China Aviation Oil (Singapore) Corporation Ltd
中国航油（新加坡）股份有限公司
A subsidiary of China National Aviation Fuel Group Limited
中国航空油料集团有限公司子公司

GLOBAL PRESENCE, DIVERSIFIED STRENGTH

全球战略，多元实力

2017年年度报告 Annual Report 2017

Fuel for Future 为明天加油

GLOBAL PRESENCE, **DIVERSIFIED STRENGTH**

全球战略

多元实力

With a resolute strategy to fuel growth through a global integrated value chain, we are steadily establishing a worldwide presence, supplying a diverse range of aviation and transportation fuel products to facilitate air, sea and ground transport, connecting cities, bringing people closer together and fostering world harmony.

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Beijing, China

Financial Highlights
业绩亮点

Total Supply and Trading Volume 总业务量
million tonnes 百万吨

37.3 million tonnes

Revenue 营业额
US$ billion 十亿美元

US$16.3 billion

Net Profit 净利润
US$ million 百万美元

US$85.3 million

Return on Equity 净资产回报率

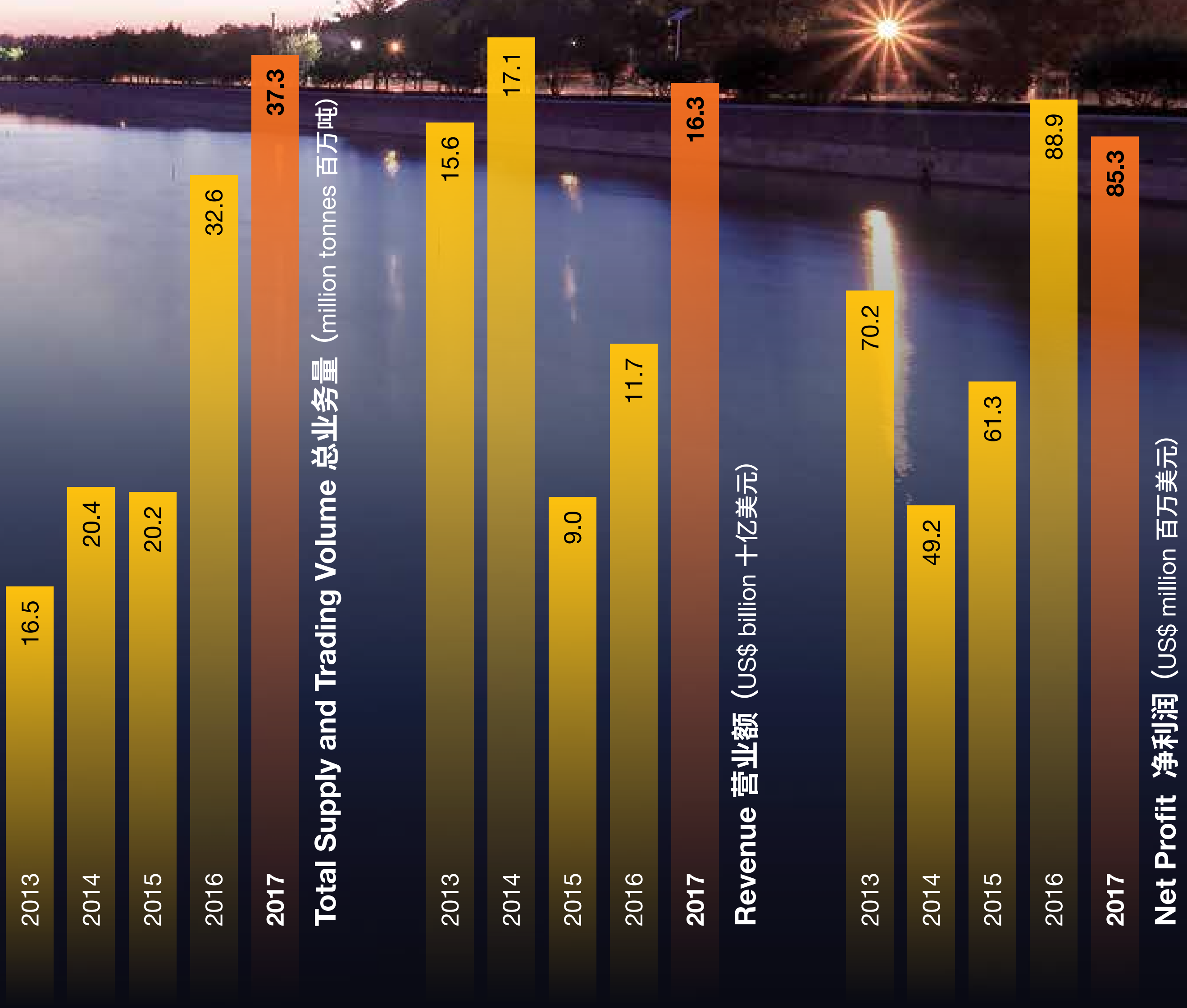
12.4%

Return on Assets 资产回报率

5.7%

Net Asset Value/Share 每股净资产值
US cents 美分

US84.12¢



CAO at A Glance

China Aviation Oil (Singapore) Corporation Ltd ("CAO" or "the Group") is the largest physical jet fuel trader in the Asia Pacific region and the key supplier of imported jet fuel to the civil aviation industry of the People's Republic of China ("PRC"). Headquartered in Singapore with global operations spanning key aviation markets in Asia Pacific, North America, Europe and an entrenched presence in China, CAO was incorporated in Singapore on 26 May 1993, and listed on the mainboard of the Singapore Exchange Securities Trading Limited since 2001.

CAO and its wholly owned subsidiaries (the "Group"), China Aviation Oil (Hong Kong) Company Limited ("CAOHK"), North American Fuel Corporation ("NAFCO") and China Aviation Oil (Europe) Limited ("CAOE") supply jet fuel to airline companies at airports outside the PRC, including Asia Pacific, North America, Europe and the Middle East. The Group also engages in international trading of jet fuel and other oil products.

VISION & STRATEGY

CAO aspires to become a global top-tier integrated transportation fuels provider, constantly innovating and creating value for shareholders, employees, business partners and the community. The Group's strategic priorities remain focused on driving the "Globalisation, Integration and Asset Investments" developmental strategy to deliver sustainable shareholder value.

ASSOCIATES UNDER THE GROUP

The Group owns investments in oil-related businesses that are synergetic to its supply and trading activities, with a portfolio of assets including storage, pipelines and airport refuelling facilities to support an integrated global supply and trading value chain. The associated companies includes Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA"), China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL"), China Aviation Oil Xinyuan Petrochemicals Co., Ltd ("Xinyuan"), Oilhub Korea Yeosu Co., Ltd ("OKYC") and a controlling stake in CNAF Hong Kong Refuelling Limited ("CNAF HKR"), covering a broad spectrum of businesses which form integral parts of the Group's integrated value chain.

OUR KEY SHAREHOLDERS

China National Aviation Fuel Group Limited ("CNAF"), the single largest shareholder of CAO, holds 51.31% of the total issued shares of CAO (excluding treasury shares). As a state-owned enterprise, CNAF is the largest aviation transportation logistics services provider in the PRC, providing aviation fuel procurement, storage, transportation and refuelling services at 219 PRC airports.

BP Investments Asia Limited, a subsidiary of oil major, BP Plc, is a strategic investor of CAO, and holds 20.17% of the total issued shares of CAO (excluding treasury shares).

OUR BUSINESSES

Jet Fuel Supply & Trading

As the largest physical jet fuel trader in Asia Pacific and a key importer of jet fuel to the civil aviation industry of the PRC, the supply and trading of jet fuel is the core of CAO's business. CAO supplies jet fuel to over 17 international airports across mainland China, including major PRC gateways such as Beijing Capital International Airport, Shanghai Pudong and Hongqiao International Airports and Guangzhou Baiyun International Airport.

Since 2011, CAO's aviation marketing arm has been marketing and supplying jet fuel to airline companies worldwide. Today, the Group supplies jet fuel at 48 international airports outside mainland China in over 20 countries, covering Asia Pacific, North America, Europe and the Middle East. Capitalising on the growing international air transportation market, the Group will continue to focus on expanding its customer base globally and make significant inroads into key aviation markets worldwide to strengthen its global presence.

Trading of Other Oil Products

CAO has adopted a diversification strategy, which includes other oil products such as fuel oil, gasoil and crude oil through building up the Group's global supply and trading network to expand its revenue streams. Leveraging on its fast growing global reach, CAO has entrenched its market presence as an active trader of these oil products in Asia Pacific and will continue to work at building and optimising structural advantages in these products globally.

Investments in Oil-related Assets

CAO seeks to create value and deliver long-term sustainable growth through investments and acquisitions in oil-related assets that are synergetic to its core business to achieve vertical integration of its value chain. The Group currently holds equity stakes in:

- Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA") – (33% equity stake)
- China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL") – (49% equity stake)
- Oilhub Korea Yeosu Co., Ltd ("OKYC") – (26% equity stake)
- CNAF Hong Kong Refuelling Limited ("CNAF HKR") – (39% controlling equity stake)
- China Aviation Oil Xinyuan Petrochemicals Co., Ltd ("Xinyuan") – (39% equity stake)

公司简介

中国航油（新加坡）股份有限公司（简称“CAO”或“公司”）是亚太地区最大的航油实货贸易商和中国最重要的航油进口商。公司总部在新加坡，依托于中国市场，业务覆盖全球主要航空市场，如亚太、北美和欧洲。CAO于1993年5月26日在新加坡注册成立，2001年在新加坡证券交易所主板上市。

CAO及其全资子公司（统称“公司”）：中国航油（香港）有限公司（简称“香港公司”）、北美航油有限公司（简称“北美公司”）和中国航油（欧洲）有限公司（简称“欧洲公司”）在中国境外的机场向航空公司供应航油，包括亚太、北美、欧洲和中东。公司也开展航油和其它油品的国际贸易。

愿景与战略

CAO力求成为全球一流运输燃料一体化方案提供商，持续为股东、员工、业务伙伴和社区创造价值。公司的战略重点仍在于推动“全球化、一体化和实业化”的发展战略，以实现可持续的股东价值。

联营公司

联营公司的油品相关资产（包括储罐、管线、机场加注设施）可以为公司的供应贸易业务提供协同性，支持全球一体化供应与贸易链。联营公司包括上海浦东国际机场航空油料有限责任公司（简称“浦东航油”）、中国航油集团津京管道运输有限责任公司（简称“管输公司”）、中国航油集团新源石化有限公司（简称“新源公司”）、韩国丽水枢纽油库有限公司（简称“OKYC”）和相对控股的中国航油香港供油有限公司（简称“香港供油公司”），资产遍布多个业务版块，形成公司重要的一体化价值链。

主要股东

CAO最大的股东是中国航空油料集团有限公司（简称“CNAF”），CNAF持有CAO全部发行股票（不包含库存股）的51.31%。CNAF是中国国有企业，也是中国最大的航空运输服务保障企业，为中国219家机场提供航空油料的采购、存储、运输和加注服务。

石油巨头BP的子公司BP投资亚洲有限公司是CAO的战略投资者，持有CAO全部发行股票（不包含库存股）的20.17%。

业务概况

航油供应与贸易

作为亚太地区最大的航油实货贸易商和中国最重要的航油进口商，CAO的核心业务是航油供应与贸易。CAO在中国大陆为超过17家国际机场供应航油，包括中国主要枢纽机场，如北京首都国际机场、上海浦东和虹桥国际机场以及广州白云国际机场等。

CNAF storage tanks in China
CNAF在中国的储罐

自从2011年以来，CAO的航空市场营销业务扩展到为全球各地的航空公司供应航油。现在公司在亚太（不包括中国大陆）、北美、欧洲和中东20多个国家的48个国际机场供应航油。在全球航空运输市场快速增长的推动下，公司会继续专注拓展全球客户，进入全球主要航空市场，拓展全球业务。

