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 2018, 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 2018 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

<u>Non-compliance with International Accounting Standard (IAS) 36 *Impairment of Assets*</u>

As at 31 December 2018, 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.

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 Matter

The financial statements of the Company and the Group for the year ended 31 December 2017, were audited by another auditor who expressed a qualified opinion on those statements on 28 May 2018.

Report on the Audit of the Financial Statements (Continued)

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 auditors' 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.

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><td></td><td>FY2018
US$'000</td><td>FY2017
US$'000</td></tr>
<tr><td>Unquoted equity shares, at cost</td><td>50,660</td><td>49,160</td></tr>
<tr><td>Impairment loss</td><td>(160)</td><td>(160)</td></tr>
<tr><td></td><td>50,500</td><td>49,000</td></tr>
</table>
The Group's investment in associates (see Note 6) as at 31 December 2018 is as follows:
<table>
<tr><td></td><td>FY2018
US$'000</td><td>FY2017
US$'000</td></tr>
<tr><td>Investment in associates</td><td>11,821</td><td>12,278</td></tr>
</table>
</td>
<td>
We considered the audit of management's assessment of the carrying values and impairment in investments, associates, and joint ventures to be a key audit matter due to the magnitude of the amount recognised in the financial statements and the assessment process involved significant management judgement, and was based on assumptions that are based on expected future market and economic conditions.
Our audit procedures included the following:

Obtained the latest management accounts and/or audited financial statements and reviewed the key financial information, such as, profit or loss for the period, net asset positions, cash flows, for indication of impairment and/or fair value.
Obtained Company's impairment assessment and evaluated the reasonableness of the assessments for those investments that showed an indication of impairment.

</td>
</tr>
</table>

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

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

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

<table>
<tr><th></th><th>FY2018
US$'000</th><th>FY2017
US$'000</th></tr>
<tr><td>Investment in joint ventures</td><td>43,750</td><td>43,686</td></tr>
<tr><td>Provision for impairment loss</td><td>-</td><td>(6)</td></tr>
<tr><td></td><td>43,750</td><td>43,680</td></tr>
</table>
</td><td>
• Reviewed the accounting treatment for the impairment.

Based on our work, the carrying value of investments have been properly assessed and impairment has been properly provided for in financial year ended 31 December 2018 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.

<u>HKCEFS</u>

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.
</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
<u>Impairment assessment of goodwill</u> As at 31 December 2018, the Group's carrying amount for goodwill amounting to US$ 7,126,000 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 materially impaired as at 31 December 2018. 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.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters	How the matter was addressed in the audit
<u>Audit qualification contained in audit report, dated 28 May 2018, by former auditor for financial year ended 31 December 2017</u> The abovementioned audit report contained the following qualifications: "…*the Group through its wholly owned subsidiary, Singapore AnAn Petrochemical & Energy Pte. Ltd. (formerly known as Singapore CEFC Petrochemical & Energy Pte Ltd) ("SPE"), has US$124.52 million of trade receivables due from a related party, Shanghai Huaxin. The Group had recorded a full impairment during the year against the amount. Based on the limited financial information made available to us regarding the related party, we are unable to obtain sufficient appropriate audit evidence so as to satisfy ourselves on the appropriateness of the allowance for doubtful debt recorded by the Group. Consequently, we are unable to determine whether any adjustments to these amounts were necessary."* *"….the Company has amounts of US$122.3 million due from SPE, a subsidiary whereby the recoverability is dependent on SPE's ability to recover the trade receivables from a related party, Shanghai Huaxin. SPE had recorded a full impairment against the trade receivables during the year. The Company had also similarly recorded a full impairment against the amounts due from SPE. Based on the information available to us, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the appropriateness of the allowance for doubtful debt recorded by the Company. Consequently, we are unable to determine whether any adjustments to these amounts were necessary."*	We considered the assessment and resolution of the audit qualification in the prior year to be a key audit matter due to extent of time spent to investigate the matter. We have addressed the qualification by obtaining the following evidence: • High court order dated 3 September 2018 on the winding up of Shanghai Huaxin • Creditor form (proof of debt) with the outstanding balance of US$124.52 million dated 3 September 2018. This form was approved by SPE. • Communications from lawyers acting on the matter as to developments and updates • Independently verified legal proceedings and status of the matter Based on our work done, the uncertainty with respect to the full impairment of the debtor amount has eventualized as the debtor has gone into liquidation. The high court order was dated 3 September 2018 and the audit report was dated 28 May 2018. On the audit report date for the financial year ended 31 December 2017, the winding up status of Shanghai Huaxin was not known to the former auditor.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

