy decision, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investment. When the Group's share of losses in associates equals or exceeds its interest in the associates, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associates.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in associates are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associates in which significant influence are retained are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(iv) Joint ventures

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share control over the economic activity of the entities with one or more parties. The Group recognises its interest in the joint venture using proportionate consolidation method. Proportionate consolidation involves combining the Group's share of the joint ventures' income and expenses, assets and liabilities and cash flows of the jointly-controlled entities on a line-by-line basis with similar items in the Group's financial statements.

When the Group sells assets to a joint venture, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other ventures. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss. When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Upon loss of joint control, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the former joint venture entity upon loss of joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, associates and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in United States dollars ("US$"), which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Currency translation (Continued)

(ii) Transactions and balances (Continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into United States dollars at the rate of exchange ruling at the reporting date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (see the accounting policy for borrowing costs as set out in this Note). The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment is required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Land and buildings are measured at cost less accumulated depreciation on buildings and impairments losses recognised after the date of the revaluation. All other items of property, plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

	Useful lives (Years)
Land and building	20 to 30 years
Plant and machinery	10 to 20 years
Motor vehicles	5 years
Office equipment, furniture and fittings	5 years
Computers	3 years
Leasehold improvements	3 years or shorter of the leases

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

Assets under construction in progress are not depreciated as these assets are not yet available for use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within "Other income (expenses)".

Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on subsidiaries and joint ventures is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

(ii) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight-line basis over the lease term of 13 to 17 years.

(iii) Other intangible assets

Lease premium

Lease premium is a payment made by the tenant to the owner upon the signing of the lease agreement to enter into a lease.

Customer relationships

The customer relationships acquired in business combination are recognised at cost which represents the fair value at the date of acquisition.

Acquired computer software licences

Computer software licences was acquired separately and is amortised on a straight-line basis over its finite useful life of 3 to 4 years.

Concessions and similar rights

Concessions and similar rights acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit and loss using the straight-line method over 10 to 15 years.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth years.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Financial assets and financial liabilities

(i) Initial recognition and measurement

Trade and other receivables are initially recognised when they are originated. Other financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Trade receivables without financing component is initially measured at the transaction price in accordance with IFRS 15. Other financial assets are initially recognised at fair value plus, in the case of financial assets or liabilities not at fair value through profit or loss, directly attributable transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and financial liabilities (Continued)

(ii) Classification and subsequent measurement

Financial assets are classified and subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, at the following categories:

- Amortised costs
- Fair value through Other Comprehensive Income (FVOCI) – Debt investments
- FVOCI – Equity investments
- Fair value through profit or loss (FVPL)

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing financial assets, in which case such reclassification will be applied prospectively from the reclassification date.

Financial assets at amortised costs

Unless designated at FVPL, financial assets are measured at amortised costs if:

- It is held within a business model with an objective to hold the assets to collect contractual cash flows; and
- Its contractual cash flows comprise of solely principal and interest on the principal amount outstanding

These assets, mainly trade and other receivables including amount due from holding company, subsidiaries and related parties, cash and cash equivalents, are subsequently measured at amortised costs using the effective interest rate method, which is reduced by impairment losses. Interest income, foreign exchange differences, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

Unless designated at FVPL, a debt investment is measured at FVOCI if:

- It is held within a business model with objectives of both collecting contractual cash flows and selling financial assets; and
- Its contractual cash flows comprise of solely principal and interest on the principal amount outstanding

These assets are subsequently measured at fair value. Interest income calculated on effective interest rate method, foreign exchange differences and impairment are recognised in profit or loss. Other net gains and losses (including changes in fair value) are recognised in OCI. The cumulative amounts in OCI are reclassified to profit or loss upon derecognition. The Group does not hold such financial assets as at 31 December 2018 and 1 January 2018.

Equity investments at FVOCI

Unless held-for-trading, the Group may irrevocably elect on initial recognition, on an investment-by-investment basis, to present subsequent changes of fair value of the equity investments in OCI.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses (including changes in fair value) are recognised in OCI which will never be reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and financial liabilities (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets at FVPL

All financial assets not at amortised cost or FVOCI as described above are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI to be measured at FVPL, if doing so eliminates or significantly reduce accounting mismatch that would otherwise arise.

Financial assets held for trading or are managed and whose performance is evaluated on a fair value basis would be mandatorily measured at FVPL.

These assets are subsequently measured at fair value. Net gains or losses, including any interest income or dividend income are recognised in profit or loss.

As at the reporting date, the Group does not have other categories of financial assets except for financial assets at amortised cost and financial assets at FVPL.

Financial liabilities

Financial liabilities are subsequently measured at amortised costs unless it is held for trading (including derivative liabilities), or designated as financial liabilities at FVPL on initial recognition to significantly reduce accounting mismatch or when a group of financial liabilities are managed whose performance is evaluated on a fair value basis.

Financial liabilities at amortised costs are subsequently measured at amortised costs using the effective interest rate method. Interest expense and foreign exchange differences are recognised in profit or loss. These financial liabilities mainly comprise trade and other payables including amount due to holding company, subsidiary and related parties and borrowings.

Financial liabilities at FVPL are measured at fair value with net gains and losses (including interest expense) recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

(iii) Derecognition

Financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the derecognition date and the sum of the consideration received is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and financial liabilities (Continued)

(iii) Derecognition (Continued)

Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. The Group also decognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities extinguished, or transferred and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group applies impairment model in IFRS 9 to measure the Expected Credit Losses (ECL) of the following categories of assets:

- Financial assets at amortised costs (including trade receivables)
- Contract assets (determined in accordance with IFRS 15)
- Lease receivables
- Debt investments at FVOCI
- Intragroup financial guarantee contracts

ECLs are probability-weighted estimates of credit losses, which are measured at the present value of all cash shortfalls (difference between the cash flows due to the Group in accordance with the contracts and the cash flows that the Group expects to receive), discounted at effective interest rate of the financial asset. The expected cash flows include cash flows from the sale of collaterals held, if any, or other credit enhancements that are integral to the contractual terms.

Simplified approach

The Group applies simplified approach to all trade receivables. Impairment loss allowance is measured at life-time ECL, which represents ECLs that result from all possible default events over the expected life of a financial instrument or contract asset (“life-time ECL”).

General approach

The Group applies general approach on all other financial instruments and financial guarantee contracts, and recognise a 12-month ECL on initial recognition. 12-month ECL are ECLs that result from possible default events within 12 months after the reporting date or up to the expected life of the instrument, if shorter.

Impairment loss allowance or reversals are recognised in profit or loss. Loss allowance on financial assets at amortised cost are deducted from the gross carrying amount of those assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Significant increase in credit risk (Stage 2)
For credit exposures for which there has been a significant increase in credit risk since initial recognition, impairment loss allowance is measured at life-time ECL. When a financial asset is determined to have a low credit risk at reporting date, the Group assumes that there has been no significant increase in credit risk since initial recognition. For other cases, the Group uses reasonable and supportable forward-looking information available without undue cost or effort to determine, at each reporting date, whether there is significant increase in credit risk since initial recognition. In assessing whether there has been significant increase in credit risks, the Group takes into account factors such as:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations
- actual or expected significant adverse change in the regulatory, economic, or technological environment that are expected to cause a significant change in the debtor's ability to meet its debt obligations
- an actual or expected significant change in the operating results of the debtors

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

If credit risk has not increased significantly since initial recognition or if the credit quality improves such that there is no longer significant increase in credit risk since initial recognition, loss allowance is measured at 12-month ECL.

Definition of default
The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligation in full, without recourse by the Group; or
- The financial asset is more than 90 days past due.

Credit-impaired (Stage 3)
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Group writes off the gross carrying amount of a financial asset to the extent that there is no realistic prospect of recovery, for example when the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised as a liability at their fair values, adjusted for transaction costs directly attributable to the issuance of the guarantees.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of IFRS 15; and

(b) the amount of expected loss computed using the impairment methodology under IFRS 9.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derivative financial instruments

Derivative financial instruments arise from commodity and currency futures and forwards transactions undertaken by the Group through the commodity trading markets and with over-the-counter (“OTC”) counterparties, as well as physical oil trading contracts that meet the definition of derivative contracts as per IFRS 9, as at the end of the reporting period.

A derivative financial instrument is initially recognised at its fair value on the date of the contract is entered into and is subsequently carried at its fair value. The fair value of a trading derivative is presented as a current asset or liability. Fair value changes on these derivatives are recognised in profit or loss when the changes arise, except for those that qualify as hedge accounting, which is recognised in the hedging reserve.

The Group does not apply hedge accounting on its derivative financial instruments.

Inventories

Inventories held for trading purposes are stated at fair value less costs to sell and any changes in fair value less costs to sell are recognised in profit or loss in the period of change.

Other inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When necessary, allowance in provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for asset dismantlement, removal or restoration are recognised when the Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within 12 months after the reporting date are included in current borrowings in the statement of financial position even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

Share capital and share premium

Proceeds from issuance of ordinary shares are classified as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

Share premium represents the amount by which the fair value of the consideration received exceeds the nominal value of shares issued. The Company may from time to time by special resolution, subject to any confirmation or consent required by law, reduce its share premium account in any manner permitted by law.

Leases

These accounting policies are applied on and after the initial application date of IFRS 16, 1 January 2019:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.

The Group's right-of-use assets are presented within property, plant and equipment (Note 3).

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Leases

These accounting policies are applied before the initial application date of IFRS 16, 1 January 2019:

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Unless otherwise mentioned, the Group concludes that it is acting as a principal in the provision of goods or services in its contracts with customers.

Revenue from physical trading of oil commodity is recognised upon transfer of control to the customers, at the point in time when the goods have been delivered to the customers. The Group normally invoices the customers upon delivery of the goods with 30-60 days credit term. The Group does not provide product warranty or rights to return to the customers.

Revenue from petroleum products distribution business is recognised when goods has been transferred to individual customers, as this represents the point in time at which the control is transferred and the right to considerations becomes unconditional.

Revenue from derivative trading is recognised from the mark-to-market activities of the derivatives traded into from the trade date.

Other income

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable. Dividend income is recognised when the Group's right to receive payment is established. Rental income arising from operating leases on investment properties is recognised on a straight-line basis over the lease terms. The aggregate costs of incentives provided to the lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Dividend income is recognised when the Group's right to receive payment is established.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employees' benefits

(i) Retirement benefits

Payment to defined contribution retirement benefits plans are charged as an expense as they fall due. Payment made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund ("CPF"), are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantially enacted by the reporting date in the countries where the Group operates and generates taxable income. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Group presents basic and diluted loss per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders to the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

  (i) Has control or joint control over the Company;

  (ii) Has significant influence over the Company; or

  (iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions, and short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who makes strategic decisions.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of financial assets

Impairment allowance for financial assets measured at amortised costs are applied using the ECL model, which requires assumptions of risk of default and expected loss rates. The Group uses judgement in making these assumptions and determining key inputs to the impairment calculation, taking into account the Group's past history, existing market conditions as well as forward-looking information relating to industry, market development and macroeconomic factors. Expected loss rate is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The key assumptions and inputs used are disclosed in Note 33 (iii).

(b) Impairment of goodwill

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The carrying amount of goodwill and further details of the key assumptions applied in the impairment assessment of goodwill is disclosed in Note 4 to the financial statements.

(c) Income tax

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made.