其它油品贸易业务

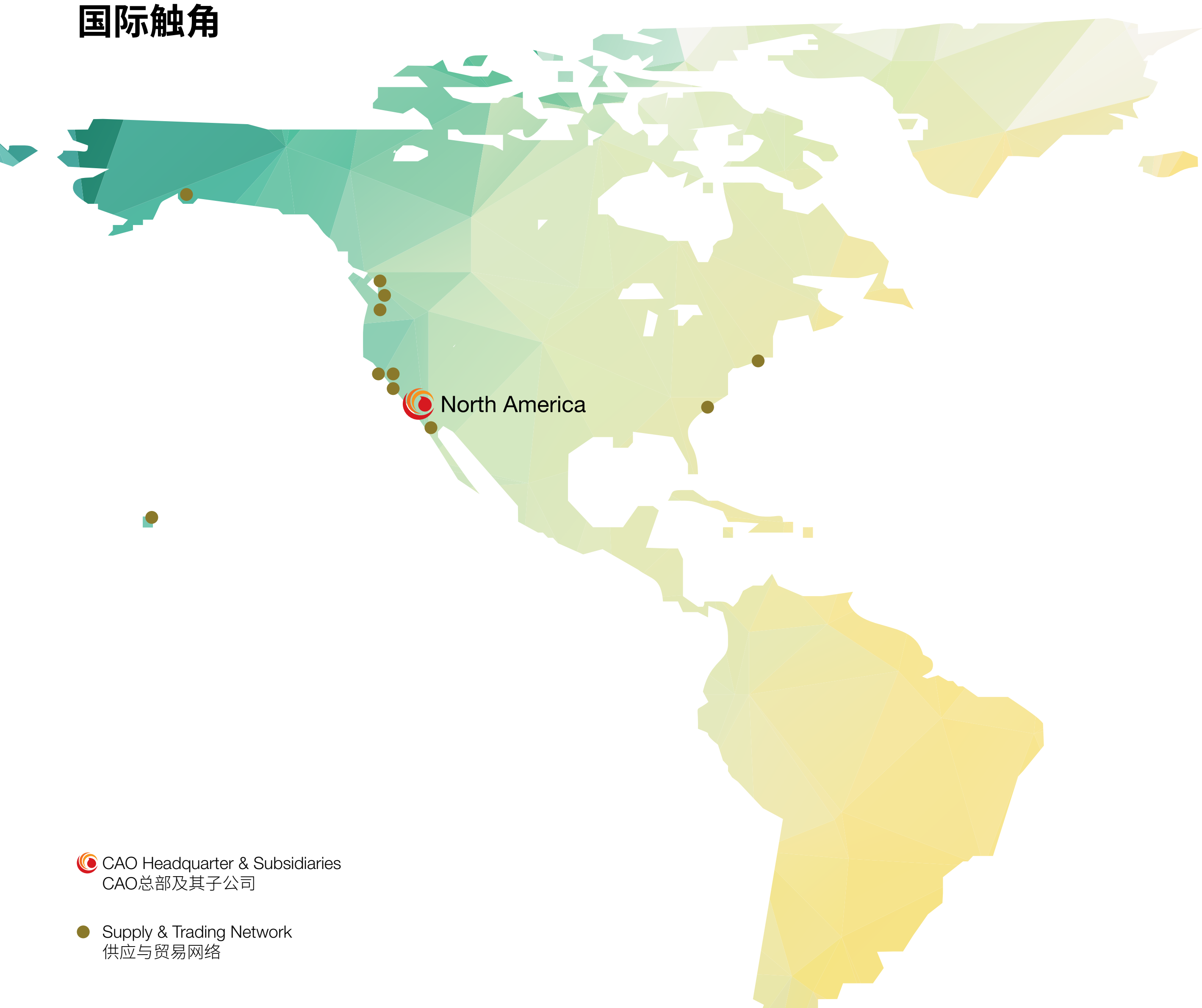
公司执行多元化战略，通过打造全球供应与贸易网络，发展其它油品业务，包括燃料油、柴油和原油，由此来拓展收入来源。CAO凭借日益增长的全球业务，已在亚太地区成为这些油品的活跃贸易商，也会继续打造和优化其它油品的结构性优势。

油品相关实业投资

CAO通过投资收购与核心业务具有协同性的油品相关实业资产，纵向整合公司价值链，积极创造价值，实现可持续增长。CAO的现有投资包括：

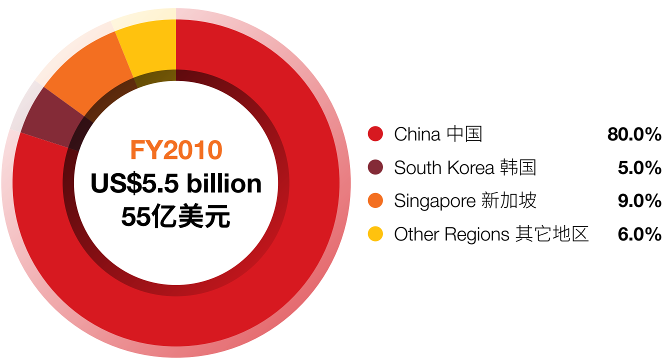
- 上海浦东国际机场航空油料有限责任公司（简称“浦东航油”）——（CAO持股33%）
- 中国航油集团津京管道运输有限责任公司（简称“管输公司”）——（CAO持股49%）
- 韩国丽水枢纽油库有限公司（简称“OKYC”）——（CAO持股26%）
- 中国航油香港供油有限公司（简称“香港供油公司”）——（香港公司持股39%，控股）
- 中国航油集团新源石化有限公司（简称“新源公司”）——（CAO持股39%）

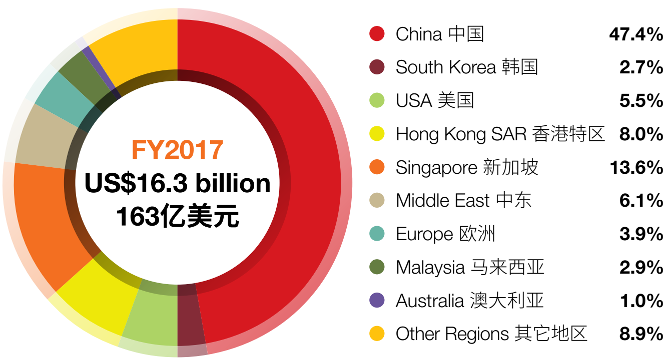
International Reach
国际触角



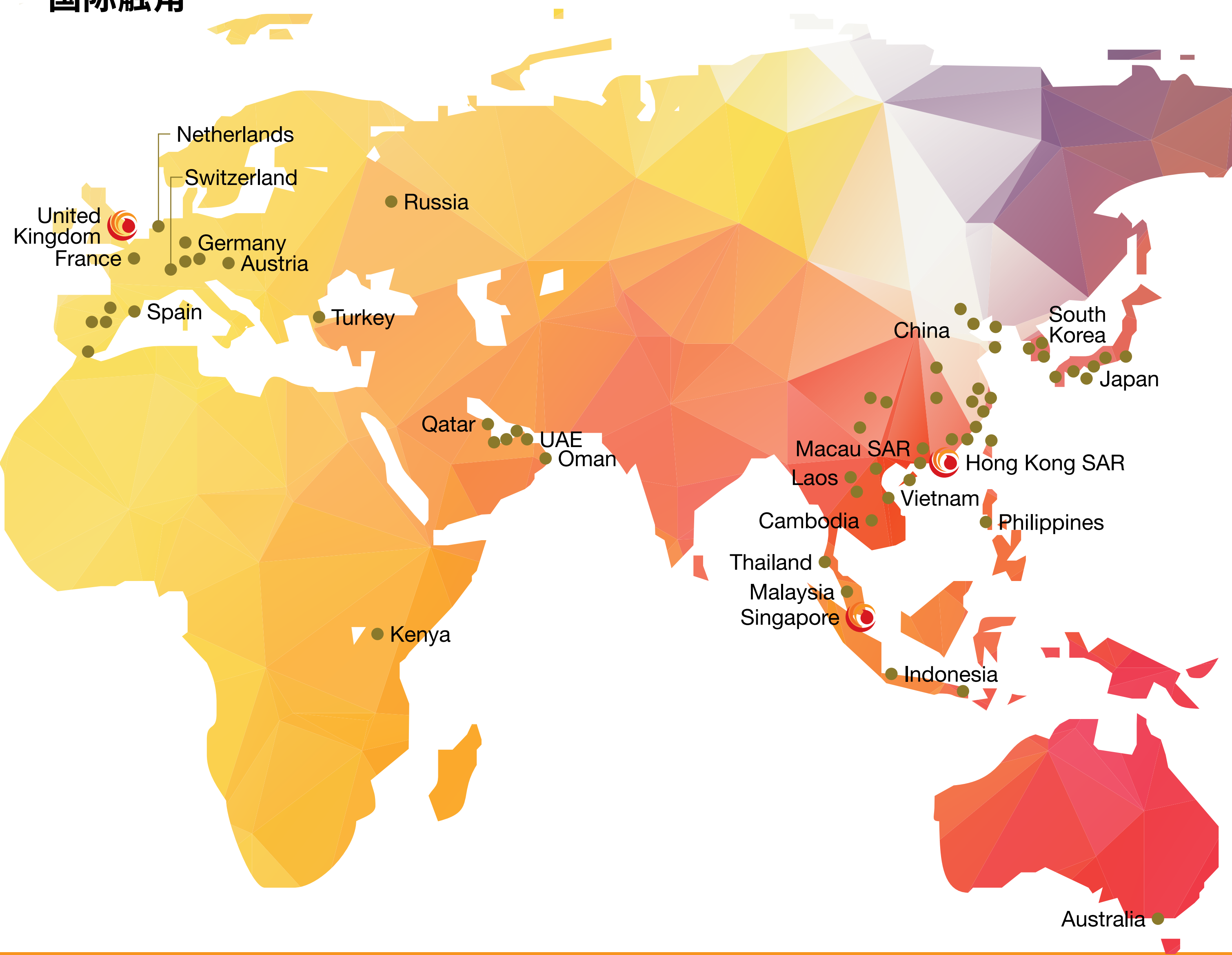
DIVERSIFIED GEOGRAPHIC BASE
地理多元化

Group Revenue by Geographical Locations
总销售收入(按地区划分)



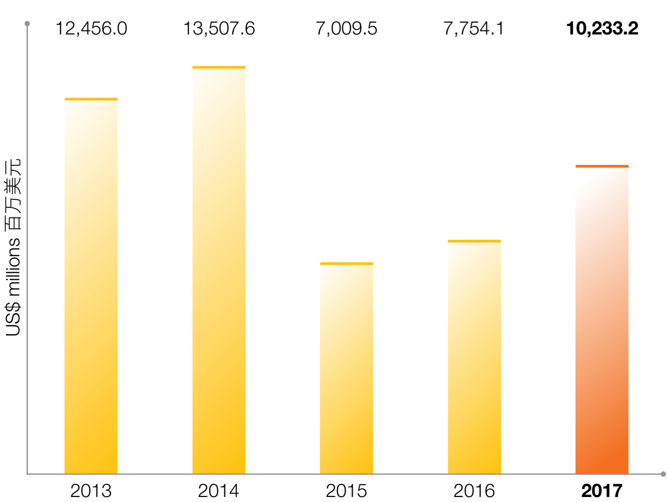


International Reach
国际触角

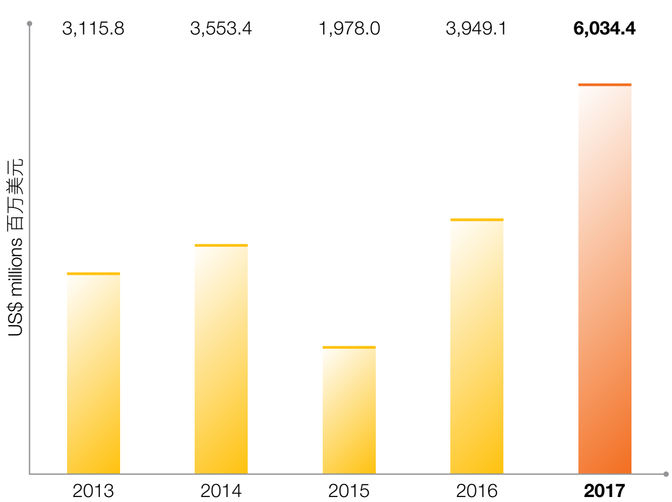


DIVERSIFIED PRODUCT BASE
产品多元化

Revenue – Middle Distillates
收入 — 中馏分



Revenue – Other Oil Products
收入 — 其它油品



Sustainable Business Model
可持续的业务模式

We procure internationally and deliver cargoes to customers globally.

