

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANAN INTERNATIONAL LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANAN INTERNATIONAL LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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.

Key audit matters	How the matter was addressed in the audit																					
<p><u>Assessment of carrying values and impairment in investments in subsidiaries, associates, and joint ventures (JV)</u></p> <p>The Company's carrying amounts of the investments in subsidiaries (see Note 5) are as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>FY2019</u> <u>US\$'000</u></th> <th style="text-align: right;"><u>FY2018</u> <u>US\$'000</u></th> </tr> </thead> <tbody> <tr> <td>Unquoted equity shares, at cost</td> <td style="text-align: right;">50,660</td> <td style="text-align: right;">50,660</td> </tr> <tr> <td>Impairment loss</td> <td style="text-align: right;">(160)</td> <td style="text-align: right;">(160)</td> </tr> <tr> <td>Investment written off</td> <td style="text-align: right;">(500)</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>50,000</u></td> <td style="text-align: right;"><u>50,500</u></td> </tr> </tbody> </table> <p>The Group's investment in associates (see Note 6) as at 31 December 2019 is as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>FY2019</u> <u>US\$'000</u></th> <th style="text-align: right;"><u>FY2018</u> <u>US\$'000</u></th> </tr> </thead> <tbody> <tr> <td>Investment in associates</td> <td style="text-align: right;"><u>11,703</u></td> <td style="text-align: right;"><u>11,821</u></td> </tr> </tbody> </table>		<u>FY2019</u> <u>US\$'000</u>	<u>FY2018</u> <u>US\$'000</u>	Unquoted equity shares, at cost	50,660	50,660	Impairment loss	(160)	(160)	Investment written off	(500)	-		<u>50,000</u>	<u>50,500</u>		<u>FY2019</u> <u>US\$'000</u>	<u>FY2018</u> <u>US\$'000</u>	Investment in associates	<u>11,703</u>	<u>11,821</u>	<p>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.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • 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.
	<u>FY2019</u> <u>US\$'000</u>	<u>FY2018</u> <u>US\$'000</u>																				
Unquoted equity shares, at cost	50,660	50,660																				
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANAN INTERNATIONAL LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters	How the matter was addressed in the audit									
<p><u>Assessment of carrying values and impairment in investments in subsidiaries, associates, and joint ventures (JV) (cont'd)</u></p> <p>The Group's investments in joint ventures are disclosed in Note 7 of the financial statements as follows:</p> <table data-bbox="220 763 791 880"> <thead> <tr> <th></th> <th style="text-align: right;"><u>FY2019</u></th> <th style="text-align: right;"><u>FY2018</u></th> </tr> <tr> <th></th> <th style="text-align: right;"><u>US\$'000</u></th> <th style="text-align: right;"><u>US\$'000</u></th> </tr> </thead> <tbody> <tr> <td>Investment in joint ventures</td> <td style="text-align: right;"><u>43,803</u></td> <td style="text-align: right;"><u>43,750</u></td> </tr> </tbody> </table>		<u>FY2019</u>	<u>FY2018</u>		<u>US\$'000</u>	<u>US\$'000</u>	Investment in joint ventures	<u>43,803</u>	<u>43,750</u>	<ul style="list-style-type: none"> • Reviewed the accounting treatment for the impairment. <p>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:</p> <ul style="list-style-type: none"> • AnAn Assets Management & Equity Investment (Hong Kong) Co., Limited. ("AnAn AM"); and • Hong Kong China Energy Finance Service Co., Limited. ("HKCEFS"). <p><u>AnAn AM</u></p> <p>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.</p> <p><u>HKCEFS</u></p> <p>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.</p>
	<u>FY2019</u>	<u>FY2018</u>								
	<u>US\$'000</u>	<u>US\$'000</u>								
Investment in joint ventures	<u>43,803</u>	<u>43,750</u>								

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANAN INTERNATIONAL LIMITED
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Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters	How the matter was addressed in the audit
<p><u>Impairment assessment of goodwill</u></p> <p>As at 31 December 2019, the Group's carrying amount for goodwill amounting to US\$ 7,924,000 is disclosed in Note 4.</p> <p>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:</p> <p><i>AnAn Assets Management & Equity Investment (Hong Kong) Co., Limited. ("AnAn AM") distribution segment</i></p> <p>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.</p>	<p>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.</p> <p>As part of our audit, we performed the following:</p> <ul style="list-style-type: none"> • 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
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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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
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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. Ravintran Arumugam FCA.

RT LLP
Public Accountants and
Chartered Accountants

Singapore
23 September 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. INTANGIBLE ASSETS

Group	<u>Lease premium</u> US\$'000	<u>Goodwill</u> US\$'000	<u>Customer relationships</u> US\$'000	<u>Software</u> US\$'000	<u>Land use rights</u> US\$'000	<u>Concessions and similar rights</u> US\$'000	<u>Total</u> 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. INTANGIBLE ASSETS (Continued)

Group	<u>Lease premium</u> US\$'000	<u>Goodwill</u> US\$'000	<u>Customer relationships</u> US\$'000	<u>Software</u> US\$'000	<u>Land use rights</u> US\$'000	<u>Concessions and similar rights</u> US\$'000	<u>Total</u> 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 US\$'000	2018 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				
Rompétrol France SAS. ^(c)	Investment holding	France	51	51
Held through Rompétrol France SAS				
Dyneff SAS. ^(c)	Distribution of petroleum products	France	51	51

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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	
Rompétrol 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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. INVESTMENT IN SUBSIDIARIES (Continued)

(ii) Non-controlling interests (Continued)

Summarised statement of comprehensive income

	2019 US\$'000	2018 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 International (USA), LLC	430
Loss on investment written off	(70)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. INVESTMENT IN ASSOCIATES

	Group	
	2019 US\$'000	2018 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 US\$'000	2018 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENT IN JOINT VENTURES

	Group	
	2019 US\$'000	2018 US\$'000
Investment in joint ventures	43,803	43,750
Less: Provision for impairment loss	-	-
	<u>43,803</u>	<u>43,750</u>

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	
			2019 %	2018 %
Held through HKCEFS				
Rizhao Port Gold 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 US\$'000	2018 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENT IN JOINT VENTURES (Continued)

Summarised statement of comprehensive income

	Group	
	2019 US\$'000	2018 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 US\$'000	2018 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.