The carrying amount of the Group's net deferred tax and income tax expense are disclosed in Notes 10 and 27 respectively.

(Amounts in thousands of United States dollars unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land and building	Plant and machinery	Motor vehicles	Office equipment, furniture and fittings	Computers	Leasehold improvements	Construction in progress	Right-of-use assets	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost									
As at 1 January 2018	13,857	25,985	106	398	303	227	407	–	41,283
Additions	413	2,048	278	52	85	86	1,697	–	4,659
Disposals	–	(240)	(11)	(120)	(89)	(227)	–	–	(687)
Write-off	–	(148)	–	–	(3)	–	–	–	(151)
Reclassification	6,469	(2,077)	47	(49)	(11)	–	–	–	4,379
Transfer to intangible assets	15	1,241	–	–	–	–	(1,293)	–	(37)
Acquisition of subsidiaries (Note 36)	1	520	52	–	18	–	–	–	591
Currency translation differences	(597)	(1,030)	(3)	(13)	(7)	–	–	–	(1,650)
As at 31 December 2018	20,158	26,299	469	268	296	86	811	–	48,387
As at 1 January 2019	20,158	26,299	469	268	296	86	811	–	48,387
Adoption of IFRS 16	–	–	–	–	–	–	–	8,701	8,701
As at 1 January 2019 (restated)	20,158	26,299	469	268	296	86	811	8,701	57,088
Additions	455	2,238	65	8	222	–	1,397	–	4,385
Disposals	(695)	(1,778)	(11)	(2)	(1)	–	–	–	(2,487)
Write-off	(695)	–	(4)	(13)	(403)	–	–	–	(1,115)
Reclassification	–	389	–	1	101	–	(491)	–	–
Transfer to intangible assets (Note 4)	–	–	–	–	–	–	(14)	–	(14)
Currency translation differences	(256)	(362)	(6)	(3)	(2)	(1)	(16)	–	(646)
As at 31 December 2019	18,967	26,786	513	259	213	85	1,687	8,701	57,211

(Amounts in thousands of United States dollars unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Land and building	Plant and machinery	Motor vehicles	Office equipment, furniture and fittings	Computers	Leasehold improvements	Construction in progress	Right-of-use assets	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Accumulated depreciation									
As at 1 January 2018	1,479	3,682	18	244	86	194	–	–	5,703
Charge for the year	1,478	4,034	241	39	114	40	–	–	5,946
Disposals	–	(243)	–	(91)	(85)	(226)	–	–	(645)
Reclassification	6,698	(2,307)	47	(200)	141	–	–	–	4,379
Write-off	–	(148)	–	–	(3)	–	–	–	(151)
Acquisition of subsidiaries (Note 36)	–	374	51	18	–	–	–	–	443
Currency translation differences	(131)	(184)	(11)	(9)	(6)	–	–	–	(341)
As at 31 December 2018	9,524	5,208	346	1	247	8	–	–	15,334
As at 1 January 2019	9,524	5,208	346	1	247	8	–	–	15,334
Charge for the year	1,379	4,092	149	25	111	29	–	1,488	7,273
Disposals	–	(1,097)	(1)	–	(3)	–	–	–	(1,101)
Reclassification	–	(36)	–	(15)	51	–	–	–	–
Write-off	(695)	–	(4)	(13)	(403)	–	–	–	(1,115)
Currency translation differences	(117)	(92)	(3)	2	(3)	–	–	–	(213)
As at 31 December 2019	10,091	8,075	487	–	–	37	–	1,488	20,178
Net carrying amount									
As at 31 December 2019	8,876	18,711	26	259	213	48	1,687	7,213	37,033
As at 31 December 2018	10,634	21,091	123	267	49	78	811	–	33,053

(Amounts in thousands of United States dollars unless otherwise stated)

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 2018	44	7,097	–	958	601	409	9,109
Additions	–	–	–	125	–	–	125
Acquisition of subsidiaries (Note 36)	–	299	602	–	–	–	901
Reclassification	–	(74)	–	74	–	–	–
Transfer from property, plant and equipment (Note 3)	–	–	–	37	–	–	37
Currency translation differences	(2)	(41)	–	(20)	(25)	(18)	(106)
As at 31 December 2018	42	7,281	602	1,174	576	391	10,066
As at 1 January 2019	42	7,281	602	1,174	576	391	10,066
Additions	–	587	–	129	–	50	766
Transfer from property, plant and equipment (Note 3)	–	–	–	14	–	–	14
Write-off	–	–	–	(561)	–	–	(561)
Currency translation differences	(1)	56	–	(6)	(7)	(4)	38
As at 31 December 2019	41	7,924	602	750	569	437	10,323

(Amounts in thousands of United States dollars unless otherwise stated)

4. INTANGIBLE ASSETS (Continued)

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 2018	3	81	–	375	144	120	723
Impairment loss	–	81	–	–	–	–	81
Charge for the year	3	–	–	362	144	36	545
Reclassification	–	–	–	(55)	–	55	–
Currency translation differences	–	(7)	–	(9)	(13)	(9)	(38)
As at 31 December 2018	6	155	–	673	275	202	1,311
As at 1 January 2019	6	155	–	673	275	202	1,311
Prior year adjustment (see Note below)	–	(155)	–	–	–	–	(155)
Charge for the year	3	–	–	313	135	37	488
Write-off	–	–	–	(561)	–	–	(561)
Currency translation differences	–	–	–	(12)	(3)	(2)	(17)
As at 31 December 2019	9	–	–	413	407	237	1,066
Net carrying amount							
As at 31 December 2019	32	7,924	602	337	162	200	9,257
As at 31 December 2018	36	7,126	602	501	301	189	8,755

(Amounts in thousands of United States dollars unless otherwise stated)

4. INTANGIBLE ASSETS (Continued)

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	
	2019	**2018**
	US$'000	**US$'000**
AnAn Assets Management & Equity Investment (Hong Kong) Co., Limited. ("AnAn AM") distribution segment	7,924	7,281

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% (2018: 3%) historical growth rate. The management then uses a perpetuity valuation model with terminal growth rate of 1% (2018: 1%) and weighted average cost of capital of 8.3% (2018: 8.2%) 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 2019.

Prior year adjustment

During the current financial year, the Group made a prior year adjustment to reverse out the accumulated impairment losses of goodwill of US$155,000 as at 1 January 2019 as the nature of those impairment losses were actually amortisation charges of goodwill. As IFRS 3 Business Combinations disallows the amortisation of goodwill, there were hence errors in the financial statements for the financial years ended 31 December 2018 and 31 December 2017, cumulatively amounting to US$155,000 (including currency translation differences) pertaining to the impairment charges of goodwill which were actually amortisation charges of goodwill.

(Amounts in thousands of United States dollars unless otherwise stated)

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2019	2018
	US$'000	US$'000
Unquoted equity shares, at cost	50,660	50,660
Impairment loss	(160)	(160)
Investments written off	(500)	–
	50,000	50,500

(i) Details of the subsidiaries

Name of companies	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2019 %	2018 %
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
AnAn International (USA), LLC [e][f]	Investment holding	USA	–	100
Held through HKCEFS				
Shanghai Dajiang Shenyuan Equity Investment Fund Management Co., Ltd. [e]	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

(Amounts in thousands of United States dollars unless otherwise stated)

5. INVESTMENT IN SUBSIDIARIES (Continued)

(i) Details of the subsidiaries (Continued)

Name of companies	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2019	2018
			%	%
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 [(e)]	Dormant	Spain	51	51
Dyneff Espana S.L.U [(d)]	Distribution of petroleum products	Spain	51	51
Dyneff Trading S.L.U [(e)]	Operation of petrol stations	Spain	51	51
Combustibles De Cerdagne [(c)]	Distribution of petroleum products	France	51	51
Boissonnade Combustibles [(c)]	Distribution of petroleum products	France	51	51
Ets Rossignol SAS [(c)]	Distribution of petroleum products	France	51	51
Plantier SAS [(c) (g)]	Distribution of 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) Not required to be audited by the law of the country of incorporation
(f) Dormant since 1 August 2018
(g) Newly incorporated during the financial year

(Amounts in thousands of United States dollars unless otherwise stated)

5. INVESTMENT IN SUBSIDIARIES (Continued)

(ii) Non-controlling interests

The Group has the following subsidiary that has NCI that are material to the Group as at 31 December 2019 and 2018.

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	
		2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
		%		**US$'000**		**US$'000**		**US$'000**	
Rompetrol France SAS	France	49	49	1,417	1,924	18,838	17,491	–	–

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	
	2019	**2018**
	US$'000	**US$'000**
Assets		
Current assets	257,445	238,923
Non-current assets	74,736	68,581
	332,181	307,504
Liabilities		
Current liabilities	(241,778)	(228,645)
Non-current liabilities	(41,429)	(34,475)
	(283,207)	(263,120)
Net assets	48,974	44,384

(Amounts in thousands of United States dollars unless otherwise stated)

5. INVESTMENT IN SUBSIDIARIES (Continued)

(ii) Non-controlling interests (Continued)

Summarised financial information about subsidiaries with material NCI (Continued)

Summarised statement of comprehensive income

	2019	2018
	US$'000	**US$'000**
Revenue	1,679,514	2,007,464
Expenses	(1,672,976)	(2,001,940)
Profit before income tax	6,538	5,524
Income tax expense	(1,637)	(64)
Profit after tax, representing total comprehensive income for the year	4,901	5,460

(iii) Impairment of investment in subsidiary

As at 31 December 2019, 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 (2018: US$143 million) owing from a related party (Note 11). As a result, the Company had also fully provided for its investment in SPE amounting to US$160,000 (2018: US$160,000).

There were indications of impairment in an investment in a subsidiary, Hong Kong China Energy Finance Service Co., Limited. ("HKCEFS") with carrying value of US$ 29,500,000. The Company was unable to ascertain the recoverable amount as valuation to ascertain the value in use (VIU) was not performed. Neither could its fair value less costs of disposal be reliably determined. Consequently, the Company did not assess or determine the extent of impairment.

(iv) Investment written off

The subsidiary, AnAn International (USA), LLC has become a dormant company since 1 August 2018 and the Company subsequently write off the investment amounting to US$500,000 during the financial year ended 31 December 2019.

The details of the investment written off are as follows:

	Company
	2019
	US$'000
Investment costs written off	500
Offset against: Amount due to AnAn Intenational (USA), LLC	430
Loss on investment written off	70

(Amounts in thousands of United States dollars unless otherwise stated)

6. INVESTMENT IN ASSOCIATES

	Group	
	2019	**2018**
	US$'000	**US$'000**
Investment in associates	11,703	11,821

The details of the associates are as follows:

Name of companies	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2019	**2018**
			%	**%**
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 Co., Ltd				
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) Not required to be audited by the law of the country of incorporation

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

	Group	
	2019	**2018**
	US$'000	**US$'000**
Carrying amount of interest in associates at beginning of the year	11,821	12,278
Share of results of associates, (net of tax)	60	29
Exchange difference	(178)	(486)
Carrying amount of interest in associates at end of the year	11,703	11,821

The associates are equity accounted.

The profit arising from the Group's investments in these associates in 2019 is US$1,463,000 (2018: US$12,989,000) and there is no other comprehensive income arising from these associates.