我们在全球范围内采购货物，交付至不同区域客户的手中。

PROCUREMENT
采购

OPTIMISATION & TRADING
优化与贸易

International Oil Markets
国际油品市场

At CAO, we strive to integrate our supply and trading activities, leveraging on our increasing scale and market presence to enhance the profitability of the Group.

CAO致力于供应与贸易一体化，利用不断扩大的业务规模和市场占有率，加强公司的盈利能力。

Secure Resources
锁定资源

Optimise Logistics
优化物流

Storage
储罐

Enhancing integrated supply chain through oil-related asset investments
通过实业投资强化一体化供应链

OKYC
韩国丽水枢纽油库有限公司

Xinyuan
新源公司

Sustainable Business Model
可持续的业务模式

Cargo Supply
供给货物

End Customers
终端客户

Aviation Marketing
航油销售

Airlines
航空公司

Marketing
市场营销

Bunkering
船用燃料油

Ship Owners
船东

Other Transportation Fuels
其它运输燃料

End Users
终端用户

Create Demand
创造需求

Pipelines
管线

TSN-PEKCL
管输公司

Airport Refuelling Facilities
机场加注设施

SPIA
浦东航油

CNAF HKR
香港供油公司

Our Values
核心价值观

OUR VISION

To be a constantly innovating **global** top-tier **integrated transportation fuels** provider

愿景

成为富有创新精神的**全球**一流
运输燃料一体化方案提供商

Fairness 公平
Integrity 诚信
Innovation 创新
Transparency 透明

CORPORATE VALUES

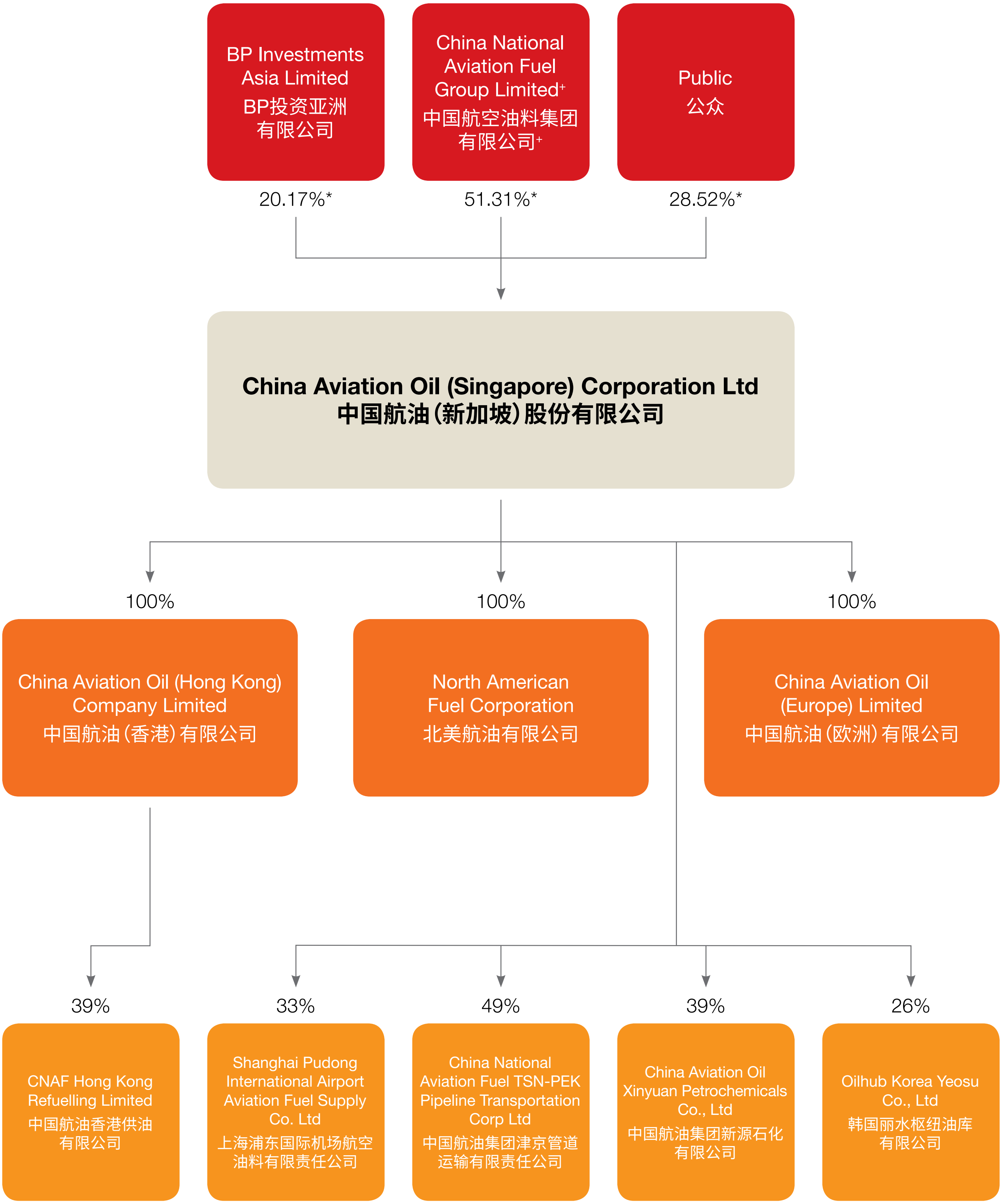
Integrity, **Fairness**, **Transparency** and **Innovation** encapsulate the values embraced by CAO as **we strive together to achieve sustainable growth** for our shareholders.
Integrity is the foundation of our conduct and business dealings, with Fairness and Transparency as guiding principles.
Innovation fuels our engines for growth.

核心价值观

诚信 为商之道、做人之理
公平 处事之规、做事之则
透明 上市之责、经营之任
创新 生存之源、成长之力

Singapore

Group Structure (as at March 2018)
公司结构图（截至2018年3月）



+ Formerly known as China National Aviation Fuel Group Corporation 以前称为中国航空油料集团公司
* Excluding treasury shares 不包括库存股

Hong Kong SAR

Spanning the World

China Aviation Oil is a leading transportation fuels supplier and trader in Asia Pacific, North America and Europe with an integrated global value chain spanning the world.

Dr Xi Zhengping
Chairman

奚正平博士
董事长

Chairman's Message

Dear Shareholders,

2017 marked the start of a new chapter for CAO with the Group reshuffling and strengthening its senior management team, enabling CAO's future growth trajectory as the largest physical jet fuel trader in the Asia Pacific region and an important supplier of imported jet fuel to the civil aviation industry of the People's Republic of China ("PRC") under the strong support of its parent company, China National Aviation Fuel Group Limited ("CNAF").

INTERNATIONALISATION

Marked by dynamic and unpredictable change in the macroeconomic environment, 2017 was a year of transformation at CAO where it successfully propelled its globalisation strategy and manoeuvred through transformational changes essential to resolve internal bottlenecks within the Company to ensure its continued growth trajectory in the international arena. As of end 2017, the Company had affirmed its internationalisation strategy and through asset investments, CAO will leverage on its strategic role as the international platform of CNAF and inherent advantage of its core jet fuel business to drive its "Globalisation, Integration and Asset Investment" developmental strategy and realise its strategic vision to be a global top-tier integrated transportation fuels provider.

Envisioned to grow as a global enterprise from the beginning, CAO's Board of Directors will continue to execute the Group's internationalisation strategy and through several years of refining management expertise to further develop an integrated value chain which spans across the Asia Pacific, North America and Europe, to stage the Group's next phase of growth. Concurrently, as a multinational corporation, CAO has the systemic and essential capabilities to mitigate the global challenges ahead and through the shoring up of the Group's corporate governance, financial management, internal controls and risk management and business development, continue to create shareholder value and conscientiously fulfil the Group's corporate social responsibility.

FINANCIAL PERFORMANCE

2017 was a volatile and challenging year for CAO beset with unpredictability in the macroeconomic environment. Political and economic uncertainties further exacerbated the volatility in global oil markets. Despite the difficult trading environment and unfavorable market dynamics, the Group continued to expand its business through its diversification strategy, expanding its geographic presence as well as customer bases and realised commendable results. The Group's aviation marketing business expanded globally, making further inroads at key global aviation markets such as the United States, Europe, Asia Pacific as well as the Middle East. Total revenue of the Group for the 12 months ended 31 December 2017 ("FY2017") were US$16.27 billion, an increase of 39.0% from a year ago even as total supply and trading volumes for jet fuel and other oil products rose 14.62% to 37.31 million tonnes. Profit before tax rose 0.38% higher to US$92.21 million while net profit attributable to shareholders were US$85.33 million compared to US$88.91 million in FY2016, due principally to higher tax exposure as a result of increased international income. Earnings per share were 9.92 US cents for FY2017 with a return on equity of 12.43%.

DIVIDEND

The Board of Directors had adopted a dividend policy based on a growth-based dividend payout formula comprising 30% of CAO's annual consolidated net profits attributable to shareholders (one-tier, tax exempt) for each financial year, rounded to the nearest Singapore cent as part of CAO's commitment to allow shareholders to participate in its growth trajectory. In keeping with its corporate objective to ensure returns to shareholders and given the financial results achieved for FY2017, the Board of Directors has therefore recommended that shareholders receive a first and final (one-tier, tax exempt) dividend of S$0.045 per share.

ACCOLADES

CAO has been named in 2017 FORBES Global 2000's 15th annual listing, placing 1909th in the Global 2000 ranking. On the Singapore front, there were 17 Singaporean companies on the 2017 list, with commodities and trading companies including CAO on the list, attesting to the sustainable business growth of CAO.

In the 2018 "Top 100 Global Oil & Gas Companies" ranking by Sino-Global Energy magazine, CAO placed 32nd behind global corporations such as Lukoil, Repsol and S-Oil Corporation, once again reaffirming CAO's commitment to create value for our customers, employees and shareholders.

Chairman's Message

Refuelling trucks at Hong Kong International Airport
在香港国际机场的加注车队

As the largest listed energy company on the Singapore bourse by market capitalisation, CAO was officially included into major benchmark indexes such as the Morgan Stanley Composite Index ("MSCI") (SG) Small Cap Index as well as the Financial Times Stock Exchange Index ("FTSE") ST China and FTSE ST Small Cap Indexes. It was also crowned the Best Performing Stock in the Commerce category for the 2017 The Edge Singapore Billion Dollar Club Corporate Awards presented by The Edge Singapore. This recognition validates the efforts put into enhancing shareholders' values and attests to the single-minded focus on shareholder value creation.

OUTLOOK

The global aviation sector is at the threshold of tremendous growth opportunities particularly the Chinese aviation sector which will continue its rapid growth momentum through to 2030 to become the world's largest civil aviation market. The burgeoning demand for jet fuel in the PRC bodes well for CAO. CNAF is on track to execute its internationalisation strategy to become a world leading jet fuel provider, ensuring that CAO's jet fuel business remains a key component of the Group's growth trajectory, enabling the Group to drive its globalisation strategy and realise greater returns from the international arena.