<table>
<tr><th>Key audit matters</th><th>How the matter was addressed in the audit</th></tr>
<tr><td>
<u>Related party transactions</u>
Parties involved:
Assessment of transactions involving the following parties:
- Anan International Limited ("AAI" or "the Company");
- Singapore Anan Petrochemical & Energy Pte. Ltd. ("SPE"), a subsidiary of AAI;
- Anan Group (Singapore) Pte Ltd ("AAG"), parent and controlling shareholder of AAI; and
- First-time PRC-based supplier ("Sheng Zhou supplier" or "Supplier")
a. Failed business contracts:
(i) Substantial upfront payment of US$ 11.1 million (equivalent to 50% of the total purchase price) as purchase deposit was made to Sheng Zhou supplier ("Supplier") by SPE, and
(ii) The purchase contract with the Supplier was cancelled by SPE within a short span of less than 3 months, and the Supplier was not able to refund the deposit
b. Assumed liabilities and offsets
(i) As at 31 December 2018, the Group recorded a net amount of US$3.9 million due from AAG (before impairment of the same amount) as shown below:
<table>
<tr><th></th><th>US$'000</th></tr>
<tr><td>Refundable deposit due from Supplier assumed by AAG</td><td>11,144</td></tr>
<tr><td>Loan by AAG to AAI (beneficiary SPE)</td><td>(7,261)</td></tr>
<tr><td>Net amount due from AAG to SPE</td><td>3,883</td></tr>
</table>
(ii) An offset agreement (referred to as "4 Parties Agreement") was made between AAG, AAI and SPE wherein AAG agreed to offset the refundable deposit of US$11.1 million (assumed from Shanghai Huaxin) against the loans to AAI amounting to US$7.2 million, which were in turn loaned to SPE.
</td><td>
We considered the audit of the related party transactions to be a key audit matter due to its significance and occurrence, particularly, the circumstances surrounding those transactions and the consequences and implications thereof. The nature and extent of audit effort needed to address the matter required a high number of audit hours to be incurred. The magnitude of the amounts recognised in the financial statements and the extensive audit procedures applied are also factors in considering the matter as a key audit matter.
Our audit procedures in response to the material related party transactions are as follow:
a. <u>Failed business contracts:</u>
• We discussed with management to understand the rationale for entering into the purchase contract with Sheng Zhou supplier, particular with respect to paying 50% of contract value upfront, and subsequently cancelling the contract within a short time.
• Based on our audit work, the arrangement to purchase from the Supplier was on the back of a major sales agreement with Shanghai Huaxin.
• To fulfil the sales agreement with Shanghai Huaxin, SPE entered into a purchase agreement with the Supplier.
• The Supplier, in turn, to commit to a large delivery volume had to secure from its source, which required upfront payment as a guarantee. From a business transaction point of view, this made sense.
• To safeguard supplies with the Supplier, SPE had negotiated a special discounted priced at 10% below prevailing market price at the material time, but with the proviso that 50% of the purchase value had to be paid upfront. The Supplier would also have needed to have committed to certain upfront payment to secure the purchase from its source.
</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
	• Accordingly, US$11.1 million was paid to the Supplier. Due to the high volume of purchase involved, and the corresponding monetary amount, such request for upfront payment is not unusual from market practice point of view. • In the turn of events, the business and sales arrangements failed with Shanghai Huaxin, which went into liquidation after the upfront purchase value of US$11.1 million was paid. Consequently, the company had to cancel its purchase agreement with the Supplier and sought refund of the upfront payment. • Based on our audit, there was an economic basis for the commercial decisions made by SPE. However, the turn of events, in not been able to recover from the Supplier, unfortunately was due to market conditions and business risk. **b. <u>Assumed liabilities and offsets</u>** • We discussed with the Company to understand the rationale for AAG assuming the debt of $11.1 million from Sheng Zhou supplier and assessed the Company rationale for this, particularly, irregularities, fraud or contrary to normal course of business. • At the material time, in view of a number of uncertainties, to preserve financial integrity, AAG had opted to assume the debtor balance from Shanghai Huaxin. • We collaborated the above explanation with audit evidence with no reportable exceptions noted and the matter was drafted and advised by a Singapore based lawyer, in the form of a 4 Parties Agreement dated 1July 2018. We have reviewed the agreement. • We checked to supporting documents for the amounts between AAG, AAI, SPE and Shanghai Huaxin. • Based on the 4 Parties Agreement it was evident that on 16 April 2018, US$5 million were loaned from AAG to AAI, which in turn was loaned to SPE. This was checked to bank records. A further amount of US$2.26 million was received by SPE from AAI over 26 June 2012 to 30 April 2018.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters	How the matter was addressed in the audit
	• Therefore, a total of US$7.261 million was due from SPE to AAI, which on a back-to-back basis was due to AAG. • After netting the US$11.1 million assumed by AAG, against amounts due from SPE to AAI and AAG, the remainder due to SPE was US$3.883 million. • We followed through on the remaining amount and noted that on 28 August 2018, AAG had paid SPE US$2.5 million. • However, subsequent to a winding up order against AAG, on 7 September 2018, SPE was asked to return monies received from AAG, and US$1.7 million was returned to AAG. Consequently, the net amount due from AAG to SPE stood at US$3.083 million as of May 2021 and as at end of financial year end 31 December 2018. This amount remains outstanding as at date of our report due to pending legal case – claims filed by VTB Bank ("VTB"). On a conservative basis, the Company has provided for this amount. • On 4 May 2020, Singapore International Arbitration Centre ("SIAC") issued a notice of arbitration with respect to the disputes between AAG and VTB arising from a Global Master Repurchase Agreement dated 1 November 2017. We understand that the case is still on-going based on communications from lawyers.