(Amounts in thousands of United States dollars unless otherwise stated)

7. INVESTMENT IN JOINT VENTURES

	Group	
	2019	2018
	US$'000	US$'000
Investment in joint ventures	43,803	43,750
Less: Provision for impairment loss	–	–
	43,803	43,750

The details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation	Effective equity interest held by the Company	
			2019	2018
			%	%
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 CAC CPA Limited Liability Partnership, People's Republic of China
(b) Audited by KPMG LLP, France

The Group has 49% (2018: 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.

(Amounts in thousands of United States dollars unless otherwise stated)

7. INVESTMENT IN JOINT VENTURES (Continued)

The summarised financial information of the Rizhao Port Gold Brick Oil Storage and Transportation Corporation Limited based on its IFRS financial statements and reconciled with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Group	
	2019	**2018**
	US$'000	**US$'000**
Cash and cash equivalents	1,909	4,110
Trade receivables	266	858
Other current assets	406	23
Total current assets	2,581	4,991
Intangible assets	16,336	16,729
Other non-current assets	66,876	67,835
Total non-current assets	83,212	84,564
Total assets	85,793	89,555
Current liabilities	(7,128)	(4,541)
Non-current financial liabilities	(24,216)	(33,973)
Total liabilities	(31,344)	(38,514)
Net assets	54,449	51,041
Proportion of the Group's ownership	49%	49%
Group's share of net assets	26,680	25,010
Exchange difference	(55)	1,499
Carrying amount of the investment	26,625	26,509

(Amounts in thousands of United States dollars unless otherwise stated)

7. INVESTMENT IN JOINT VENTURES (Continued)

Summarised statement of comprehensive income

	Group	
	2019	**2018**
	US$'000	**US$'000**
Revenue	8,808	10,325
Cost of sales	(5,837)	(6,767)
Gross profit	2,971	3,558
Administrative expenses	(587)	(249)
Finance expense	(1,535)	(9)
Other operating expenses	(251)	(1,818)
Profit before tax	598	1,482
Income tax expense	(150)	(371)
Profit after tax	448	1,111
Total comprehensive income	448	1,111

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

	Group	
	2019	**2018**
	US$'000	**US$'000**
Carrying amount of interest in joint ventures at beginning of the year	43,750	43,680
Profit from continuing operations	263	836
Exchange difference	(210)	(766)
Carrying amount of interest in joint ventures at end of the year	43,803	43,750

The profit arising from the Group's investments in other joint ventures which are individually immaterial to the Group in 2019 is US$44,000 (2018: US$436,000), and there is no other significant comprehensive income arising from these joint ventures.

8. FINANCIAL ASSETS, AT FVPL

	Group	
	2019	**2018**
	US$'000	**US$'000**
At 1 January	16	–
Reclassification at 1 January 2018 from available-for-sale financial assets upon initial adoption of IFRS 9 (Note 9)	–	17
Addition	113	–
Foreign exchange difference	(1)	(1)
At 31 December	128	16

(Amounts in thousands of United States dollars unless otherwise stated)

8. FINANCIAL ASSETS, AT FVPL (Continued)

The unquoted equity securities are measured at FVPL in accordance with IFRS 9, as the contractual terms give rise to cash flows that are not solely payment of principal and interest. The unquoted equity securities were previously classified as available-for-sale financial assets under IAS 39.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	Group	
	2019	**2018**
	US$'000	**US$'000**
At 1 January	–	17
Reclassification at 1 January 2018 to financial assets, at FVPL upon initial adoption of IFRS 9 (Note 8)	–	(17)
At 31 December	–	–

The investment in unquoted equity securities in 2017 were stated at cost less impairment loss. Upon adoption of IFRS 9, the investment has been reclassified to "financial assets, at FVPL" on 1 January 2018 (Note 8).

10. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current income tax assets against current income tax liabilities and when the deferred taxes relate to the same fiscal authority.

The deferred tax liabilities did not include any withholding and other taxes that will be payable on the earnings of associated companies when remitted to the holding company.

The movements in the deferred tax assets and liabilities are as follows:

	Group	
	2019	**2018**
	US$'000	**US$'000**
Deferred tax liabilities:		
Differences in depreciation for tax purposes	(3,173)	(3,755)
Impairment of intangible assets	(52)	–
Fair value adjustments on inventories	(5)	438
Provisions	(3,414)	(2,447)
Lease liabilities (2018: Finance lease)	(5)	(26)
Fair value adjustments on investments	214	–
Fair value adjustments on derivatives	(51)	(80)
Other items	1,107	1,648
	(5,379)	(4,222)
Deferred tax assets:		
Fair value adjustment on property, plant and equipment	1,356	1,373
Net deferred tax liabilities	(4,023)	(2,849)

(Amounts in thousands of United States dollars unless otherwise stated)

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Non-current				
Other receivables	308	306	–	–
Current				
Trade receivables due from a related party	142,852	142,852	–	–
Allowance for impairment loss	(142,852)	(142,852)	–	–
	–	–	–	–
Trade receivables due from third parties	165,535	180,049	–	–
Allowance for impairment loss	(4,313)	(4,458)	–	–
	161,222	175,591	–	–
Margin account with broker	669	841	–	–
Other receivables	667	867	–	–
Deposits	178	84	–	–
	162,736	177,383	–	–
Prepayments	115	142	5	49
	162,851	177,525	5	49
Trade and other receivables (non-current and current)	163,159	177,831	5	49

Impairment of trade receivables due from a related party

In 2017, the Group through its wholly owned subsidiary, Singapore AnAn Petrochemical & Energy Pte. Ltd. ("SPE"), had outstanding trade receivables of US$130.6 million owing from a related party, of which US$6.1 million had been offset against amounts payable by the Company to the related party in January 2018, with the remaining US$124.5 million due between 11 January 2018 and 16 February 2018. These outstanding trade receivables had not been repaid at the due date, and had continued to be overdue as at the date of this report.

As disclosed in the Group's announcement on SGX on 1 March 2018, the related party had proposed an instalment payment plan with repayment of principal and interest to be made over 4 proposed repayment dates between 11 April 2018 and 16 November 2018. The first two instalments were due on 11 April 2018 and 8 May 2018 respectively, and constitutes 26% of these outstanding trade receivables, with the remaining 74% to be repaid between 8 August 2018 and 16 November 2018. However, the related party had not met the first two repayment schedules.

Consequently, on 17 April 2018, the Group had sent a demand letter to the related party for immediate payment of the amount stated in the first repayment schedule together with accrued interest, and a reminder to make prompt payment of the remaining overdue amounts in accordance with the schedule stated in the instalment payment plan. However, the related party had not responded to the demand letter sent.

(Amounts in thousands of United States dollars unless otherwise stated)

11. TRADE AND OTHER RECEIVABLES (Continued)

Impairment of trade receivables due from a related party (Continued)

As at 31 December 2019, the Group had trade receivables outstanding of US$142.9 million from the abovementioned related party. The Group had not received any payment as at the date of this report. The related party has since been placed under court-order winding up as disclosed in the Group's announcement on SGX on 11 September 2018 and the recoveries of the receivables have been assessed to be remote. Accordingly, the Board and the management of the Group had decided to take a prudent approach and to provide for full impairment of US$142.9 million of these outstanding trade receivables. Nevertheless, the Group will continue to monitor closely and to seek all possible options to recover these outstanding trade receivables.

The movement in the allowance for impairment in respect of trade receivables from the related party during the year is as follows:

	Group	
	2019	2018
	US$'000	US$'000
At 1 January	142,852	124,520
Impairment loss recognised in profit and loss	–	18,332
At 31 December	142,852	142,852

The movement in the allowance for impairment in respect of trade receivables from third parties during the year is as follows:

	Group	
	2019	2018
	US$'000	US$'000
At 1 January	4,458	4,382
Impairment loss recognised in profit and loss	598	768
Exchange differences	(743)	(692)
At 31 December	4,313	4,458

12. INVENTORIES

	Group	
	2019	2018
	US$'000	US$'000
Trading inventories at fair value less costs to sell	53,439	40,516
Others	16,020	4,685
	69,459	45,201

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*.

(Amounts in thousands of United States dollars unless otherwise stated)

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		
	Contract notional amount	Fair value	
		Asset	Liability
	US$'000	US$'000	US$'000
2019			
Oil commodity derivatives	8,253	107	78
Forward currency contracts	3,993	75	–
	12,246	182	78
2018			
Oil commodity derivatives	8,357	241	28
Forward currency contracts	3,670	–	1
	12,027	241	29

14. DUE FROM / (TO) SUBSIDIARIES (NON-TRADE)

The amounts due from / (to) subsidiaries to the Company are non-trade in nature, unsecured, interest-free and are repayable on demand.

As disclosed in Note 5 and Note 11, the Company's wholly owned subsidiary, SPE, had fully provided for its outstanding trade receivables of US$142.9 million owing from a related party and has provided a letter of undertaking to SPE to provide continuing financial support and not to recall the amounts due to the Company within the next twelve months. As such, the Company had also fully provided for the amounts due from SPE amounting to US$122.4 million as at 31 December 2019.

Impairment of amounts due from a subsidiary

	Company	
	2019	2018
	US$'000	US$'000
Due from subsidiaries	122,705	123,772
Less: Impairment loss	(122,417)	(123,521)
	288	251
Due to a subsidiary	–	(430)

15. DUE FROM / (TO) RELATED PARTIES (NON-TRADE)

The amounts due from / (to) related parties are non-trade in nature, unsecured, interest-free and are repayable on demand.

(Amounts in thousands of United States dollars unless otherwise stated)

16. DUE FROM / (TO) HOLDING COMPANY (NON-TRADE)

	Group	
	2019	2018
	US$'000	US$'000
Due from holding company (Note 31)	3,883	3,883
Less: Impairment loss (Note 31)	(3,883)	(3,883)
	–	–
Due to holding company (Note 31)	(1,100)	(2,500)

17. CASH AND CASH EQUIVALENTS

	Group	
	2019	2018
	US$'000	US$'000
Cash and short-term deposits	26,957	21,321

Short-term deposits earn interest from 1.3% to 2% (2018: 1.3% to 2%) per annum and have an average tenure of 1 month (2018: 1 month).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents excludes the restricted cash, current bank overdrafts (which is not available for use by the Company), and comprise the following at the end of the reporting date:

	Group	
	2019	2018
	US$'000	US$'000
Cash and short-term deposits	26,957	21,321
Less:		
Bank overdrafts (Note 20).;	(15)	(325)
Restricted cash (Note 31)	(1,100)	(2,500)
Cash and cash equivalents as stated in the consolidated statement of cash flows	25,842	18,496

(Amounts in thousands of United States dollars unless otherwise stated)

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Current				
Trade payables	113,464	85,115	–	–
Other payables	12,449	12,668	–	–
Excise tax payable	105,881	120,228	–	–
Accrued expenses	622	517	600	335
Contract liabilities	508	264	–	–
	232,924	218,792	600	335
Non-current				
Other payables	1,437	1,451	–	–
Trade and other payables (non-current and current)	234,361	220,243	600	335

Trade payables are non-interest bearing and the average credit period on purchases of goods range from 0 to 31 days (2018: 0 to 31 days) according to the terms agreed with the suppliers.

Contract liabilities represents advances received from customers.