While the year 2018 will not be without challenges given an oversupplied and backwardation oil market, the Group will continue to press on determinedly to overcome difficulties through strengthening business capabilities and enhancing customer engagement to realise further growth.

ONE BELT, ONE ROAD

China's development strategy of "One Belt, One Road" will be supported by the burgeoning growth of the aviation industry in resultant emerging markets and has already brought CAO new growth opportunities. Out of the 48 international airports outside mainland China that the Group supplies to today, 12 international airports are identified "One Belt, One Road" locales. CAO will be at the forefront to proactively explore and pursue jet fuel related cooperation opportunities globally.

Into-plane refuelling operations of our parent company, CNAF, in the PRC
母公司CNAF在中国的航油加注业务

Chairman's Message

Into-plane refuelling operations at a PRC airport
中国机场上机加注

With the firm support from CNAF, CAO's growth opportunities as a result of China's "One Belt, One Road" development strategy is imminent. The Group will continue to drive its international business development, leveraging on its strong balance sheet and explore equity investments and asset investments to propel growth. Concurrently, CAO will continue to embrace strategic transformation to fulfil the Group's globalisation strategy. It is imperative that the Group must seize opportunities to invest in assets synergistic to its core jet fuel supply and trading business to capture impending opportunities which will bring the Group to its new phase of growth.

ACKNOWLEDGEMENTS AND APPRECIATION

On behalf of the Board, I wish to express my appreciation to government agencies in China and Singapore for their steadfast support. I wish to thank all shareholders, business partners, investors and other stakeholders for your continued support and invaluable assistance. My heartfelt and sincere thanks also goes out to all CAO Directors, management team and employees for their efforts and contributions.

Dr Xi Zhengping
Chairman

董事长致辞

各位股东，

2017年对CAO是崭新的一年，母公司中国航空油料集团有限公司（简称“CNAF”）强化了CAO管理团队，加强了对CAO的支持，使CAO保持强劲的增长势头，使之成为亚太地区最大的航油实货贸易商和中国民航重要的航油进口商。

国际化

2017年的宏观经济环境错综复杂，是CAO进一步推动转型的一年，公司成功实行了全球化战略发展，通过转型改变，以解决内部瓶颈，确保公司在国际市场上持续增长。公司于2017年年底更新了发展战略，通过实业投资，充分发挥CAO作为CNAF国际业务平台的战略先导作用和固有核心航油业务优势，推进“全球化、一体化、实业化”的发展战略，实现全球一流运输燃料一体化方案提供商的战略目标。

公司在设立之初即着眼于成为一家全球性的企业，公司的董事会将继续坚持CAO国际化发展战略，通过几年的努力来建立更加专业的管理，努力打造覆盖亚太、北美和欧洲的一体化价值链，使公司的发展进入新篇章。同时，CAO作为一个跨国企业，具有较完备的体系以应对全球范围的挑战，通过不断加强公司治理、财务管理、内部风险管理、业务拓展等，不断为股东创造价值并认真履行企业社会责任。

财务业绩

2017年是市场波动、充满挑战的一年，宏观经济环境变幻莫测。政治和经济环境的不确定性，加剧了全球油品市场的波动，尽管贸易环境艰难，市场状态不佳，公司仍然继续通过多元化战略扩大业务、区域和客户群，实现亮丽的业绩。公司的航空市场营销业务在全球范围内扩张，进一步打入美国、欧洲、亚太以及中东等全球主要的航空市场。截至2017年12月31日的2017财年（“2017财年”），公司总收入为162.7亿美元，同比增长39.0%，航油和其他油品供应与贸易总量上升了14.62%，创下3731万吨的新高。税前利润增长0.38%至9221万美元，而可分配给股东的净利润为8533万美元，比2016财年的8891万美元净利润有所减少，主要是由于国际业务收入增加引起的税收增加。2017财年每股盈利为9.92美分，净资产收益率为12.43%。

股息

CAO董事会采纳了与业绩挂钩的股息政策，将CAO年度合并净利润的30%作为股息发放给股东（单层免税，精确到0.01新元），与股东分享CAO的成长。为了加强股东回报，结合2017财年的业绩，董事会建议向股东派发每股0.045新元的股息。

Oil storage facilities at CNAF
CNAF储罐设施

董事长致辞


CNAF's into-plane refuelling services at a PRC airport
CNAF在中国机场的航油加注服务

进步与殊荣

在福布斯发布的2017年全球2000强企业排名（也是第15期福布斯排名），CAO位居1909。在2000强企业中，共有17家新加坡公司，其中包括商品和/或贸易公司如CAO，此殊荣是对公司业务的可持续增长的见证。

在《中外能源》杂志的2018年全球油气企业100强排名，CAO名列第32位，排名在俄罗斯卢克石油公司、西班牙雷普索尔公司以及韩国S-OIL公司之后，肯定了公司长久以来不断为客户、员工和股东创造价值的努力。

作为新交所市值最大的能源公司，CAO被正式纳入摩根士丹利国际资本指数（简称"MSCI"）新加坡小市值股指数、富时海峡时报中国指数和富时海峡时报小市值股指数，并在2017年《前沿》举办的"前沿亿万美元俱乐部商业组奖项"中获选为"最佳表现股"。

展望未来

全球航空业正面临着巨大的增长机遇，尤其是中国航空市场到2030年将继续保持快速增长的势头，成为全球最大的民用航空市场。中国对航油的旺盛需求对CAO来说是利好消息。CAO母公司——CNAF正全面实施国际化战略，建设世界一流航油公司，这将确保CAO的航油业务在未来发展中占据牢固核心地位，有助于CAO推进全球化战略，并从国际舞台获取更大收益。

尽管2018年的油品市场仍将面临供过于求及现货溢价的挑战，公司将坚定不渝地克服困难，通过增强业务能力和提高服务意识，实现企业稳步发展。

一带一路

新兴市场蓬勃发展的民航业为中国"一带一路"战略的实施提供了有力支撑，为公司带来新的发展机遇。公司在中国大陆以外供油的48个国际机场中，12个都是"一带一路"沿线国家的机场。CAO将率先布局，寻找合作机会，探索航油国际化合作机制。

凭借母公司的强大支持，"一带一路"发展战略将带给CAO增长的机遇。公司将开展广泛国际合作，通过股权投资、实业投资等方式，实现跨越式发展。同时也须继续转型，实现全球化战略。公司需要把握眼前的机遇，投资于核心航油供应和贸易业务有协同效应的资产，带领公司走入新的发展时期。

致意与感谢

我代表董事会，感谢中新两国政府机构的大力支持！感谢所有股东、商业伙伴、投资者和其他相关方的关爱和帮助！我也由衷地感谢CAO的全体董事、管理层和员工辛勤的付出和贡献。

奚正平博士
董事长

Board of Directors
董事会

From left to right从左至右: Ang Swee Tian 汪瑞典, Wang Kai Yuen 王家園, David Windle, Li Yongji 李永吉, Xi Zhengping 奚正平, Wang Yanjun 王延军, Meng Fanqiu 孟繁秋, Li Runsheng 李润生, Bella Young 楊必麗


Aviation O
Corp
油（新加坡）
有限

Board of Directors
董事会

XI ZHENGPING, 51
Non-Executive and Non-Independent Chairman

Date of first appointment as a director:
6 February 2017

Date of last re-election as a director:
18 April 2017

Length of service as director:
10 months
(as at 31 December 2017)

Board Committee(s) served on:
N.A.

Academic and Professional Qualification(s):
- Doctor of Engineering in Physical Chemistry of Metallurgy, Northeastern University of Technology, Shenyang
- Qualified Senior Engineer (Professor Level), China

Present Directorships:
(as at 31 December 2017)

Listed Companies:
Nil

Other Principal Directorships:
- China National Aviation Fuel Group Limited (Director)

Major Appointments (other than directorships):
- General Manager of China National Aviation Fuel Group Limited

Past Directorships held over the preceding 3 years (from 1 January 2015 to 31 December 2017):
Nil

Others:
- Former President of Northwest Institute for Non-ferrous Metal Research
- Former Head of Shaanxi Provincial Department of Science and Technology
- Former Mayor of Weinan City, Shaanxi Province
- Former Deputy General Manager of China Non-ferrous Metal Mining (Group) Co., Ltd
- Conferred "National Outstanding Professional" by MOHRSS* and MOST*
- Conferred "Science and Technology Innovation" award by the Ho Leung Ho Lee Foundation
- Entitled to Special Government Allowance from the State Council of the PRC

奚正平，51岁
非执行、非独立董事长

首次当选董事日期：
2017年2月6日

上次董事轮选日期：
2017年4月18日

供职董事年限：
10个月
（截至2017年12月31日）

供职董事委员会：
无

学术和专业资历：
- 东北工学院，冶金物理化学专业，工学博士学位
- 中国教授级高级工程师

现任董事席位：
（截至2017年12月31日）

上市公司：
无

其他主要董事席位：
- 中国航空油料集团有限公司（董事）

主要任职（除董事职位外）：
- 中国航空油料集团有限公司总经理

过去三年曾任董事席位（2015年1月1日至2017年12月31日）：
无

其他：
- 曾任西北有色金属研究院院长
- 曾任陕西省科学技术厅厅长
- 曾任陕西省渭南市市长
- 曾任中国有色矿业集团有限公司副总经理
- 获得中国人社部*、科技部*等部委颁发的"全国杰出专业技术人才"称号
- 获颁何梁何利基金"科学与技术创新"奖
- 享受中国国务院政府特殊津贴

* Note: Ministry of Human Resources and Social Security ("MOHRSS") and Ministry of Science and Technology ("MOST")
注："人社部"指中华人民共和国人力资源和社会保障部，"科技部"指中华人民共和国科学技术部

Board of Directors
董事会

WANG KAI YUEN, 70
Deputy Chairman and Lead Independent Director

Date of first appointment as a director:
28 April 2008

Date of last re-election as a director:
18 April 2017

Length of service as director:
9 years 8 months
(as at 31 December 2017)

Board Committee(s) served on:
Remuneration Committee (Chairman)
Audit Committee (Member)
Nominating Committee (Member)

Academic and Professional Qualification(s):
- Bachelor of Engineering in Electrical & Electronics - First Class Honours, National University of Singapore, Singapore
- Master of Science in Electrical Engineering, Stanford University, USA
- Master of Science in Industrial Engineering, Stanford University, USA
- Philosophy of Doctor in Engineering Systems, Stanford University, USA

Present Directorships:
(as at 31 December 2017)

Listed Companies:
- ComfortDelGro Corporation Ltd (Director)
- COSCO Corporation (Singapore) Limited (Director)
- Emas Offshore Ltd (Director)
- Ezion Holdings Ltd (Chairman)
- HLH Group Ltd (Chairman)

Other Principal Directorships:
Nil

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 3 years (from 1 January 2015 to 31 December 2017):
- A-Sonic Aerospace Ltd
- Matex International Ltd

Others:
- Conferred the Friends of Labour Award in 1988
- Former Chairman of Feedback Unit, Government of Singapore
- Former Member of Parliament, Singapore Parliament

王家园，70岁
副董事长，首席独立董事

首次当选董事日期：
2008年4月28日

上次董事轮选日期：
2017年4月18日

供职董事年限：
9年零8个月
（截至2017年12月31日）

供职董事委员会：
薪酬委员会（主席）
审计委员会（成员）
提名委员会（成员）

学术和专业资历：
- 新加坡国立大学，工程系一级荣誉学位（电器与电机工程）
- 美国斯坦福大学电机工程硕士学位
- 美国斯坦福大学工业工程硕士学位
- 美国斯坦福大学工程学博士学位

现任董事席位：
（截至2017年12月31日）

上市公司：
- 康福德高企业有限公司（董事）
- 中远投资（新加坡）有限公司（董事）
- Emas岸外有限公司（董事）
- 毅之安控股有限公司（董事长）
- 蓬莱发集团（董事长）