Report on the Audit of the Financial Statements (Continued)

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on the Audit of the Financial Statements (Continued)

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

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

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 2017	-	5,776	-	721	80	656	7,233
Reclassification	40	-	-	-	458	(498)	-
Additions	-	518	-	58	-	-	576
Acquisition of subsidiaries	-	669	-	149	-	232	1,050
Currency translation differences	4	134	-	30	63	19	250
As at 31 December 2017	44	7,097	-	958	601	409	9,109
As at 1 January 2018	44	7,097	-	958	601	409	9,109
Additions	-	-	-	125	-	-	125
Acquisition of subsidiary	-	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

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 2017	-	-	-	89	-	-	89
Charge for the year	3	-	-	279	136	114	532
Impairment loss	-	77	-	-	-	-	77
Currency translation differences	-	4	-	7	8	6	25
As at 31 December 2017	3	81	-	375	144	120	723
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
Net carrying amount							
As at 31 December 2018	36	7,126	602	501	301	189	8,755
As at 31 December 2017	41	7,016	-	583	457	289	8,386

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	
	2018	2017
	US$'000	US$'000
AnAn Assets Management & Equity Investment (Hong Kong) Co., Limited. ("AnAn AM") distribution segment	7,281	7,097

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% (2017: 4%) historical growth rate. The management then uses a perpetuity valuation model with terminal growth rate of 1% (2017: 3%) and weighted average cost of capital of 8.2% (2017: 10%) 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 2018.

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2018	2017
	US$'000	US$'000
Unquoted equity shares, at cost	50,660	49,160
Impairment loss	(160)	(160)
	50,500	49,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. INVESTMENT IN SUBSIDIARIES (Continued)

(i) Details of the subsidiaries

Name of companies	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2018	2017
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)]	Investment holding	USA	100	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
Hong Kong Nomad Petroleum Company Limited [(f)]	Investment holding (Dormant)	Hong Kong	-	100
Held through Rompetrol France SAS				
Dyneff SAS. [(b)]	Distribution of petroleum products	France	51	51
Held through Dyneff SAS				
DPPLN SAS [(b)]	Storage and distribution of marine oil products	France	51	51
Dyneff Retail [(b)]	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
Boissonnade Combustibles [(c)]	Distribution of petroleum products	France	51	51
Ets Rossignol SAS [(c)] [(g)]	Distribution of petroleum products	France	51	-
Combustibles De Cerdagne [(c)] [(g)]	Distribution of petroleum products	France	51	-

[(a)] Audited by RT LLP, Singapore and Ernst & Young LLP, Singapore for financial years ended 2018 and 2017 respectively
[(b)] Audited by East Asia Sentinel Ltd, Hong Kong and Ernst & Young, Hong Kong for financial years ended 2018 and 2017 respectively
[(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

5. INVESTMENT IN SUBSIDIARIES (Continued)

(i) Details of the subsidiaries

(f) Deregistered during the financial year
(g) Acquired during the financial year

(ii) Non-controlling interests ("NCI")

The Group has the following subsidiary that has NCI that are material to the Group as at 31 December 2018 and 2017.

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	
		2018	2017	2018	2017	2018	2017	2018	2017
		%		US$'000		US$'000		US$'000	
Rompetrol France SAS	France	49	49	1,924	1,442	17,491	14,748	-	-

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	
	2018	2017
	US$'000	US$'000
Assets		
Current assets	238,923	199,951
Non-current assets	68,581	70,167
	307,504	270,118
Liabilities		
Current liabilities	(228,645)	(189,440)
Non-current liabilities	(34,475)	(39,758)
	(263,120)	(229,198)
Net assets	44,384	40,920

5. INVESTMENT IN SUBSIDIARIES (Continued)

(ii) Non-controlling interests (Continued)

Summarised statement of comprehensive income

	2018 US$'000	2017 US$'000
Revenue	2,007,464	1,430,855
Expenses	(2,001,940)	(1,426,066)
Profit before income tax	5,524	4,789
Income tax expense	(64)	(253)
Profit after tax, representing total comprehensive income for the year	5,460	4,536

(iii) Impairment of investment in subsidiary

As at 31 December 2018, 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 (2017: US$125 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 (2017: US$160,000).