19. PROVISIONS

	Group			
	Reinstatement cost	Dismantling and restoration cost (i)	Other provision (ii)	Total
	US$'000	US$'000	US$'000	US$'000
2019				
At beginning of year	86	6,006	2,845	8,937
Arose during the year	–	–	1,692	1,692
Utilised	(36)	–	(2,543)	(2,579)
Exchange differences	–	–	(63)	(63)
At end of year	50	6,006	1,931	7,987
Less: Current portion	(50)	(37)	–	(87)
Non-current portion	–	5,969	1,931	7,900
2018				
At beginning of year	148	6,223	2,564	8,935
Arose during the year	86	53	617	756
Utilised	(148)	–	(225)	(373)
Exchange differences	–	(270)	(111)	(381)
At end of year	86	6,006	2,845	8,937
Less: Current portion	(86)	–	–	(86)
Non-current portion	–	6,006	2,845	8,851

(Amounts in thousands of United States dollars unless otherwise stated)

19. PROVISIONS (Continued)

Notes:

(i) This pertains to the dismantling, restoration and depollution cost for DPPLN SAS site in France. The provision was based on an estimation of costs to dismantle the petroleum storage depot and convert the site to residential area or to install solar panels which both were assessed to be the most probable cases by management.

(ii) Other provision pertains to provision for ex-gratia benefits payable to the Group's employees and other civil liabilities. The provision was based on estimated amount payable to retiring employees, and probable civil liabilities arising from the Group's operations.

There are no provisions carried by the Company as at the end of 31 December 2019 and 2018.

20. LOANS AND BORROWINGS

	Maturity	Group	
		2019	2018
		US$'000	US$'000
Current			
Bank overdraft	On demand	15	325
Unsecured bank loans at fixed rates between 0.6% to 2.5%	2020	3,812	5,191
Secured bank loans at EURIBOR 3M/12M + 2/2.5% p.a.	2020	4,374	2,708
Loan from minority shareholder at EURIBOR + 2% p.a.	On demand	915	731
Lease liabilities		1,432	–
		10,548	8,955
Non-current			
Loan from minority shareholder at EURIBOR + 2% p.a.	2021	6,107	7,291
Unsecured bank loans at fixed rates between 0.6% to 2.5%	2021 to 2026	9,346	7,069
Lease liabilities		5,810	–
		21,263	14,360
Total loans and borrowings (non-current and current)		31,811	23,315

The bank overdrafts and secured bank loans amounting US$15,000 (2018: US$325,000) and US$3,742,000 (2018: US$2,708,000) are secured by the trade receivables and inventories of the subsidiaries.

(Amounts in thousands of United States dollars unless otherwise stated)

20. LOANS AND BORROWINGS (Continued)

The table below details changes in the Group's liabilities arising from financing activities:

	1 January	Financing cash flows [1]	Interest expense	Non-cash changes: Management fee	Non-cash changes: Impairment	31 December
	US$'000	US$'000	US$'000	US$'000 (Note 31)	US$'000 (Note 16)	US$'000
2019						
Loans and borrowings	23,315	(896)	2,150	–	–	24,569
Amount due to/(from) related parties	(760)	3,243	–	–	–	2,483
Amount due to holding company	2,500	(1,400)	–	–	–	1,100
Lease liabilities	8,292	(1,117)	67	–	–	7,242
2018						
Loans and borrowings	37,231	(15,649)	1,733	–	–	23,315
Amount due to/(from) related parties	4,532	(5,292)	–	–	–	(760)
Amount due to holding company	2,685	198	–	3,500	(3,883)	2,500

(1) The cash flows make up the net amount of proceeds from borrowings and holding company, repayments of borrowings and repayment to related parties and holding company.

21. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of ordinary shares	US$'000	Number of ordinary shares	US$'000
Authorised at HK$0.001 each	15,000,000,000	1,931	15,000,000,000	1,931
Issued and fully paid ordinary shares at HK$0.001 each				
At beginning and end of the year	4,233,185,850	545	4,233,185,850	545

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per share at meetings of the Company.

(Amounts in thousands of United States dollars unless otherwise stated)

22. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue

The Group derives revenue from the transfer of goods and services and at a point in time in the following type of goods and services and geographical location based on location of customers. The initial effect of adoption of IFRS 15 is disclosed in Note 2.

	Group	
	2019	**2018**
	US$'000	**US$'000**
At a point in time		
Physical trading of oil commodity	–	18,333
Distribution of petroleum products	1,678,246	2,006,553
Dividend income	1,268	911
	1,679,514	2,025,797
Geographical markets		
Hong Kong, PRC	–	18,333
Europe	1,679,514	2,007,464
	1,679,514	2,025,797

(b) Contract balances

The contract liabilities are included in the trade and other payables (Note 18). There were no significant changes in the contract balances during the year.

23. OTHER INCOME

	Group	
	2019	**2018**
	US$'000	**US$'000**
Management service fee	–	3,500
Interest income	985	333
Government grants	–	8
Others	457	811
	1,442	4,652

(Amounts in thousands of United States dollars unless otherwise stated)

24. FINANCE COSTS

	Group	
	2019	2018
	US$'000	US$'000
Interest expenses on loans and borrowings		
- Loans and borrowings	2,150	1,733
- Lease liabilities	67	–
	2,217	1,733
Bank charges	1,103	1,123
	3,320	2,856

25. LOSS BEFORE TAX

	Group	
	2019	2018
	US$'000	US$'000
Audit fees paid to:		
- auditors of the Company	146	149
- other auditors	324	518
Non-audit fees paid to auditors of the Company	–	–
Amortisation of intangible assets (Note 4)	488	545
Impairment loss on intangible assets	–	81
Depreciation of property, plant and equipment (Note 3)	5,785	5,946
Amortisation of right-of-use assets (Note 3)	1,488	–
Impairment loss on trade receivables	598	19,100
Impairment loss on amount due from holding company	–	3,883
Lease expense (Note 37(c))	726	2,933
Professional fees	2,110	1,278
Directors' fees	237	223
Loss on disposal of property, plant and equipment	811	31
Staff costs (Note 26)	24,238	25,529
Net foreign exchange gain	(264)	(239)

(Amounts in thousands of United States dollars unless otherwise stated)

26. STAFF COSTS

	Group	
	2019	2018
	US$'000	US$'000
Salaries and bonuses*	16,321	17,340
Costs of defined contribution plan	183	206
Staff related taxes	5,424	5,695
Staff incentives	6	1,160
Other staff related costs	2,304	1,128
	24,238	25,529

* This includes directors' remuneration as disclosed in Note 31. Staff costs recorded in selling and distribution expenses are US$22,742,000 (2018: US$23,306,000).

27. INCOME TAX EXPENSE

Major components of income tax expense comprises:

	Group	
	2019	2018
	US$'000	US$'000
Income tax expense:		
- Current income tax	428	1,201
- Overprovision in prior years	3	–
- Withholding tax	–	86
	431	1,287
Deferred tax:		
- Deferred tax due to timing differences	1,206	(1,137)
	1,637	150

Income tax is calculated on the estimated assessable loss for the financial year at the rates prevailing in the relevant jurisdictions.

(Amounts in thousands of United States dollars unless otherwise stated)

27. INCOME TAX EXPENSE (Continued)

The reconciliation of the tax expense and the product of accounting profit/(loss) multiplied by the applicable rate is as follows:

	Group	
	2019	2018
	US$'000	US$'000
Loss before tax	(53)	(18,688)
Tax at the domestic rates applicable to loss in the countries where the Group operates	1,206	(2,461)
Adjustments for:		
Effects of changes in tax rates on opening deferred taxes	(18)	–
Non-deductible expenses	3,326	1,630
Non-taxable income	(2,781)	(3,296)
Partial tax exemption and tax relief	(48)	(33)
Overprovision of tax expense in prior years	3	–
Deferred tax assets not recognised	–	4,156
Withholding tax	–	85
Others	(51)	69
	1,637	150

The reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

The Group has unused tax losses of US$131,393,000 (2018: US$131,393,000) for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of this balance is subject to the agreement of the tax authorities and compliance with the tax legislation of Singapore. The unused tax losses have no expiry dates.

28. LOSS PER SHARE

Basic and diluted loss per share are calculated by dividing loss for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the loss used in the computation of basic and diluted loss per share:

	2019	2018
Loss for the financial year attributable to equity holders of the Company (US$'000)	(3,107)	(20,762)
Weighted average number of ordinary shares outstanding for loss per share ('000)	4,233,186	4,233,186
Basic and diluted loss per share (US$ cents per share)	(0.073)	(0.491)

(Amounts in thousands of United States dollars unless otherwise stated)

29. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

The Group has various operating lease agreements for equipment, offices and other facilities. Most leases contain renewable options. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group	
	2019	2018
	US$'000	US$'000
Future minimum lease payments		
- Not later than 1 year	–	1,527
- Later than 1 year and not later than 5 years	–	6,138
- More than 5 years	–	–
	–	7,665

The lease expenditure charged to profit or loss during the financial year is disclosed in Note 25 to the financial statements.

As disclosed in Note 2, the Group has adopted IFRS 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 December 2019, except for short-term and low-value leases.

30. CONTINGENT LIABILITIES, UNSECURED

The Group has issued corporate guarantees amounting to US$27,043,000 (2018: US$21,493,000) to certain counterparts for a subsidiary and a joint venture. These guarantees are subject to impairment requirements of IFRS 9. The Group has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

31. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2019	2018
	US$'000	US$'000
Management fee charged to holding company (Note 23)	–	3,500
Sale of goods to a related party [(1)]	–	18,333
Repayment to the holding company	1,400	–

(1) Related party refers to an entity which one of the directors of the Company has significant influence.

(Amounts in thousands of United States dollars unless otherwise stated)

31. RELATED PARTY TRANSACTIONS (Continued)

On 27 August 2018, the Group received a payment of US$2.5 million from AAG as part payment of the Net Receivable due from AAG. With such part payment, the Net Receivable due from AAG was reduced to US$1.4 million from US$ 3.9 million. However, on 26 September 2018, the Joint and Several Liquidators of AAG informed the Company that the payment of US$2.5 million by AAG was allegedly an unauthorised transaction, and expressly reserved their rights over the payment. The Company elected to return the sum to AAG without any prejudice to their rights to the same. As a result, the Net Receivable due from AAG was restored to US$3.9 million, and a payable (i.e. liability to refund AAG) of US$1.1 million (2018: US$2.5 million) was separately recorded.

In view of the extant circumstances of AAG noted above, the Net Receivable due from AAG of US$3.9 million was eventually impaired in full for the financial year ended 31 December 2018.

Key management personnel compensation

	Group	
	2019	**2018**
	US$'000	**US$'000**
Salaries and bonuses	909	1,478
Employers' contribution to CPF	–	22
Other allowances	14	70
	923	1,570

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

32. SEGMENT INFORMATION

The Group has 3 reportable segments, as described below, which are the Group's strategic business units that are organised based on their function and targeted customer groups. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the chief operating decision-maker reviews internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Segment 1: Distribution
- Segment 2: Wholesale
- Segment 3: Corporate

Geographically, management manages and monitors the business in these primary geographic areas: Europe, Singapore, Hong Kong and People's Republic of China which are engaged in the trading of petrochemical and petroleum.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

Income taxes are managed on each operating segment basis.