其他主要董事席位：
无

主要任职（除董事职位外）：
无

过去三年曾任董事席位（2015年1月1日至2017年12月31日）：
- A-Sonic宇航有限公司
- 万得国际有限公司

其他：
- 1988年获颁劳工之友奖
- 前新加坡政府民意处理组主席
- 前新加坡国会议员

Board of Directors
董事会

MENG FANQIU, 50
*Chief Executive Officer/
Executive Director*

Date of first appointment as a director:
28 March 2006

Date of last re-election as a director:
20 April 2016

Length of service as director:
11 years 9 months
(as at 31 December 2017)

Board Committee(s) served on:
Nil

Academic and Professional Qualification(s):
- Bachelor of Law (International Economic Law), China University of Political Science and Law, Beijing
- Master of Business Law, Renmin University of China, Beijing
- APAC Executive Master of Business Administration, National University of Singapore, Singapore
- Qualified Legal Attorney and General Legal Counsel, PRC

Present Directorships:
(as at 31 December 2017)

Listed companies:
Nil

Other principal directorships:
- China Aviation Oil (Hong Kong) Company Limited (Chairman/Director)
- Shanghai Pudong International Airport Aviation Fuel Supply Corporation Ltd (Deputy Chairman)
- China Aviation Oil Xinyuan Petrochemicals Co., Ltd (Deputy Chairman)
- Oilhub Korea Yeosu Co., Ltd (Chairman/Director)
- China Aviation Oil (Europe) Limited (Director)

Major Appointments (other than directorships):
- President of China Enterprises Association (Singapore)
- Vice Chairman of Singapore Business Federation China Business Group

Past Directorships held over the preceding 3 years (from 1 January 2015 to 31 December 2017):
- China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd
- Investor Relations Professionals Association (Singapore)

Others:
- Former Official Of Civil Aviation Administration of China ("CAAC")
- Conferred the "Elite Civil Servant" award by CAAC
- Former Division Director of the Planning and Development Division of China National Aviation Fuel Group Limited
- Former Member of Corporate Governance Assessment Committee which was constituted during the restructuring of CAO

孟繁秋，50岁
首席执行官/执行董事

首次当选董事日期：
2006年3月28日

上次董事轮选日期：
2016年4月20日

供职董事年限：
11年零9个月
（截至2017年12月31日）

供职董事委员会：
无

学术和专业资历：
- 中国政法大学国际经济法专业法律学士学位
- 中国人民大学民商法硕士学位
- 新加坡国立大学商学院亚太高层企业主管硕士学位
- 中华人民共和国律师资格和中华人民共和国企业法律顾问资格

现任董事席位：
（截至2017年12月31日）

上市公司：
无

其他主要董事席位：
- 中国航油（香港）有限公司（董事长/董事）
- 上海浦东国际机场航空油料有限责任公司（副董事长）
- 中国航油集团新源石化有限公司（副董事长）
- 韩国丽水枢纽油库有限公司（董事长/董事）
- 中国航油（欧洲）有限公司（董事）

主要任职（除董事职位外）：
- 中资企业（新加坡）协会会长
- 新加坡工商联合总会中国工商组副主席

过去三年曾任董事席位（2015年1月1日至2017年12月31日）：
- 中国航油集团津京管道运输有限责任公司
- 投资者关系专业协会（新加坡）

其他：
- 曾任职于中国民用航空总局
- 被评为民航总局"优秀公务员"
- 中国航空油料集团有限公司前规划发展部总经理
- CAO重组期间公司治理评估委员会前委员

Board of Directors
董事会

LI YONGJI, 50
Non-Executive Director and Non-Independent Director

Date of first appointment as a director:
5 February 2018

Date of last re-election as a director:
N.A.

Length of service as director:
N.A.
(as at 31 December 2017)

Board Committee(s) served on:
Audit Committee (Vice Chairman)
Nominating Committee (Vice Chairman)
Remuneration Committee (Vice Chairman)
Risk Management Committee (Member)

Academic and Professional Qualification(s):
- Master in Financial Accounting, Beijing Forestry University, China
- EMBA, China Europe International Business School, China
- Qualified Senior Accountant
- Certified Senior International Finance Manager (SIFM)

Present Directorships:
(as at 31 December 2017)

Listed companies:
Nil

Other principal directorships:
- Director of China National Aviation Fuel South China Bluesky Corporation
- Director of Shenzhen Airport Petroleum Co., Ltd.
- Supervisory Board Member of China National Aviation Fuel Corporation Ltd
- Chairman of Supervisory Board of China National Aviation Petrochemical Pipeline Co., Ltd.

Major Appointments (other than directorships):
- Deputy Chief Accountant & General Manager of Finance Division, China National Aviation Fuel Group Limited

Past Directorships held over the preceding 3 years (from 1 January 2015 to 31 December 2017):
- Director of China National Aviation Fuel Finance Co., Ltd
- Director of Air Union Insurance Brokers Co., Ltd.
- Chairman of Shenzhen Cheng Yuan Aviation Oil Company Limited

Others:
- Former General Manager of Finance Division, China Aviation Oil Holding Company
- Former Head of Assets and Financial Management Division, China Aviation Oil Holding Company
- Former Deputy Director of Finance Division, China Aviation Oil Supply Corporation
- Former Deputy Director of the Restructuring Office, China Aviation Oil Supply Corporation
- Former Lecturer at Jilin Commercial College

李永吉，50岁
非执行、非独立董事

首次当选董事日期：
2018年2月5日

上次董事轮选日期：
不适用

供职董事年限：
不适用
（截至2017年12月31日）

供职董事委员会：
审计委员会（副主席）
提名委员会（副主席）
薪酬委员会（副主席）
风险管理委员会（成员）

学术和专业资历：
- 北京林业大学硕士研究生财务会计专业
- 中欧国际工商学院（CEIBS）EMBA
- 高级会计师
- 高级国际财务管理师（SIFM）

现任董事席位：
（截至2017年12月31日）

上市公司：
无

其他主要董事席位：
- 华南蓝天航空油料公司董事
- 深圳空港油料公司董事
- 中国航油有限责任公司监事
- 中国航油石化管道有限公司监事会主席

主要任职（除董事职位外）：
- 中国航空油料集团有限公司副总会计师兼财务金融部总经理

过去三年曾任董事席位（2015年1月1日至2017年12月31日）：
- 中国航油集团财务公司董事
- 航联保险经纪公司董事
- 深圳承远航油公司董事长

其他：
- 前中国航空油料集团公司财务部总经理
- 前中国航空油料集团公司资产财务部负责人
- 前中国航空油料总公司财务处副处长
- 前中国航空油料总公司股改办公室副主任
- 前吉林市商业学校教师

Board of Directors
董事会

WANG YANJUN, 55
*Executive Director/
Vice President*

Date of first appointment as a director:
5 February 2018

Date of last re-election as a director:
N.A.

Length of service as director:
N.A.
(as at 31 December 2017)

Board Committee(s) served on:
Nil

Academic and Professional Qualification(s):
- Doctor of Business Administration Huazhong University of Science and Technology, China
- Qualified Senior Engineer, China

Present Directorships:
(as at 31 December 2017)

Listed companies:
Nil

Other principal directorships:
- China Aviation Oil (Hong Kong) Company Limited (Director)
- CNAF Hong Kong Refuelling Limited (Chairman/Director)
- North American Fuel Corporation (Chairman/Director)

Major Appointments (other than directorships):
- President of China Aviation Oil (Hong Kong) Company Limited

Past Directorships held over the preceding 3 years (from 1 January 2015 to 31 December 2017):
- China National Aviation Fuel South China Bluesky Corporation
- Shenzhen Cheng Yuan Aviation Oil Company Limited

Others:
- Former Head of Safety Engineering Division/ Head of HR Training Division of Shenzhen Cheng Yuan Aviation Oil Company Limited
- Deputy Head of Safety Engineering Division of Western Fuel Company

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王延军，55岁
执行董事/副总裁

首次当选董事日期：
2018年2月5日

上次董事轮选日期：
不适用

供职董事年限：
不适用
（截至2017年12月31日）

供职董事委员会：
无

学术和专业资历：
- 华中科技大学研究生院工商管理博士学位
- 中国高级工程师

现任董事席位：
（截至2017年12月31日）

上市公司：
无

其他主要董事席位：
- 中国航油（香港）有限公司（董事）
- 中国航油香港供油有限公司（董事长/董事）
- 北美航油有限公司（董事长/董事）

主要任职（除董事职位外）：
- 中国航油（香港）有限公司总经理

过去三年曾任董事席位（2015年1月1日至2017年12月31日）：
- 华南蓝天航空油料有限公司
- 深圳承远航空油料有限公司

其他：
- 前深圳承远航空油料有限公司安全管理部经理、劳资培训部经理
- 前西北油料公司安全技术科副科长

Board of Directors
董事会

DAVID WINDLE, 51
Non-Executive and Non-Independent Director

Date of first appointment as a director:
28 July 2017

Date of last re-election as a director:
N.A.

Length of service as director:
5 months
(as at 31 December 2017)

Board Committee(s) served on:
Risk Management Committee (Chairman)
Audit Committee (Member)

Academic and Professional Qualification(s):
- Bachelor of Science, (Hons) in Electronic and Electrical Engineering, Loughborough University

Present Directorships:
(as at 31 December 2017)

Listed companies:
- Lightsource BP Renewable Energy Investments Limited

Other principal directorships:
Nil

Major Appointments (other than directorships):
- Head of Solar Energy, BP Alternative Energy

Past Directorships held over the preceding 3 years (from 1 January 2015 to 31 December 2017):
Nil

Others:
- Former Chief Operating Officer, Air BP (London)
- Former VP Strategy, Business Development & Licensing, BP Petrochemicals (Shanghai)
- Former Chief of Staff, BP Downstream (London)

DAVID WINDLE, 51岁
非执行、非独立董事

首次当选董事日期：
2017年7月28日

上次董事轮选日期：
不适用

供职董事年限：
5个月
（截至2017年12月31日）

供职董事委员会：
风险管理委员会（主席）
审计委员会（成员）

学术和专业资历：
- 拉夫堡大学，电子和电气工程专业（荣誉学士学位）

现任董事席位：
（截至2017年12月31日）

上市公司：
- Lightsource BP可再生能源投资有限公司

其他主要董事席位：
无

主要任职（除董事职位外）：
- BP替代能源（国际有限公司），太阳能部门主管

过去三年曾任董事席位（2015年1月1日至2017年12月31日）：
无

其他：
- 前首席运营官，Air BP有限公司（伦敦）
- 前BP石化（上海）战略业务发展与许可副总经理
- 前BP下游组（伦敦）人员主管

Board of Directors
董事会

BELLA YOUNG, 53
Non-Executive and Non-Independent Director

Date of first appointment as a director:
22 April 2015

Date of last re-election as a director:
20 April 2016

Length of service as director:
2 year 8 months
(as at 31 December 2017)

Board Committee(s) served on:
Nominating Committee (Member)
Remuneration Committee (Member)

Academic and Professional Qualification(s):
- Bachelor of Science, Engineering, University of Hong Kong, Hong Kong
- Master of Business Administration, Oklahoma City University, USA

Present Directorships:
(as at 31 December 2017)

Listed companies:
Nil

Other principal directorships:
- BP Hong Kong Limited (Director)
- J & A Petrochemical Sdn. Bhd. (Director)
- Shine Top International Investment Limited (Director)
- Shenzhen Cheng Yuan Aviation Oil Company Limited (Director)
- South China Bluesky Aviation Oil Company Limited (Director)

Major Appointments (other than directorships):
- General Manager of Air BP Asia

Past Directorships held over the preceding 3 years (from 1 January 2015 to 31 December 2017):
Nil