6. INVESTMENT IN ASSOCIATES

On 1 December 2017, the Group, through one of the Group's subsidiaries, Shanghai Dajiang Shenyuan Equity Investment Fund Management Co., Ltd., had fully contributed its 15% registered capital of RMB 30,000,000 in an associate, Yinxin Commercial Factoring Co., Ltd. The principal activities are in the business of import and export factoring, onshore and offshore factoring, providing consultancy services in relation to commercial factoring and other related businesses which are allowed under the law of the People's Republic of China.

	Group	
	2018 US$'000	2017 US$'000
Investment in associates	11,821	12,278

The details of the associates are as follows:

Name of companies	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2018 %	2017 %
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

6. INVESTMENT IN ASSOCIATES (Continued)

Name of companies	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2018 %	2017 %
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] Audited by ZhongXi CPAs (Special General Partnership), China in for financial year ended 2018 but no audit required as allowed by the laws of the country of incorporation for financial year ended 2017.

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

	Group 2018 US$'000	2017 US$'000
Carrying amount of interest in associates at beginning of the year	12,278	6,873
Share of results of associates, net of tax	29	60
Acquisition of interest in associates	-	4,536
Exchange difference	(486)	809
Carrying amount of interest in associates at end of the year	11,821	12,278

The associates are equity accounted.

The profit arising from the Group's investments in these associates in 2018 is US$12,989,000 (2017: US$1,484,000) and there is no other comprehensive income arising from these associates.

7. INVESTMENT IN JOINT VENTURES

	Group 2018 US$'000	2017 US$'000
Investment in joint ventures	43,750	43,686
Less: Provision for impairment loss	-	(6)
	43,750	43,680

7. INVESTMENT IN JOINT VENTURES (Continued)

The details of the joint ventures are as follow:

Name of joint ventures	Principal activities	Country of incorporation	Effective equity interest held by the Company	
			2018	2017
			%	%
Held through HKCEFS				
Rizhao Port Gold Oil Storage and Transportation Corporation Limited (Note a)	Oil storage and transportation	People's Republic of China	49	49
Held through Dyneff SAS				
BAE (Note b)	Distribution of biocarburant products	France	25.5	25.5
BAE Prod (Note c)	Manufacturing of biocarburant products	France	-	25.5
EPPLN SAS (Note 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
(c) Liquidated on 25 January 2018

The Group has 49% (2017: 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.

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	
	2018	2017
	US$'000	US$'000
Cash and cash equivalents	4,110	4,631
Trade receivables	858	646
Other current assets	23	741
Total current assets	4,991	6,018
Intangible assets	16,729	17,968
Other non-current assets	67,835	77,300
Total non-current assets	84,564	95,268
Total assets	89,555	101,286
Current liabilities	(4,541)	(7,739)
Non-current financial liabilities	(33,973)	(40,824)
Total liabilities	(38,514)	(48,563)
Net assets	51,041	52,723
Proportion of the Group's ownership	49%	49%
Group's share of net assets	25,010	25,126
Exchange difference	1,499	522
Carrying amount of the investment	26,509	25,648

7. INVESTMENT IN JOINT VENTURES (Continued)

Summarised statement of comprehensive income

	Group	
	2018	2017
	US$'000	US$'000
Revenue	10,325	8,483
Cost of sales	(6,767)	(6,807)
Gross profit	3,558	1,676
Administrative expenses	(249)	(153)
Finance expense	(9)	(2,048)
Other operating expenses	(1,818)	(20)
Profit / (Loss) before tax	1,482	(545)
Income tax (expense) / credit	(371)	145
Profit / (Loss) after tax	1,111	(400)
Total comprehensive income/ (loss)	1,111	(400)

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

	Group	
	2018	2017
	US$'000	US$'000
Carrying amount of interest in joint ventures at beginning of the year	43,680	42,012
Profit / (Loss) from continuing operations	836	(140)
Provision for impairment loss	-	(6)
Exchange difference	(766)	1,814
Carrying amount of interest in joint ventures at end of the year	43,750	43,680

The profit arising from the Group's investments in other joint ventures which are individually immaterial to the Group in 2018 is US$436,000 (2017: US$101,000), and there is no other significant comprehensive income arising from these joint ventures.