(Amounts in thousands of United States dollars unless otherwise stated)

32. SEGMENT INFORMATION (Continued)

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

	Distribution		Wholesale		Corporate		Adjustments and eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue										
External customers	1,678,246	2,006,553	–	18,333	–	–	–	–	1,678,246	2,024,886
Dividend income	1,268	911	–	–	–	–	–	–	1,268	911
	1,679,514	2,007,464	–	18,333	–	–	–	–	1,679,514	2,025,797
Results										
Segment results	8,766	7,637	(1,479)	(24,532)	(1,873)	(389)	(3,046)	254	2,368	(17,030)
Interest income	931	197	54	66	–	70	–	–	985	333
Finance expenses	(3,315)	(2,851)	(5)	(5)	–	–	–	–	(3,320)	(2,856)
Share of results of joint venture	166	378	–	–	157	487	–	–	323	865
	6,548	5,361	(1,430)	(24,471)	(1,716)	168	(3,046)	254	356	(18,688)
Tax expense	(1,637)	(64)	–	(86)	–	–	–	–	(1,637)	(150)
Net profit / (loss) for the year	4,911	5,297	(1,430)	(24,557)	(1,716)	168	(3,046)	254	(1,281)	(18,838)
Assets										
Segment Assets	315,634	288,450	15,013	18,684	54,885	55,641	(76,627)	(73,955)	308,905	288,820
Investment in associates	9,900	9,903	–	–	4,305	4,389	(2,502)	(2,471)	11,703	11,821
Investment in joint ventures	12,770	12,887	–	–	31,033	30,863	–	–	43,803	43,750
Tax assets	956	2,390	–	–	–	–	1,124	1,138	2,080	3,528
	339,260	313,630	15,013	18,684	90,223	90,893	(78,005)	(75,288)	366,491	347,919

(Amounts in thousands of United States dollars unless otherwise stated)

32. SEGMENT INFORMATION (Continued)

	Distribution		Wholesale		Corporate		Adjustments and eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Liabilities										
Segment Liabilities	279,251	257,267	124,216	126,459	7,608	6,227	(135,491)	(135,404)	275,584	254,549
Tax liabilities	4,869	5,822	–	–	–	–	510	517	5,379	6,339
	284,120	263,089	124,216	126,459	7,608	6,227	(134,981)	(134,887)	280,963	260,888
Capital expenditure	5,165	4,618	–	–	–	–	–	–	5,165	4,618
Significant non-cash items										
Depreciation and amortisation	6,273	6,303	145	265	–	4	1,343	–	7,761	6,572

(Amounts in thousands of United States dollars unless otherwise stated)

32. SEGMENT INFORMATION (Continued)

Geographical information

The Group's three business segments operate in mainly three main geographic areas:

- Singapore - The Company is headquartered in Singapore. The operations in this area include investment holding, treasury functions and provision of administrative and management services.
- People's Republic of China ("PRC") - The operations in this area include oil and storage transportation, provision of logistics services and research and development activities.
- Europe - The operations in this area are principally the sales and distribution of petroleum products and operating of petrol stations.

	Revenue		Non-current assets	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Europe	1,679,514	2,007,464	71,847	66,069
Hong Kong	–	18,333	–	–
People's Republic of China	–	–	31,305	32,782
Others	–	–	436	223
	1,679,514	2,025,797	103,588	99,074

Non-current assets information presented above consist of property, plant and equipment, intangible assets, deferred tax assets, other receivables and investment in associates and joint ventures as presented in the statements of financial position.

During the financial year, the Group has ceased its wholesale business with its related party in Hong Kong.

33. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's activities expose it to a variety of market risk (including currency risk and interest rate risk), liquidity risk, credit risk and risk of product price changes. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Audit Committee provides independent oversight on the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the abovementioned financial risks and the objectives, policies and processes of the management of these risks.

(Amounts in thousands of United States dollars unless otherwise stated)

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk

(a) Foreign exchange risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The objective of market risk management is to manage and control market risk exposures with acceptable parameters, while optimising the return on risk.

The Group has transactional currency exposure arising from its exposure in a currency other than the respective functional currencies of the Group entities, which are primarily the United States dollars ("USD"), Singapore dollars ("SGD"), Chinese Renminbi ("RMB") and Euro ("EUR").

The Group's currency exposures to USD, SGD, RMB and EUR at the reporting date are as follows:

Group

2019	USD	SGD	RMB	EUR	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Financial assets					
Trade and other receivables	–	194	124	162,533	162,851
Financial assets at FVPL	–	–	–	128	128
Derivative financial assets	–	–	–	182	182
Due from related parties (non-trade)	555	–	–	2,175	2,730
Cash and cash equivalents	5,925	3,278	–	17,754	26,957
	6,480	3,472	124	182,772	192,848
Financial liabilities					
Trade and other payables	(265)	(600)	–	(233,496)	(234,361)
Loans and borrowings	–	–	–	(24,569)	(24,569)
Derivative financial liabilities	–	–	–	(78)	(78)
Lease liabilities	–	–	(359)	(6,883)	(7,242)
Due to related parties (non-trade)	–	–	–	(247)	(247)
Due to holding company (non-trade)	(1,100)	–	–	–	(1,100)
	(1,365)	(600)	(359)	(265,273)	(267,597)
Currency exposure on net financial assets/ (liabilities)	5,115	2,872	(235)	(82,501)	(74,749)

(Amounts in thousands of United States dollars unless otherwise stated)

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Group

2018	USD US$'000	SGD US$'000	RMB US$'000	EUR US$'000	Total US$'000
Financial assets					
Trade and other receivables	49	90	11	177,375	177,525
Financial assets at FVPL	–	–	–	16	16
Derivative financial assets	–	–	–	241	241
Due from related parties (non-trade)	–	–	–	2,402	2,402
Cash and cash equivalents	8,975	875	1,454	10,017	21,321
	9,024	965	1,465	190,051	201,505
Financial liabilities					
Trade and other payables	(509)	(257)	(3)	(219,474)	(220,243)
Loans and borrowings	–	–	–	(23,315)	(23,315)
Derivative financial liabilities	–	–	–	(29)	(29)
Due to related parties (non-trade)	–	–	–	(1,642)	(1,642)
Due to holding company (non-trade)	(2,500)	–	–	–	(2,500)
	(3,009)	(257)	(3)	(244,460)	(247,729)
Currency exposure on net financial assets/ (liabilities)	6,015	708	1,462	(54,409)	(46,224)

(Amounts in thousands of United States dollars unless otherwise stated)

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

The Company also has a number of investments in foreign operations, whose net assets are exposed to foreign exchange translation risk.

Company 2019	USD US$'000	SGD US$'000	Total US$'000
Financial assets			
Due from subsidiaries	–	288	288
Financial liabilities			
Other payables	–	(600)	(600)
	–	(600)	(600)
Net financial liabilities	–	(312)	(312)
Less: Net financial liabilities denominated in the functional currency of the Company	–	–	–
Foreign currency exposure	–	(312)	(312)

Company 2018	USD US$'000	SGD US$'000	Total US$'000
Financial assets			
Due from subsidiaries	–	251	251
Financial liabilities			
Other payables	–	(335)	(335)
Due to a subsidiary	(430)	–	(430)
	(430)	(335)	(765)
Net financial liabilities	(430)	(84)	(514)
Less: Net financial liabilities denominated in the functional currency of the Company	430	–	430
Foreign currency exposure	–	(84)	(84)

(Amounts in thousands of United States dollars unless otherwise stated)

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Foreign currency sensitivity analysis

The following demonstrates the sensitivity of the Group's and Company's profit before tax and other comprehensive income to a 5% change in SGD, RMB and EUR against USD, with all other variables held constant. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. The analysis is performed on the same basis for 2018, as indicated below:

Group

	Loss before tax		Other comprehensive income	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
+5% increase in RMB against USD	(12)	73	–	–
+5% increase in EUR against USD	(4,125)	(2,720)	–	–
+5% increase in SGD against USD	144	35	–	–

Company

	Loss before tax		Other comprehensive income	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
+5% increase in SGD against USD	(16)	(4)	–	–

A 5% (2018: 5%) weakening of the SGD and EUR against USD would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(Amounts in thousands of United States dollars unless otherwise stated)

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rate. The Group is exposed to interest rate risk as it has significant interest-bearing financial liabilities

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments as reported to the management, was as follows:

	Group	
	2019	**2018**
	US$'000	**US$'000**
Fixed rate instruments		
Financial liabilities	(916)	(14,968)
Variable rate instruments		
Financial assets	–	21,321
Financial liabilities	(23,637)	(8,347)
	(24,553)	12,974

Fair value sensitivity analysis for variable rate instruments

An increase / (decrease) of 100 basis points in interest rate at the reporting date would have increased / (decreased) the Group's loss before tax by approximately US$245,530 (2018: US$129,740). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(ii) Liquidity risk

Liquidity risk refers to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group monitors their liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's operations are financed mainly through equity. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company is expected to receive or pay.

(Amounts in thousands of United States dollars unless otherwise stated)

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

Group 2019	On demand	1 year or less	Later than 1 year and not later than 5 years	Later than 5 years
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Trade and other receivables (excluding prepayments)	–	162,851	308	–
Derivative financial assets	–	182	–	–
Amounts due from related parties	2,730	–	–	–
Cash and cash equivalents	–	26,957	–	–
	2,730	189,990	308	–
Financial liabilities				
Trade and other payables	–	231,486	1,438	–
Derivatives financial liabilities	–	78	–	–
Amounts due to related parties	247	–	–	–
Amounts due to holding company	1,100	–	–	–
Loans and borrowings	–	9,117	15,452	–
Lease liabilities	–	1,432	5,810	–
	1,347	242,113	22,700	–
Total net undiscounted financial liabilities	1,383	(52,123)	(22,392)	–
2018				
Financial assets				
Trade and other receivables (excluding prepayments)	–	177,383	306	–
Derivative financial assets	–	241	–	–
Amounts due from minority shareholder	2,402	–	–	–
Cash and cash equivalents	–	21,321	–	–
	2,402	198,945	306	–
Financial liabilities				
Trade and other payables (excluding contract liabilities)	–	218,528	1,406	–
Derivatives financial liabilities	–	29	–	–
Amounts due to minority shareholder	1,642	–	–	–
Amounts due to holding company	2,500	–	–	–
Loans and borrowings	1,056	7,899	13,807	–
	5,198	226,456	15,213	–
Total net undiscounted financial liabilities	(2,796)	(27,511)	(14,907)	–

(Amounts in thousands of United States dollars unless otherwise stated)

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

Company

2019	**On demand**	**1 year or less**
	US$'000	**US$'000**
Financial assets		
Amounts due from subsidiaries	288	–
Financial liabilities		
Trade and other payables	–	600
	–	600
Total net undiscounted financial liabilities	288	(600)
2018		
Financial assets		
Amounts due from subsidiaries	251	–
Financial liabilities		
Trade and other payables	–	335
Due to a subsidiary	430	–
	430	335
Total net undiscounted financial liabilities	(179)	(335)

The table below shows the contractual expiry by maturity of the Group and the Company's contingent liabilities and derivatives.

	Group	
	1 year or less	**No specific maturity**
	US$'000	**US$'000**
2019		
Financial guarantees	–	27,043
2018		
Financial guarantees	–	21,493

(Amounts in thousands of United States dollars unless otherwise stated)

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

	Company	
	1 year or less	No specific maturity
	US$'000	US$'000
2019		
Financial guarantees	–	–
2018		
Financial guarantees	–	–

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's major classes of financial assets are cash and cash equivalents, trade and other receivables, including amounts due from minority shareholder.