Others:
- Former Trader (Middle Distillates) of BP Singapore Pte Ltd
- Former Lubricants Manager of BP Hong Kong Ltd, South China
- Former Business Advisor of BP Hong Kong Ltd, Air BP China
- Former Strategy Planning & Performance Manager of BP China (Holdings) Ltd, China LPG
- Former Supply & Logistics Manager of BP Hong Kong Ltd, Air BP Asia Pacific

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楊必麗，53岁
非执行、非独立董事

首次当选董事日期：
2015年4月22日

上次董事轮选日期：
2016年4月20日

供职董事年限：
2年零8个月
（截至2017年12月31日）

供职董事委员会：
提名委员会（成员）
薪酬委员会（成员）

学术和专业资历：
- 香港大学理学学士（工程）学位
- 俄克拉荷马市大学工商管理学硕士学位

现任董事席位：
（截至2017年12月31日）

上市公司：
无

其他主要董事席位：
- BP香港有限公司（董事）
- J & A Petrochemical Sdn. Bhd.（董事）
- Shine Top International Investment Limited（董事）
- 深圳承远航空油料有限公司（董事）
- 华南蓝天航空油料有限公司（董事）

主要任职（除董事职位外）：
- Air BP亚洲总经理

过去三年曾任董事席位（2015年1月1日至2017年12月31日）：
无

其他：
- 曾任BP新加坡私人有限公司中馏分贸易员
- 曾任BP香港有限公司华南地区润滑油经理
- 曾任BP香港有限公司Air BP中国前业务顾问
- 曾任BP中国控股有限公司（广州）战略规划与业绩经理——中国液化石油气
- 曾任BP香港有限公司Air BP（亚太）供应与物流经理

Board of Directors
董事会

ANG SWEE TIAN, 69
Non-Executive and Independent Director

Date of first appointment as a director:
14 November 2008

Date of last re-election as a director:
18 April 2017

Length of service as director:
9 years 1 month
(as at 31 December 2017)

Board Committee(s) served on:
Audit Committee (Chairman)
Nominating Committee (Member)
Remuneration Committee (Member)
Risk Management Committee (Member)

Academic and Professional Qualification(s):
- Bachelor of Accountancy (First Class Honours), Nanyang University of Singapore, Singapore
- Master of Business Administration (Distinction), Northwestern University, USA

Present Directorships:
(as at 31 December 2017)

Listed companies:
- China Jinjiang Environment Holding Company Limited (Lead Independent Director)
- COSCO Corporation Singapore Limited (Independent Director)

Other principal directorships:
- ICE Futures Singapore Pte Ltd (Non-Executive Director)
- ICE Clear Singapore Pte Ltd (Non-Executive Director)

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 3 years (from 1 January 2015 to 31 December 2017):
- Amare-Greenland Hospitality Investments (AGHI) Pte. Ltd
- Tuas Power Generation Pte Ltd
- TP Utilities Pte Ltd
- Tuas Power Ltd

Others:
- Honouree of the Futures Industry Association's Futures Hall of Fame (First Inductee from an Asian Exchange)
- Former President of Singapore Exchange Ltd

汪瑞典, 69岁
非执行独立董事

首次当选董事日期:
2008年11月14日

上次董事轮选日期:
2017年4月18日

供职董事年限:
9年零1个月
(截至2017年12月31日)

供职董事委员会:
审计委员会(主席)
提名委员会(成员)
薪酬委员会(成员)
风险管理委员会(成员)

学术和专业资历:
- 新加坡南洋大学会计学学士(一级荣誉学位)
- 美国西北大学工商管理硕士学位(成绩优异)

现任董事席位:
(截至2017年12月31日)

上市公司:
- 中国锦江环境控股有限公司(首席独立董事)
- 中远投资新加坡有限公司(独立董事)

其他主要董事席位:
- 洲际交易所新加坡期货私人有限公司(非执行董事)
- 洲际交易所新加坡清算所私人有限公司(非执行董事)

主要任职(除董事职位外):
无

过去三年曾任董事席位(2015年1月1日至2017年12月31日):
- Amare-Greenland Hospitality Investments (AGHI) Pte. Ltd
- 大士发电(私人)有限公司
- TP Utilities Pte Ltd
- 大士能源有限公司

其他:
- 美国期货协会期货名人堂首位来自亚洲交易所的业者
- 新加坡交易所前总裁

Board of Directors
董事会

LI RUNSHENG, 65
Non-Executive and Independent Director

Date of first appointment as a director:
24 April 2014

Date of last re-election as a director:
18 April 2017

Length of service as director:
3 year 8 months
(as at 31 December 2017)

Board Committee(s) served on:
Nominating Committee (Chairman)
Audit Committee (Member)
Remuneration Committee (Member)

Academic and Professional Qualification(s):
- Master of Administrative Management, Macau University of Science and Technology

Present Directorships:
(as at 31 December 2017)

Listed companies:
Nil

Other principal directorships:
Nil

Major Appointments (other than directorships):
- Director of the Expert Committee of China Petroleum and Chemical Industry Association
- Senior Associate Director of Petroleum and Natural Gas Committee, China Petroleum and Chemical Industry Association

Past Directorships held over the preceding 3 years (from 1 January 2015 to 31 December 2017):
Nil

Others:
- Chairman of China Controlled Chemicals Association
- Member of Expert Committee of Energy, Resources & Sustainable Development, Boao Forum for Asia
- Expert of the Second Expert and Academic Committee, China International Engineering Consulting Corporation
- Distinguished Professor of China University of Petroleum, Beijing
- Member of the Academic Committee of the 1st China Top Think Tanks, CNPC Research Institute Of Economics & Technology
- Former Vice Chairman of China Petroleum and Chemical Industry Association
- Former Assistant to President, Deputy Director of Advisory Center of China National Petroleum Corporation
- Former Vice President of PetroChina Company Limited, Refining & Marketing Branch
- Former Director of the Department of Policies and Legislation, State Bureau of Petroleum and Chemical Industries

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李润生，65岁
非执行、独立董事

首次当选董事日期：
2014年4月24日

上次董事轮选日期：
2017年4月18日

供职董事年限：
3年零8个月
（截至2017年12月31日）

供职董事委员会：
提名委员会（主席）
审计委员会（成员）
薪酬委员会（成员）

学术和专业资历：
- 澳门科技大学行政管理硕士

现任董事席位：
（截至2017年12月31日）

上市公司：
无

其他主要董事席位：
无

主要任职（除董事职位外）：
- 中国石油和化学工业联合会专家委员会主任
- 中国石油和化学工业联合会石油天然气专业委员会高级副主任

过去三年曾任董事席位（2015年1月1日至2017年12月31日）：
无

其他：
- 中国监控化学品协会理事长
- 博鳌亚洲论坛能源专家委员会委员
- 中国国际工程咨询公司第二届专家学术委员会专家
- 中国石油大学（北京）特聘教授
- 中国石油经济技术研究院第一届国家高端智库学术委员会委员
- 前中国石油和化学工业联合会副会长
- 前中国石油天然气集团公司总经理助理、咨询中心副主任
- 前中国石油天然气股份有限公司炼油与销售分公司副总经理
- 前中国国家石油和化学工业局政策法规司司长

Corporate Information (as at March 2018)

DIRECTORS

Xi Zhengping
(Chairman / Non-Independent, Non-Executive Director)

Wang Kai Yuen
(Deputy Chairman, Lead Independent Director)

Meng Fanqiu
(Chief Executive Officer / Executive Director)

Li Yongji
(Non-Independent, Non-Executive Director)

Wang Yanjun
(Executive Director / Vice President)

David Windle
(Non-Independent, Non-Executive Director)

Bella Young
(Non-Independent, Non-Executive Director)

Ang Swee Tian
(Independent Director)

Li Runsheng
(Independent Director)

AUDIT COMMITTEE

Ang Swee Tian (Chairman)
Li Yongji (Vice Chairman)
Wang Kai Yuen
David Windle
Li Runsheng

REMUNERATION COMMITTEE

Wang Kai Yuen (Chairman)
Li Yongji (Vice Chairman)
Bella Young
Ang Swee Tian
Li Runsheng

NOMINATING COMMITTEE

Li Runsheng (Chairman)
Li Yongji (Vice Chairman)
Wang Kai Yuen
Bella Young
Ang Swee Tian

RISK MANAGEMENT COMMITTEE

David Windle (Chairman)
Li Yongji
Ang Swee Tian

COMPANY SECRETARY

Doreen Nah

AUDITORS

Deloitte & Touche LLP
(Appointed on 20 April 2016)
6 Shenton Way #33-00
OUE Downtown 2
Partner in charge: Tay Boon Suan
(Since financial year 2016)

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Agricultural Bank of China
Bank of China Limited
Bank of Communications Co., Ltd
China Construction Bank Corporation
Crédit Agricole Corporate and Investment Bank
DBS Bank Ltd
Industrial and Commercial Bank of China Limited
Overseas-Chinese Banking Corporation Limited
Societe Generale
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

REGISTERED OFFICE

8 Temasek Boulevard
#31-02 Suntec Tower Three
Singapore 038988
Tel: (65) 6334 8979
Fax: (65) 6333 5283
Website: www.caosco.com

公司信息 (截至2018年3月)

董事

奚正平
(董事长 / 非独立、非执行董事)

王家園
(副董事长 / 首席独立董事)

孟繁秋
(首席执行官 / 执行董事)

李永吉
(非独立、非执行董事)

王延军
(执行董事 / 副总裁)

David Windle
(非独立、非执行董事)

楊必麗
(非独立、非执行董事)

汪瑞典
(独立董事)

李润生
(独立董事)

审计委员会

汪瑞典 (主席)
李永吉 (副主席)
王家園
David Windle
李润生

薪酬委员会

王家園 (主席)
李永吉 (副主席)
楊必麗
汪瑞典
李润生

提名委员会

李润生 (主席)
李永吉 (副主席)
王家園
楊必麗
汪瑞典

风险管理委员会

David Windle (主席)
李永吉
汪瑞典

公司秘书

蓝肖蝶

外部审计师

德勤有限责任合伙人制
(受聘于2016年4月20日)
珊顿大道6号, OUE Downtown 2, 33楼
新加坡邮区068809
负责合伙人: 郑文漩
(从2016财年起)

股票登记处和转让处

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

主要银行

Australia and New Zealand Banking Group Limited
Agricultural Bank of China
Bank of China Limited
Bank of Communications Co., Ltd
China Construction Bank Corporation
Crédit Agricole Corporate and Investment Bank
DBS Bank Ltd
Industrial and Commercial Bank of China Limited
Overseas-Chinese Banking Corporation Limited
Societe Generale
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

注册办公室

淡马锡林荫道8号新达城第3大厦31楼2号
新加坡邮区038988
电话: (65) 6334 8979
传真: (65) 6333 5283
网址: www.caosco.com

Los Angeles, California, USA

Creating Integrated Value

We continue to drive diversification of products, geographic markets and customer base to create sustainable income streams and deliver stable returns to stakeholders.

Meng Fanqiu
Chief Executive Officer/
Executive Director

孟繁秋
首席执行官/执行董事

CEO's Message

Dear Shareholders,

In 2017, China Aviation Oil (Singapore) Corporation Ltd ("CAO" or "the Group") faced a complex and unpredictable external environment with the Group having to overcome challenges as a result of China's increased domestic oil refining capacity, the global oil market structure reclining from contango to backwardation even as competition in the aviation marketing business intensified. Oil prices during the year was volatile, swayed by several macroeconomic and geopolitical factors which made trading decisions difficult. Still, the Group remained committed to its strategic transformation enroute to realising its 2020 strategy, fine-tuning its strategic initiatives with its development strategy of "Globalisation, Integration and Asset Investment" to facilitate healthy and sustainable growth, with key operating metrics setting new records.

STRATEGIC TRANSFORMATION

Recognising that the Group was at the threshold of change and transformation was essential to reap growing opportunities in the global aviation industry, with the strong support of its parent company CNAF, under the sterling leadership of its Board of Directors, the Group strengthened its senior management team and steadily progressed its Vision via implementing and realising its development strategy of "Globalisation, Integration and Asset Investment". In 2017, the Group made significant progress in its global business despite the demanding operating environment and successfully reinforced its status as the foremost bonded jet fuel supplier to the PRC, as it continued to venture into new aviation hotspots and at the same time bolstered and expanded its global integrated supply and trading value chain. This enlarged integrated global supply and trading platform further extended the Group's scale of business and increased the Group's business volumes, customer base and geographic presence even as the Group continued to diversify its business in terms of products, customer base and geography, improved governance, exercised stringent risk management, strengthened internal controls and at the same time ensured compliance with laws and regulations and fulfilled its social responsibility ensuring safe, reliable and sustainable operations in its pursuit to make the Group a robust, formidable global growth platform.

With the synergy created from the enhancement of a globalised supply and trading network, the Group also achieved record volumes and record pre-tax profit for the year.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2017 ("FY2017"), volume for middle distillates increased 6.68% from 18.56 million tonnes a year ago to 19.80 million tonnes, driven primarily by a 7.75% increase in jet fuel supply and trading volumes to 16.12 million tonnes for FY2017 compared to 14.96 million tonnes for FY2016. Supply volume to airlines increased 8.7%, from 2.3 million tonnes in 2016 to 2.5 million tonnes in 2017. On the back of the Group's product diversification strategy to include the sale of crude oil and fuel oil, volumes of other oil products surged 25.16% to 17.51 million tonnes from 13.99 million tonnes a year ago. Consequently, total supply and trading volumes for middle distillates and other oil products jumped 14.62% to reach a record 37.31 million tonnes in FY2017.

Group revenue rose 39.00% to US$16.27 billion from US$11.70 billion a year ago, mainly attributable to the increase in supply and trading volumes. Pre-tax profit increased 0.38% to US$92.21 million from US$91.86 million a year ago. The Group's net profit for FY2017 were US$85.33 million compared to US$88.91 million in FY2016 due mainly to increased tax exposure.

AN INTERNATIONAL PERSPECTIVE

In 2017, CAO's development strategy of "Globalisation, Integration and Asset Investment" took root as the Group continued to steer its course in globalisation, augment its integrated value chain and worked at its investments strategy with renewed vigor. CAO's global aviation supply and trading value chain continued to expand as its "Asia-North America" trade route gradually matured with the Group making its maiden breakthrough in the supply of jet fuel from various Asian refineries to North America. Similarly, the Group's "Asia-Europe" trade grew substantially in volume particularly with the successful development of supply and trade routes from India to Europe for the first time during the year. Together with its subsidiaries NAFCO and CAOE, CAO collectively ran independent supply shipments from Asia to North America and Europe, further extending its reach to Africa and paving smooth international physical supply channels across the continents which further substantiated a breakthrough for CAO's integration of its supply and trading business and validated the effectiveness and efficacy of its integrated global value chain.

In the area of aviation marketing, CAO successfully penetrated the African market for the first time, winning a jet fuel supply contract at Nairobi Airport. Amid intense

CEO's Message

competition, the Group's North American subsidiary NAFCO became the sole supplier of jet fuel to all six Chinese airlines operating at the Los Angeles airport even as the Group grew the number of international airports it supplies outside mainland China to 48 international airports from 43 the year before.

During the year, the Group's diversification strategy continued to bring forth positive development. In the other oil products segment, the Group stabilised its fuel oil trade business structure in the Middle East and successfully completed its first tanker refuelling project there. For the crude oil segment, the Group continued to actively cooperate with China's independent refineries with a first sale of crude oil to Japan and Australia leading the overall other oil products segment to achieve a significant 25.16% increase in volumes in 2017. In support of the development of clean energy in the global aviation arena, CAO also supplied biojet to a major international airline for the first time during the year, marking the commencement of its biofuel business and its continued development as an emergent Chinese aviation brand internationally.

ACCOMPLISHING NEW HEIGHTS

Healthy business performance as well as effective investor relations further enhanced the Group's standing in the financial markets in 2017. CAO was formally admitted onto one of international capital markets' most important indexes during the year – the MSCI (SG) Index as well as the UK-based FTSE ST Small Cap and FTSE ST China Indexes. The company also ranked as one of Forbes Global 2000 companies with the highest value, revenue, assets and profitability. Concurrently, having clinched the SIAS "Most Transparent Award" for seven consecutive years, for the eighth time in 2017, CAO was crowned winner for the "Singapore Corporate Governance" (Energy category) award.

As investors awaken to the value proposition of CAO, the Company's market capitalisation reached S$1.4 billion during the year, making CAO the largest energy company listed on the Singapore Exchange as at 31 December 2017. CAO's growing repute as a foremost listed company emanating good stewardship, operational performance, corporate governance and as a thriving international jet fuel provider is evident in the progress the Group has made in the world's largest aviation markets namely the United States of America, China and Europe. CAO continues to remain true to its vision to transform itself into a constantly innovating global top-tier integrated transportation fuels provider and will continue to build depth and breadth at its wholly owned subsidiaries, CAOHK, NAFCO and CAOE which will further augment its status as the largest jet fuel trader in Asia Pacific, realising healthy, sustainable and rapid development.

Into-plane refuelling operations at Hong Kong International Airport
在香港国际机场的加注服务

CEO's Message

CAO was awarded "Singapore Corporate Governance" (Overall Winner for Energy category) at SIAS Investors' Choice Award 2017
CAO获得2017年新加坡证券投资者协会颁发的"新加坡企业治理 奖"（能源组别第一名）

APPRECIATION

CAO's corporate development and achievements would not have been possible without the participation and support of our shareholders, particularly the strong support of its parent company, nor without the sterling leadership of the Board of Directors.

On behalf of the management and all staff of CAO, I would like to express my heartfelt thanks to our parent company, China National Aviation Fuel Group Limited ("CNAF") and major shareholder, BP Investments Asia Limited ("BP") for their unceasing support. I also wish to thank the Board of Directors for their detailed and effective guidance.

My sincere gratitude to our sister company, China National Aviation Fuel Corporation Ltd, as well as each of our suppliers, trading counterparties, ship owners, banks and other business partners for their support. We look forward to more mutually beneficial and deeper collaboration in the future.

A deep appreciation to all at our associated companies - SPIA, TSN-PEKCL, Xinyuan, and OKYC! Your contribution is the foundation and stalwarts for the Group to realise its development strategy. Thanks to all other stakeholders for their support. CAO will work even harder to deliver results! The Group could not have achieved all that we have without each and every of your hard work, commitment and perseverance through the years. Finally, my appreciation to all employees at CAO and its subsidiaries as well as CNAF HKR. The Group could not have achieved all that we have without each and every of your hard work, commitment and perseverance through the years.

Looking ahead to 2018, an oversupplied oil market and a backwardation market structure will continue to bring forth challenges to the Group's business even as we work to resolve bottlenecks internally, brought about by our continued expansion and growth in the international arena. While the way forward may not be easy, I firmly believe that the resilience of CAO today, particularly with our strengthened senior management team, will lead every employee to work together to overcome all obstacles and difficulties to achieve our strategic targets and realise the Company's vision to be a global top-tier integrated transportation fuels provider.

Meng Fanqiu
Chief Executive Officer/Executive Director

首席执行官致辞

各位股东，

在2017年，中国航油（新加坡）股份有限公司（简称“CAO”或“公司”）面临复杂多变的外部环境，CAO必须努力应对由于中国国内炼制能力增加、全球油品市场结构从期货溢价陷入现货溢价以及航空市场营销业务的竞争加剧所带来的严峻挑战。2017年油价受到宏观经济和地缘政治的影响，波动剧烈，贸易环境愈发艰难。尽管如此，公司仍致力于战略转型，以实现2020战略目标，通过“全球化、一体化和实业化”的发展战略，调整优化战略实施计划，不断推动公司健康、可持续、快速发展，主要经营指标创历史新高。

战略转型

公司正处于变革转型期，这对于在全球航空业获得更多的成长机会至关重要。在母公司——CNAF的大力支持与董事会的正确领导下，公司加强了高层管理团队，通过实施“全球化、一体化和实业化”的发展战略，进一步引领公司前进和增长，努力实现公司愿景——成为全球一流运输燃料一体化方案提供商。2017年，尽管运营环境极具挑战性，公司的全球业务依然取得了重大进展：巩固了中国最重要的保税航油供应商地位；继续开拓新的航空热点市场；加强和扩大全球一体化供应与贸易价值链；通过壮大后的一体化全球供应与贸易平台，公司业务规模得到进一步扩展。继续实施产品、客户和地域的多元化战略，增加了业务量、客户群和业务区域；完善治理、严控风险、强化内控、合规守法，履行社会责任，确保公司安全、可靠、可持续运营，努力将公司打造成为优秀的全球增长平台。

得益于全球化供应与贸易链创造的协同价值，公司财务业绩亮眼，2017年的业务量、税前利润创下历史新高。

财务业绩

截至2017年12月31日的财年（“2017财年”），中馏分业务量从一年前的1856万吨增加到1980万吨，涨幅为6.68%，主要由于2017财年航油供应与贸易量增长7.75%，达到1612万吨，2016财年为1496万吨。向航空公司的供应量增长8.7%，从2016年的230万吨增加到2017年的250万吨。公司继续执行产品多元化战略，销售原油和燃料油，其它油品业务量从2016财年的1399万吨增加到1751万吨，涨幅为25.16%。因此，中馏分油品和其它油品的供应与贸易总量在2017财年增长14.62%，达到3731万吨，创历史新高。

公司收入较去年同期的117亿美元增长39.00%，至162.7亿美元，主要由于供应与贸易量增加。税前利润从去年同期的9186万美元增长至9221万美元，涨幅为0.38%。公司2017财年的净利润为8533万美元，而2016财年的净利润为8891万美元，主要是因为税收增加。

国际视野

2017年，CAO的“全球化、一体化和实业化”发展战略继续扎根在公司全球化进程中，增强了一体化价值链，以全新的活力在投资战略中发挥作用。随着“亚洲-北美”贸易线路日益成熟，CAO的全球航空供应与贸易价值链继续扩张，首次实现亚洲其他炼厂向北美供应航油。同样，公司的“亚洲-欧洲”贸易发展迅速，特别是今年首次开辟了印度到欧洲的供应与贸易线路。CAO与其北美公司和欧洲公司一起，独立运作亚洲至北美和欧洲的货物交付，并将市场拓展至非洲，进一步打通了不同大陆间的供应与贸易渠道，实现供应与贸易的有机结合，努力打造一体化业务模式。

在航空市场营销方面，CAO首次进入非洲市场，在内罗毕机场获得航油供应合同。北美公司成为在洛杉矶机场运营的全部6家中国航空公司的唯一航油供应商。CAO海外供油机场数量将从去年年底的43个增加到48个。

在过去一年，公司的多元化战略继续带来积极的发展。在其它油品领域，继续在中东稳固燃料油贸易业务结构，成功完成了首个船加注项目。在原油方面，公司继续积极与中国独立炼厂合作，首次向日本和澳大利亚出售原油，2017年业务量显著增加25.16%。为了保护环境、发展清洁能源，公司首次开展生物航油业务，向主要国际航线供应生物航油，这是中国航油品牌在海外市场开展生物航油业务的里程碑。

再攀高峰

良好的经营业绩，有效的投资者关系工作，进一步提升了公司的市场声誉和影响力。CAO在2017年6月份正式被纳入国际资本市场最主要的指数体系——摩根士丹利国际资本指数（简称“MSCI”）新加坡小市值股指数，同时，公司被纳入英国的富时海峡时报小市值股指数和富时海峡时报中国指数。公司也入选福布斯全球2000强企业，成为世界上最具价值、收入、资产和盈利能力的公司之一。同时，公司连续七年、第八次获得新加坡证券投资者协会（简称“SIAS”）颁发的“最透明公司奖”，荣获“新加坡企业治理奖”（能源行业第一名）。