In order to minimise credit risk, the Group has tasked its Credit Management Team to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Credit Management Team uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

At the end of the reporting date, approximately 46% (2018: 44%) of the Group's gross trade receivables were due from a related party, for which the amount had been fully provided as at 31 December 2019 and 2018.

(Amounts in thousands of United States dollars unless otherwise stated)

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses

(a) Trade receivables

The Group's exposure to credit risk from trade receivables are linked to the individual characteristics of each customer, and also influenced by the default risk specific to the industry or country brought about by the general economic condition.

	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				US$'000	US$'000	US$'000
31 December 2019						
Trade receivables	11	Note A	Lifetime ECL (simplified)	308,387	(147,165)	161,222
Other receivables	11	Note B	12-month ECL	1,822	–	1,822
Due from holding company	16	Note B	12-month ECL	3,883	(3,883)	–
Due from related parties	15	Note B	12-month ECL	2,730	–	2,730
					(151,048)	
31 December 2018						
Trade receivables	11	Note A	Lifetime ECL (simplified)	322,901	(147,310)	175,591
Other receivables	11	Note B	12-month ECL	2,098	–	2,098
Due from holding company	16	Note B	12-month ECL	3,883	(3,883)	–
Due from related parties	15	Note B	12-month ECL	2,402	–	2,402
					(151,193)	

Trade receivables (Note A)

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using an individual (debtor-by-debtor) basis. ECL is estimated based on historical credit loss experience based on the past due status of debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Group deals only with companies with established relationship, and trades within the limit allowed determined by the Group's credit insurance policy. At 31 December 2019, 97% (2018: 97%) of the Group's trade receivables in distribution segment are covered by letters of credit or other forms of credit insurance. The Group computes the expected credit loss using probability of default from external rating agencies, where available, taking into account of the industry, payment patterns and historical loss rates in Europe. The Group do not expect significant credit losses beyond the amounts provided above.

(Amounts in thousands of United States dollars unless otherwise stated)

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses (Continued)

(a) Trade receivables (Continued)

Trade receivables (Note A) (Continued)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group's exposure to credit losses can be analysed by the segments and geographical areas:

	Geographical areas	Group	
		2019	2018
		US$'000	US$'000
Wholesale of oil commodity	Hong Kong	142,852	142,852
Distribution of petroleum products	Europe	165,535	180,049
		308,387	322,901

The Group determines concentration of credit risk by monitoring the country of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables by country at the reporting date is as follows:

	Group	
	2019	2018
	US$'000	US$'000
By geographical areas		
- Europe	165,535	180,049
- Hong Kong	142,852	142,852
	308,387	322,901

Other receivables, amount due from holding company and related parties (Note B)

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

(Amounts in thousands of United States dollars unless otherwise stated)

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iv) Risk of product price changes

Petroleum products are subject to significant price fluctuations. The Group control the price risk within clear delegations of authority. The referred price risk relates to sale and purchase of petroleum products. At the end of the financial year, the Group is exposed to product price risk arising from its trading inventories and oil commodity derivatives.

(v) Financial instruments by category

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Financial assets at amortised cost	193,637	203,808	288	251
Financial assets, at fair value through profit or loss	128	16	–	–
Financial liabilities at amortised cost	(275,584)	(256,666)	(600)	(765)

34. FAIR VALUES OF FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(Amounts in thousands of United States dollars unless otherwise stated)

34. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(ii) Assets and liabilities measurement at fair value

The following table shows an analysis of financial instruments measured at fair value by the level of fair value hierarchy:

	Group (US$'000)			
	Level 1	**Level 2**	**Level 3**	**Total**
2019				
Assets				
Derivative financial assets	–	182	–	182
Derivative financial liabilities	–	(78)	–	(78)
2018				
Assets				
Derivative financial assets	–	241	–	241
Derivative financial liabilities	–	(29)	–	(29)

Level 2 fair value measurement

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period.

Fair value measurement that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

Fair value of financial instrument by classes that are not carried at fair value and whose carrying amount are reasonable approximation of fair value.

The carrying amounts of these financial assets and liabilities, including cash and cash equivalents, trade and other receivables (excluding prepayments), amounts due from subsidiaries, amounts due from/(to) related parties, amounts due to holding company, other payables (excluding provisions and advance collection) and loans and borrowings (excluding non-current fixed rate bank loans) are reasonable approximation of fair values, due to their short-term nature or that they are re-priced to market interest rates, on or near the end of the reporting period.

The determination of the fair value of the non-current fixed rate bank loans are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. The fair value of the non-current fixed rate bank loans at the end of the reporting period approximates US$9,346,000 (2018: US$7,069,221) and are considered to be level 3 liabilities under the fair value hierarchy.

(Amounts in thousands of United States dollars unless otherwise stated)

35. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The Group manages its capital to ensure that the Group is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debts and equity attributable to owners of the Company, comprising issued capital, premium and reserves as disclosed and the statements of changes in equity.

The Group's management reviews the capital structure on a regular basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

The Group and the Company are not subject to any externally imposed capital requirements during the financial years ended 31 December 2019 and 2018.

	Group	
	2019	**2018**
	US$'000	**US$'000**
Amounts due to holding company (Note 16)	1,100	2,500
Amounts due to minority shareholder (Note 15)	247	1,642
Trade and other payables (Note 18)	234,361	220,243
Derivatives financial liabilities (Note 13)	78	29
Loans and borrowings (Note 20)	24,569	23,315
Lease liabilities (Note 20)	7,242	–
Less: Cash and cash equivalents (Note 17)	(26,957)	(21,321)
Net debt	240,640	226,408
Total capital	66,690	69,540
Total capital and net debt	307,330	295,948
Gearing ratio	78%	77%

(Amounts in thousands of United States dollars unless otherwise stated)

36. BUSINESS COMBINATIONS

During the financial year ended 31 December 2018, the Group acquired 100% equity interest in both Combustibles De Cerdagne and Ets Rossignol SAS through its 51% owned indirect subsidary, Dyneff SAS, of which, is 100% owned by Rompetrol France SAS (together with its subsidiaries, the "Rompetrol Group"). Both newly acquired indirect subsidiaries are distributor 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.

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

		2018
		US$'000
(a)	**Purchase consideration and consideration transferred for the business**	
	Cash paid	1,049
(b)	**Effect of cash flows of the Group**	
	Cash paid (as above)	1,049
	Less: Cash and cash equivalent in subsidiary acquired	–
	Cash outflow on acquisition	1,049
(c)	**Identifiable assets acquired and liabilities assumed**	
	Property, plant and equipment (Note 3)	148
	Intangible assets-Customer relationship	602
	Total identifiable net assets	750
	Add: Goodwill	299
	Consideration transferred for the business	1,049
	Composition	
	Customers relationships	602
	Goodwill arising on consolidation	299
	Goodwill (Note 4)	901

(d) Goodwill

The goodwill of US$299,000 arising from the acquisition is attributable to the distribution network in France and the synergies expected to arise from the economies of scale in combining the operation of the Dyneff SAS with those of Combustibles De Cerdagne and Ets Rossignol SAS. It is not deductible for tax purposes.

(Amounts in thousands of United States dollars unless otherwise stated)

36. BUSINESS COMBINATIONS (Continued)

(e) Revenue and profit contribution

Combustibles De Cerdagne ("CDC")

The acquired business contributed revenue of US$1,600,000 and net profit of US$11,000 to the Group from the period from 27 July 2018 to 31 December 2018.

If the acquisition of CDC had been acquired from 1 January 2018, group revenue for the year would have been US$2.03 billion and group loss would have been US$18.8 million.

Ets Rossignol SAS ("Rossignol")

The acquired business contributed revenue of US$4,609,000 and net profit of US$13,000 to the Group from the period from 8 November 2018 to 31 December 2018.

If the acquisition of Rossignol had been completed from 1 January 2018, group revenue for the year would have been US$2.03 billion and group loss would have been US$18.8 million.

37. LEASES

The Group has lease contracts for offices and apartments. The Company's obligations under these leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension options which are further discussed below.

The Company also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) Right-of-use asset

	Group
	2019
	US$'000
Cost	
As at the beginning of the year	–
Adoption of IFRS 16	8,701
Depreciation	(1,488)
As at the end of the year	7,213

(b) Leased liabilities

	2019
	US$'000
Current:	
Lease liabilities	1,432
Non-current:	
Lease liabilities	5,810

(Amounts in thousands of United States dollars unless otherwise stated)

37. LEASES (Continued)

(c) Amounts recognised in profit or loss

	2019 US$'000
Amortisation of right-of-use assets	1,488
Interest expense on lease liabilities (Note 24)	67
Lease expense not capitalised in lease liabilities	
- Expense relating to short-term lease	726
Total amount recognised in profit or loss	2,281

(d) Total cash outflows for all the leases in 2019 was US$1,843,000.

(e) Extension options

The Group has lease contracts that include extension options. Management exercises significant judgement in determining whether the extension option is reasonably certain to be exercised.

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Acquisition of Natgas France SAS, SAS Orceyre and SARL Aneo

On 22 January 2020, 1 July 2020 and 22 December 2020, the Group acquired 100% equity interest in both Natgas France SAS ("Natgas") and SAS Orceyre ("Orceyre") and 70% equity interest in SARL Aneo ("Aneo") respectively through its 51% owned indirect subsidary, Dyneff SAS, of which, is 100% owned by Rompetrol France SAS (together with its subsidiaries, the "Rompetrol Group").

Natgas, the newly acquired indirect subsidiary of the Group, is a whole distributor of natural gas that sells natural gas to large corporations and also provides associated services in relation to the natural gas business. The acquisition represented an opportunity for Rompetrol Group to secure their supply of natural gas and to benefit from Natgas's experience in the trading of this commodity.

Orceyre, the newly acquired indirect subsidiary of the Group, is a distributor 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.

Aneo, the newly acquired indirect subsidiary of the Group, is an installer of heating systems and equipment mostly to private individual customers and also provides repair and maintenance services. 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.

(Amounts in thousands of United States dollars unless otherwise stated)

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD (Continued)

(a) Acquisition of Natgas France SAS, SAS Orceyre and SARL Aneo (Continued)

(i) Orceyre and Aneo

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:

		2020 US$'000
a.	**Purchase consideration and consideration transferred for the business**	
	Cash paid	7,330
b.	**Effect of cash flows of the Group**	
	Cash paid (as above)	7,330
	Less: Cash and cash equivalents in subsidiary acquired	(3,330)
	Cash outflow on acquisition	4,000
c.	**Identifiable assets acquired and liabilities assumed**	
	Property, plant and equipment (Note 3)	879
	Intangible assets (Note 4)	1,027
	Inventories	963
	Trade and other receivables	1,831
	Income tax receivable	35
	Cash and cash equivalents	3,330
	Total assets	8,065
	Trade and other payables	(3,261)
	Loans and borrowings	(1,567)
	Total liabilities	(4,828)
	Total identifiable net assets	3,237
	Add: Goodwill	4,325
	Less: Non-controlling interest measured at the non-controlling interest's proportionate share of Aneo's net identifiable assets	(232)
	Consideration transferred for the business	7,330
	Composition	
	Customers relationships	1,003
	Lease premium	23
	Concessions and similar rights	1
	Goodwill arising on consolidation	4,325
	Intangible asset (Note 4)	5,352

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD (Continued)

(a) Acquisition of Natgas France SAS, SAS Orceyre and SARL Aneo (Continued)

(i) Orceyre and Aneo (Continued)

d. Non-controlling interests

The non-controlling interest (30% ownership interest in Aneo) of US$ 232,000 recognised at the acquisition date was measured at the non-controlling interest's proportionate share of Aneo's net identifiable assets .

e. Goodwill

The goodwill of US$2,216,000 arising from the acquisition of Orceyre is 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 Orceyre. It is not deductible for tax purposes.

The goodwill of US$2,109,000 arising from the acquisition of Aneo is attributable to the gaining of business expertise and knowledge on heat pumps area in the energy sector as part of diversification plan of the Group. It is not deductible for tax purposes.

f. Revenue and profit contribution

Orceyre
The acquired business contributed revenue of US$10,234,000 and net profit of US$120,000 to the Group from the period from 2 July 2020 to 31 December 2020.

If the acquisition of Orceyre SAS had been completed on the first day of the financial year, group revenue for the year would have been US$1.22 billion and group profit would have been US$6.18 million.

Aneo
The acquired business contributed revenue of US$Nil and net profit of US$Nil to the Group from the period from 22 December 2020 to 31 December 2020.

Had Aneo been acquired from 1 January 2020, consolidated revenue and consolidated profit for the year ended 31 December 2020 would have been US$4,435,000 and US$326,000 respectively.

(Amounts in thousands of United States dollars unless otherwise stated)

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD (Continued)

(a) Acquisition of Natgas France SAS, SAS Orceyre and SARL Aneo (Continued)

(ii) Natgas

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

	2020
	US$'000
a. Purchase consideration and consideration transferred for the business	
Cash paid	660
b. Effect of cash flows of the Group	
Cash paid (as above)	660
Less: Cash and cash equivalents in subsidiary acquired	(4,823)
Cash inflow on acquisition	(4,163)
c. Identifiable assets acquired and liabilities assumed	
Property, plant and equipment (Note 3)	7
Intangible assets (Note 4)	7
Inventories	50
Trade and other receivables	4,724
Cash and cash equivalents	4,823
Total assets	9,611
Trade and other payables	(8,255)
Income tax payable	(73)
Total liabilities	(8,328)
Total identifiable net assets	1,283
Less: Negative goodwill	(623)
Consideration transferred for the business	660

d. Negative goodwill

The negative goodwill of US$623,000 arising from the acquisition of 100% equity interest in Natgas France SAS ("Natgas") through its 51% owned indirect subsidiary, Dyneff SAS, during the financial year. Natgas's previous parent company went into receivership and was liquidated. An administrator was appointed to realise the assets of the parent company. This other income is recognised as a result of the Group being able to acquire Natgas at a discount price due to above circumstance.

e. Revenue and profit contribution

The acquired business contributed revenue of US$26,832,000 and net profit of US$2,989,000 to the Group from the period from 22 January 2020 to 31 December 2020.

(Amounts in thousands of United States dollars unless otherwise stated)

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD (Continued)

(b) Acquisition of Sarl Ets Aubac and TP Distribution Transport Sarl

On 20 July 2021 and 10 November 2021, the Group acquired 100% equity interest in both Sarl Ets Aubac ("Aubac") and TP Distribution Transport Sarl ("TPDT") respectively through its 51% owned indirect subsidary, Dyneff SAS, of which, is 100% owned by Rompetrol France SAS (together with its subsidiaries, the "Rompetrol Group").

Aubac, the newly acquired indirect subsidiary of the Group on 20 July 2021, is a distributor 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 on 10 November 2021, 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 logistic independence.

Details of the consideration paid, the assets acquired and liabilities assumed, 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	2,130
b.	**Effect of cash flows of the Group**	
	Cash paid (as above)	2,130
	Less: Cash and cash equivalents in subsidiary acquired	(456)
	Cash outflow on acquisition	(1,674)
c.	**Identifiable assets acquired and liabilities assumed**	
	Property, plant and equipment	312
	Intangible assets	311
	Inventories	231
	Trade and other receivables	583
	Income tax receivable	13
	Cash and cash equivalents	456
	Total assets	1,906
	Trade and other payables	(827)
	Loan and borrowings	(293)
	Total liabilities	(1,120)
	Total identifiable net assets	786
	Add: Goodwill arising from acquisition	1,344
	Consideration transferred for the business	2,130

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD (Continued)

(b) Acquisition of Sarl Ets Aubac and TP Distribution Transport Sarl (Continued)

d. Goodwill

The goodwill of US$1,276,000 arising from the acquisition of Aubac is 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 Orceyre. 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.

(c) Acquisition of ABC Carburants Sarl

On 27 October 2021, the Group acquired a 100% interest in ABC Carburants Sarl (“ABCCS”), a company incorporated in France which is engaged in distribution of refined petroleum products, for a cash consideration of approximately US$2,386,636. Details of the fair value of the Group’s share of the identifiable net assets of ABCCS at the date of acquisition, assets acquired and liabilities assumed, non-controlling interest that will be recognised, revenue and profit contribution of ABCCS and the effect on the cash flows for the Group are not disclosed, as the accounting for this acquisition is still incomplete at the time these financial statements have been authorised for issue. ABCCS will be consolidated with effect from 27 October 2021.

(d) The Coronavirus Disease (COVID-19) outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects and this has impacted the Group’s operations and its financial performance subsequent to the financial year end.

As the situation is still evolving, the full effect of the outbreak is still uncertain and the Group is therefore unable to provide a quantitative estimate of the potential impact of this outbreak on the Group. The Group continues to monitor and evaluate any possible impact on the Group´s business and will consider implementation of various measures to mitigate the effects arising from the COVID-19 situation. Based on management’s latest assessment, there is no indicator that the going concern assumption used by the Company in preparing the financial statements is inappropriate.

Despite of uncertainty in the economy, with an on-going roll-out of COVID-19 vaccines and balance of governments policies placed between public health and countries’ economy, the Group is being optimistic towards the economy recovery.

As at 21 October 2022

Class of Shares	-	Ordinary Shares of HK$0.001 each
Authorised Share Capital	-	HK$15,000,000
Issued and Fully Paid-up Capital	-	HK$4,233,186
Voting Rights	-	One Vote per share
Treasury Shares	-	Nil
Subsidiary Holdings	-	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	8	0.59	297	0.00
100 - 1,000	85	6.24	68,003	0.00
1,001 - 10,000	244	17.90	1,828,600	0.04
10,001 - 1,000,000	972	71.31	153,624,235	3.63
1,000,001 AND ABOVE	54	3.96	4,077,664,715	96.33
TOTAL	**1,363**	**100.00**	**4,233,185,850**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ANAN GROUP (SINGAPORE) PTE. LTD. (IN LIQUIDATION)	2,701,614,695	63.82
2	NORTHERN INTERNATIONAL CAPITAL HOLDINGS (HK) LIMITED	352,765,487	8.33
3	HUANGHE EXPLORATION & TECHNOLOGY (GROUP) LIMITED	176,382,744	4.17
4	HONG KONG GREAT WALL ECONOMIC COOPERATION CENTRE LIMITED	176,382,744	4.17
5	RAFFLES NOMINEES (PTE) LIMITED	157,687,000	3.72
6	CITIBANK NOMINEES SINGAPORE PTE LTD	136,260,845	3.22
7	PHILLIP SECURITIES PTE LTD	79,747,400	1.88
8	DBS VICKERS SECURITIES (S) PTE LTD	68,707,500	1.62
9	UOB KAY HIAN PTE LTD	32,182,900	0.76
10	LUAN WENBO	30,700,000	0.72
11	DBS NOMINEES PTE LTD	18,140,800	0.43
12	KGI SECURITIES (SINGAPORE) PTE. LTD	17,134,400	0.40
13	LIM AND TAN SECURITIES PTE LTD	14,835,000	0.35
14	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	10,822,500	0.26
15	ABN AMRO CLEARING BANK N.V.	9,664,100	0.23
16	LIM KHAI SUAN	5,877,000	0.14
17	LEE BOON YAN	5,348,100	0.13
18	CHEAH HONG TOY	4,700,000	0.11
19	PHUA GEK SOON	4,510,000	0.11
20	HO BENG SIANG	4,500,000	0.11
	TOTAL	**4,007,963,215**	**94.68**

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders as at 21 October 2022)

	Direct Interest		Deemed Interest	
Name of Shareholders	No. of Shares Held	%	No. of Shares Held	%
AnAn Group (Singapore) Pte. Ltd.	2,701,614,695	63.82	–	–
Ye Jianming[(1)]	–	–	2,701,614,695	63.82
Zhong Ye Equity Investment Fund Limited	–	–	2,701,614,695	63.82
Zang Jian Jun[(2)]	–	–	2,701,614,695	63.82
Northern International Capital Holdings (HK) Limited	352,765,487	8.33	–	–
Shanghai Tongtian Investment Holding Co., Ltd[(3)]	–	–	352,765,487	8.33
Liu Wei[(3)]	–	–	352,765,487	8.33

Notes:

(1) Mr. Ye Jianming ("**Mr. Ye**") and Zhong Ye Equity Investment Fund Limited ("**Zhong Ye**") are the shareholders of AnAn Group (Singapore) Pte. Ltd. ("**AnAn Group**"). As at 21 October 2022, Mr. Ye held 50.01% and Zhong Ye held 49.99% of the shares in AnAn Group. Accordingly, Mr. Ye and Zhong Ye are deemed to be interested in the shares of the Company held by AnAn Group.

(2) Mr. Zang Jian Jun ("**Mr. Zang**") is the 100% shareholder of Zhong Ye. Accordingly, Mr. Zang is deemed to be interested in the shares of the Company held by Zhong Ye.

(3) Mr. Liu Wei owns 98% of the equity interest in Shanghai Tongtian Investment Holding Co., Ltd., which in turn owns 98% of the shares in Northern International Capital Holdings (HK) Limited. Accordingly, Mr. Liu Wei and Shanghai Tongtian Investment Holding Co., Ltd. are deemed to be interested in the shares of the Company held by Northern International Capital Holdings (HK) Limited.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 21 October 2022, 27.85% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of AnAn International Limited ("**Company**") will be held on Tuesday, 22 November 2022 at 2.30 p.m. via electronic means for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and the Directors' Statement of the Company and the Group for the financial year ended 31 December 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. To receive and adopt the Audited Financial Statements and the Directors' Statement of the Company and the Group for the financial year ended 31 December 2019 together with the Auditors' Report thereon. **(Resolution 2)**

3. To receive and adopt the Audited Financial Statements and the Directors' Statement of the Company and the Group for the financial year ended 31 December 2020 together with the Auditors' Report thereon. **(Resolution 3)**

4. To approve the payment of Directors' fees of S$50,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears. (2022: S$50,000) **(Resolution 4)**

5. To re-elect the following Directors of the Company retiring pursuant to Bye-Law 85(6) and 86(1) of the Company's Bye-Laws:

Mr. Siow Hung Jui	(Retiring pursuant to Bye-Law 85(6)	**(Resolution 5)**
Ms. Li Xiao Ming	(Retiring pursuant to Bye-Law 85(6)	**(Resolution 6)**
Mr. Zang Jianjun	(Retiring pursuant to Bye-Law 86(1)	**(Resolution 7)**
Mr. Toh Hock Ghim	(Retiring pursuant to Bye-Law 86(1)	**(Resolution 8)**

   [See Explanatory Note (i)]

6. That contingent upon passing of Ordinary Resolution 8 above, to approve Mr. Toh Hock Ghim's ("**Mr. Toh**") continued appointment as an Independent Director in accordance with Rule 210(5)(d)(iii) of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), and such Resolution shall remain in force until the earliest of the following (i) Mr. Toh's retirement or resignation; or (ii) the conclusion of the third AGM following the passing of this Resolution. **(Resolution 9)**

   [See Explanatory Note (ii)]

7. That contingent upon passing of Ordinary Resolution 8 and 9 above, shareholders (excluding the Directors and the Chief Executive Officer ("**CEO**") of the Company, and the respective associates of such Directors and CEO) to approve Mr. Toh's continued appointment as an Independent Director in accordance with Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST, and such Resolution shall remain in force until the earlier of the following: (i) Mr. Toh's retirement or resignation; or (ii) the conclusion of the third AGM following the passing of this Resolution. **(Resolution 10)**

   [See Explanatory Note (ii)]

8. To re-appoint Messrs RT LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 11)**

9. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolution, with or without any modifications:

10. **Authority to allot and issue shares in the capital of the Company pursuant to Rule 806 of the Listing Manual of the SGX-ST**

    That:

    (a) pursuant to Rule 806 of the listing rules of the SGX-ST, authority be and is hereby given to the Directors of the Company to:

    (i) issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

    (ii) make or grant offers, agreements or options that may or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares (collectively, "**Instruments**"),

    (b) (notwithstanding that the authority conferred by paragraph (a) of this Resolution may have ceased to be in force) the Directors be authorised to issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, at any time and from time to time upon such terms and conditions, whether for cash or otherwise, and for such purposes and to such persons as the Directors may think fit for the benefit of the Company, provided that:

    (i) the aggregate number of Shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be offered other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below);

    (ii) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of this Resolution, after adjusting for:

    (a) new Shares arising from the conversion or exercise of any convertible securities;

    (b) new Shares arising from exercise of share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

    (c) any subsequent bonus issue, consolidation or subdivision of Shares;

    Adjustments in accordance with Rule 806(3)(a) or Rule 806(3)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

    (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Memorandum of Association and the Bye-Laws for the time being of the Company; and

(iv) unless revoked or varied by the Company in a general meeting, such authority shall continue to be in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier. **(Resolution 12)**

[See Explanatory Note (iii)]

By Order of the Board

Zang Jian Jun
Executive Director and Executive Chairman

Singapore, 4 November 2022

Explanatory Notes:

(i) Mr. Siow Hung Jui will, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

Ms. Li Xiao Ming will, upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

Mr. Toh will, upon re-election as Director of the Company and contingent upon passing of Ordinary Resolution 9 and 10, remain as the Independent Director remain as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Please refer to particular of directors in Corporate Governance Report for the detailed information for Mr. Siow Hung Jui, Ms. Li Xiao Ming and Mr. Toh required pursuant to Rule 720(5) of the Listing Manual of the SGX-ST.

(ii) The Nominating Committee had assessed and reviewed Mr. Toh's written confirmation of independence based on the independence criteria as set out in Rule 210(5)(d) of the SGX-ST Listing Manual and confirmed that Mr. Toh would be independent under Rule 210(5)(d) of the SGX-ST Listing Manual.

Based on the written confirmation of independence from Mr. Toh, the Nominating Committee noted the following:

(i) Mr. Toh is not employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years; and

(ii) Mr. Toh does not have any immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the Remuneration Committee of the Company.

Mr. Toh has given his consent to submit himself for the two-tier vote under Rule 210(5)(d)(iii) of the SGX-ST Listing Manual for his continued appointment as an independent director of the Company.

The Board of the Company and the Nominating Committee have evaluated the participation of Mr. Toh at Board and Board Committees meetings and determined that he continues to possess independent thinking and the ability to exercise objective judgement on corporate matters independently.

(iii) Resolution 12, if passed, will empower the Directors to issue Shares (as defined above) and/or Instruments (as defined above). The aggregate number of Shares to be issued pursuant to this Resolution12 (including shares to be issued in pursuance of instruments made or granted) shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company, with a sub-limit of 20% for Shares issued other than on a pro rata basis (including Shares to be issued in pursuance of instruments made or granted pursuant to this Resolution 12) to shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of this Resolution 12, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities; (b) new Shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution 12, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (c) any subsequent bonus issue, consolidation or subdivision of Shares.

Notes:

General

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The AGM will be convened and held by way of electronic means and shareholders will not be allowed to attend the AGM in person. However, the alternative arrangement has been provided to allow the shareholders to participate and vote at the AGM via electronic means. Printed copies of this Notice will be sent to members. This Notice will also be made available on the SGX website at the URL: https://www.sgx.com/securities/company-announcements and the following URL: https://conveneagm.sg/AAI_Combined_2018_2019_and_2020_AGM.

2. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:

   (a) watching or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in paragraphs (3) to (7) below;

   (b) submitting questions in advance of or "live" at the AGM. Please refer to paragraphs (8) to (13) below for further details; and

   (c) voting (i) "live" by the Shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM. Please refer to paragraphs (14) to (20) below for further details.

Participation in the AGM via live webcast or live audio feed

3. A shareholder of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a live webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the member must pre-register by 2.30 p.m. on 20 November 2022, being forty-eight (48) hours before the time appointed for the AGM ("**Registration Cut-Off Time**"), at the following URL: https://conveneagm.sg/AAI_Combined_2018_2019_and_2020_AGM ("**AnAn AGM Website**"), to create an account.

4. Following authentication of his/her/its status as a shareholder of the Company, such shareholder will receive an email on their authentication status and will be able to access the Live Webcast using the account created.

5. Shareholders who have registered by the Registration Cut-Off Time in accordance with paragraph (3) above but do not receive an email response by 2.30 p.m. on 21 November 2022 may contact the Company's Singapore Share Transfer Agent by 5.00 p.m. on 21 November 2022 for assistance at the following email address: stephanie.lee@zicoholdings.com or at helen.tan@zicoholdings.com during operating hours from 9.00 a.m. to 5.30 p.m..

6. Non-CPF/SRS holders whose shares are registered under Depository Agents ("**DAs**") must also contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the AGM proceedings.

7. Corporate shareholders must also submit the Corporate Representative Certificate to the Company's Singapore Share Transfer Agent at main@zicoholdings.com, in addition to the registration procedures as set out in paragraph (3) above, by the Registration Cut-Off Time, for verification purpose.

Submission of questions in advance of or "live" at the AGM.

8. Shareholders may submit substantial and relevant textual questions related to the resolutions to be tabled for approval for the AGM in advance of, or "live" at, the AGM.

How to submit questions in advance of AGM.

9. Shareholders may submit textual questions in advance of the AGM in the following manner: (a) via the AnAn AGM Website; or (b) by email to cfo@ananinternational.com. All questions submitted in advance of the AGM must be received by the Company no later than 12 November 2022 at 2.30 p.m. to be treated as valid.

10. Shareholders submitting questions are required to state: (a) their full name as it appears on his/her/its CDP/CPF/SRS records; (b) their identification/registration number; and (c) the manner in which his/her/its shares in the Company are held (e.g. via CDP, CPF, or SRS), failing which the Company shall be entitled to regard the submission as invalid and not respond to the question(s) submitted.

11. The Company will endeavour to address all substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from Shareholders before the AGM on SGXNET at least forty-eight (48) hours prior to the Registration Cut-Off Time for the lodgement of the proxy form on 18 November 2022, 2.30 p.m. or "live" at the AGM for the relevant questions received during the AGM.

12. The Company will publish the minutes of the AGM on SGXNET and the Company's website within one month after the date of the AGM and the minutes will include the responses to the questions referred to above.

How to submit questions "live" at the AGM

13. Shareholders may submit textual questions "live" at the AGM in the following manner:

    (a) Shareholders or where applicable, their appointed proxy(ies) who have pre-registered and are verified to attend the AGM can ask questions relating to the ordinary resolutions tabled for approval at the AGM "live" at the AGM, by typing in and submitting their questions through the "live" ask-a-question function via the audio-visual webcast platform during the AGM within a certain prescribed time limit.

    (b) Shareholders who wish to appoint a proxy(ies) (other than the Chairman of the AGM) to ask questions "live" at the AGM on their behalf must, in addition to completing and submitting an instrument appointing a proxy(ies), ensure that their proxy(ies) pre-register separately via the registration link that will be sent to the appointed proxy(ies) via email by the AGM service provider, Convene SG, upon verification of the Proxy Form(s).

    (c) Shareholders (including CPF and SRS Investors) or, where applicable, their appointed proxy(ies) must access the AGM proceedings via the "live" audio-visual webcast in order to ask questions "live" at the AGM, and will not be able to do so via the audio-only stream of the AGM proceedings.

    (d) The Company will, during the AGM itself, address as many substantial and relevant questions (which are related to the resolutions to be tabled for approval at the AGM) which have not already been addressed prior to the AGM, as well as those received "live" at the AGM itself, as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions; consequently, not all questions may be individually addressed.

Submission of instrument appointing a proxy(ies) to vote, or vote "live", at the AGM

14. Shareholders who wish to exercise their voting rights at the AGM may:

    (a) (where such shareholders are individuals) vote "live" via electronic means at the AGM or (where such shareholders are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the AGM)[#] to vote "live" via electronic means at the AGM on their behalf; or

        [#] For the avoidance of doubt, CPF and SRS investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf.

    (b) (where such shareholders are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.

        • Shareholders (including CPF and SRS investors) and, where applicable, appointed proxy(ies), who wish to vote "live" at the AGM must first pre-register at the AnAn AGM Website via the URL: https://conveneagm.sg/AAI_Combined_2018_2019_and_2020_AGM.

        • Shareholders (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment for that resolution will be treated as invalid.

15. A member who is not a Relevant Intermediary*, entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead at the AGM of the Company. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the form of proxy. A proxy need not be a member of the Company. The accompanying proxy form for the AGM would be posted to the Shareholders.

16. A member who is a relevant intermediary may appoint one or more proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

17. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:

    (a) if submitted by post, be lodged at the Company's Singapore Share Transfer Agent, B.A.C.S. Private Limited at 77 Robinson Road #06-03 Robinson 77 Singapore 068896; or

    (b) if submitted electronically, be submitted via email to the Company's Singapore Share Transfer Agent at main@zicoholdings.com,

    in either case by **no later than the Registration Cut-Off Time**.

    A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

    In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms electronically via email.

18. The instrument appointing the proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing the proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

19. An investor who holds shares under the CPF Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) and wishes to vote, should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes to appoint the Chairman of the AGM as their proxy, at least seven (7) working days before the AGM in order to allow sufficient time for their relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf not less than seventy-two (72) hours before the time for holding the AGM.

20. A Depositor's name must appear on the Depository Register maintained by CDP as at seventy-two (72) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote.

    *"Relevant Intermediary" means:

    (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

    (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

    (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

Where a Depositor or a Shareholder of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Depositor or a Shareholder of the Company (i) consents to the collection, use and disclosure of the Depositor's or the Shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Depositor or the Shareholder discloses the personal data of the Depositor's or the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the Depositor or the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Depositor or the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

AnAn International Limited

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