投资者进一步意识到CAO的价值，截至2017年12月31日，公司市值达到了14亿新元，成为新加坡交易所最大的上市能源公司。作为领先的上市公司，CAO已经成为了一家治理良好、运营有效、财务表现卓越的全球化运输燃料供应商，在全球最大的航空市场，即美国、中国和欧洲蓬勃发展。CAO忠于愿景，将自己转变成为富有创新精神的全球一流运输燃料一体化方案提供商，CAO也会继续帮助全资香港公司、北美公司和欧洲公司拓展业务的深度和广度，进一步增强其作为亚太地区最大航油贸易商的地位，实现健康、可持续、快速发展。

首席执行官致辞

Into-plane refuelling operations
为飞机加注

致谢

如果没有股东的参与支持，特别是母公司的大力支持，没有董事会的正确领导，就不可能取得这样的成绩，实现CAO的发展。

我谨代表公司管理层和全体员工，感谢母公司中国航空油料集团有限公司的大力帮助以及大股东BP投资亚洲有限公司（简称"BP"）的支持！感谢所有股东这些年来的理解和信任！感谢董事会的具体而有效的指导。

感谢各兄弟单位——中国航空油料有限责任公司等以及各供应商、贸易伙伴、船东、银行和其他商业伙伴的支持。期待着我们在未来开展更深入的互惠合作。

感谢联营公司浦东航油、管输公司、新源公司和OKYC！你们的贡献是公司实现发展战略的坚实基础和强大后盾。衷心感谢社会各界朋友的关注和支持。我们会加倍努力！最后，感谢CAO和子公司以及香港供油公司的所有员工，上述业绩的取得，来源于你们的坚持和付出。

展望2018年，油品市场的供过于求、现货溢价结构将继续给公司业务带来挑战，与此同时，我们也将努力解决在国际舞台上持续扩张和增长带来的内部瓶颈问题。前进的路上固然险峻，但我坚信，我们这支经过历练的团队，特别是充实力量后的高级管理层，有信心、有决心、有能力带领广大员工，披荆斩棘、攻坚克难，达到我们的战略目标，最终实现公司的愿景——成为富有创新精神的全球一流运输燃料一体化方案提供商。

孟繁秋
首席执行官/执行董事

CEO's Strategic Report – Operations Review

MIDDLE DISTILLATES – JET FUEL & GAS OIL

2017 was a year marked by two distinct halves in oil trading. In the first half-year, Asia middle distillates market was generally in a contango structure amid a low crude oil price environment whilst the second half year saw stronger crude oil prices on reduced OPEC and non-OPEC global supply which ended the four-year commodities crash by the fourth quarter of 2017. The price of oil, which traded between a low of US$30 per barrel in late 2016 finished 2017 at about US$60 per barrel. Whilst commodities investors held a bullish outlook for the future with the higher oil prices and continued improvements in the global economy during the year, the Group faced a more volatile and unpredictable oil trading environment as markets reclined to backwardation in the second half year, further exacerbated by increase in supply and operational costs incurred due to various supply disruptions caused by weather and refinery outages in the third quarter of 2017.

Oil market fundamentals remained principally in oversupply during the year, exacerbated by sudden unplanned refinery outages and numerous typhoons in USA and Asia which distorted market fundamentals, tightening up jet fuel and gasoil physical cargoes availability. Whilst a better macroeconomic outlook and winter kerosene demand continued to support jet fuel demand, the Group saw itself facing greater market and credit risks amid ongoing geopolitical tensions and macroeconomic uncertainties. The Group's middle distillates bench continued to progress, extending arbitrage activities to USA and Europe, which saw steady increases in the demand for jet fuel underpinned by continued growth in the world's largest aviation markets, driven in part by aggressive airlines expansion and healthy growth in budget carriers and passenger demand.

The middle distillates team continued to extend its jet fuel business globally, making further inroads into key aviation markets internationally whilst continuing to fulfil the Group's vital role as key importer of jet fuel to support the burgeoning aviation industry in the PRC. Apart from regular jet fuel cargoes to Los Angeles, Alaska and Hawaii, the team also expanded supply into Europe, Africa, Thailand and Indonesia. Importantly, the Group continued to build its integrated global supply and trading chain from Asia to North America, and optimised oil products trading opportunities between these two regions to create additional value, such as shipping gasoline products from US West Coast back to Asia. Volume for middle distillates increased 1.24 million tonnes to 19.80 million tonnes from 18.56 million tonnes, of which, the volume of jet fuel supply and trading increased by 1.16 million tonnes or 7.75% to 16.12 million tonnes for FY2017 compared to 14.96 million tonnes for FY2016.

AVIATION MARKETING

Global air travel growth remained strong in 2017 with the global aviation industry seeing robust passenger and cargo demand, driven by an improved global economy, increased affluence of a growing middle class globally, robust Chinese outbound travel and affordable air fares adding extra stimulus to global passenger traffic growth.

Globally, growing passenger traffic continues to be augmented by strong travel demand from the rise of the middle-income, notably in China, the Middle East and other Asia Pacific countries. 2017 also saw substantial growth in the Chinese market and the expansion of Chinese airlines internationally as well as a range of new aircraft technology which has allowed a transformation in the way global air routes are operated, most notably allowing the expansion of numerous long haul low cost airlines and new routes; a host of new entrant airlines; and the synchrony of global economic growth. Chinese airlines have steadily opened over 100 new long haul destinations in the past decade and connectivity in Northeast Asia has continued to boom, mostly due to mainland Chinese airlines that have opened new numerous destinations as China's 'Big Three' state-controlled carriers – Air China, China Eastern Airlines and China Southern Airlines – each carried more than 100 million passengers in 2017, marking yet another record-breaking year for the country's aviation sector, setting the stage for China to be the world's largest aviation market by 2022, according to International Air Transport Association ("IATA") in October 2017.

The Group's global aviation marketing segment continued to capitalise on the buoyant growth of the global aviation industry which saw a continued proliferation of new airlines as well as low cost carriers. Seizing market opportunities and further expanding and entrenching its footprint in key aviation markets worldwide, CAO's aviation team focused on new airline entrants spurred by the rapid rise of new air hubs globally, particularly in the Asia Pacific and Middle East regions. As the liberalisation of global aviation markets and further development of aviation infrastructure such as airport capacity in developing countries continues to drive increased routes and frequency of connectivity between cities, low cost carriers also swiftly became important customers of CAO. In FY2017, CAO's global aviation marketing team extended market reach and expanded supply network at key regional aviation hubs, bringing the number of supply locations at international airports outside mainland China from 43 to 48 international airports by end of 2017, spanning Asia Pacific, North America, Europe, the Middle East and Africa.

CEO's Strategic Report – Operations Review

SPIA's into-plane refuelling operations at Pudong Airport
浦东机场上机加注

During the year, the Group continued to maintain its leading position as the largest key supplier by volume to the three major Chinese airlines namely Air China, China Eastern Airlines and China Southern Airlines even as it successfully engaged secondary Chinese airlines, with supply contracts from this growing segment contributing about 5% of the total aviation marketing volume for FY2017. Continuing to leverage on the Group's growing global supply and trading network, the aviation marketing team has remained focused on developing new aviation markets along the "One Belt, One Road" route, successfully supplying jet fuel to 12 "One Belt, One Road" locales including Istanbul, Moscow, Surabaya, Jakarta, Vientiane and Luang Prabang, as well as maintained and grew its market share globally at regional air hubs in Asia and Europe.

In 2017, CAO became one of the top three suppliers by market share at Los Angeles airport during the year. Whilst this was met with increased competition, the Group will continue to leverage on its relationships with Chinese carriers to tap on their growth in new routes and increased frequencies internationally. Concurrently, CAO will continue to grow its supply capabilities though investments and market growth activities to continue to build up a sustainable and competitive position in key aviation markets. This will enable CAO to also develop a balanced portfolio in Asia with international airline customers. The year also saw CAO's maiden supply of sustainable biofuel to a major international airline over a three-month period and enabling 12 biofuel flights with an Airbus A350-900, the airline's newest fuel efficient aircraft. The biofuel is produced by AltAir Fuels and supplied by SkyNRG in close collaboration with CAO's USA subsidiary NAFCO and EPIC Fuels.

Total volume supplied to commercial airlines increased 8.7% from 2.3 million tonnes to 2.5 million tonnes underpinned by supply growth to US West Coast airports. As of 31 December 2017, CAO Group is supplying jet fuel at 48 airports across 24 countries and regions, compared to 43 airports in 17 countries and regions as of 31 December 2016, having grown at compounded rate of 28% over the period 2012 to 2017.

FUEL OIL

In 2017, fuel oil business increased its presence in the Middle East with active involvement in ship chartering to optimise trades between Singapore and the Arabian Gulf. The bench also commenced Marine Gasoil trade and bunker refuelling sales to prepare and position for 2020 bunker specification change.

CAO's fuel oil business grew rapidly during the year, bringing forth record volumes. Although fuel oil demand remained lackluster in Asia Pacific, the fuel oil team continued to develop structural advantage in fuel oil trading and saw substantial business growth in the Middle East market via developing new business and clientele to complement its Singapore bunker activities. Going forward, the team's strategy is to continue to stay nimble, seize business opportunities and trade on opportunity.

CRUDE OIL

In addition to supplying crude oil to China's refineries, 2017 saw the Group's crude oil bench successfully enlarging its customer base to include Japanese and Australia refiners and securing Oman crude oil supply term contracts. At the same time, CAO continued to build on its supply advantage with Chinese independent refineries, commonly known as teapot refineries with the Chinese government's policy granting crude oil import license to independent refineries. The team will continue to develop third-party trading opportunities in crude oil going forward.

With the steady progress of the Group's global business, total supply and trading volume for middle distillates and other oil products reached a record 37.3 million tonnes for FY2017, an increase of 14.6% from the 32.6 million tonnes in FY2016. Out of which, volume for middle distillates was up 6.68% at 19.8 million tonnes for FY2017, an increase of 1.24 million tonnes from 18.56 million tonnes in FY2016. Volume of other oil products increased 3.52 million tonnes or 25.16% to 17.51 million tonnes for FY2017 compared to 13.99 million tonnes for FY2016.

CEO's Strategic Report – Operations Review

ASSOCIATED COMPANIES

Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA")

Established in 1997, SPIA is the exclusive supplier of jet fuel and into-plane service provider at Shanghai Pudong International Airport ("Pudong Airport"), the second largest airport by passenger traffic and the largest airport by cargo volume within mainland China. Pudong Airport also ranked top of all airports within mainland China in terms of jet fuel consumption. SPIA owns and operates all the refuelling facilities at Pudong Airport, including a full suite of hydrant systems, fleet of dispensers and refuelling trucks, refuelling stations, airport tank farm, a 42-km dedicated jet pipeline connecting Pudong Airport to Waigaoqiao terminal and storage facilities of 200,000 m^3 in total capacity. CAO owns a 33% stake in SPIA, whilst Shanghai International Airport Co., Ltd holds 40% and Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd holds 27%.

Being the most important associate of the CAO Group, SPIA contributed share of profits of US$64.17 million in 2017, or a 5.8% increase from the year before. SPIA's total jet fuel refuelling volumes reached 4.45 million tonnes in 2017, an increase of 7.9% from the year before on China's continued civil aviation growth with total refuelled flights increasing 4% year-on-year to 250,000 flights. In 2017, SPIA provided jet fuel for flights to 273 destinations globally, an increase of 21% year-on-year whilst maintaining superior safety standards with zero accident, zero injury and zero contamination.

With Pudong Airport's satellite terminal due to commence operations in 1H2019, Pudong Airport's annual air passenger throughput is expected to reach 87 million by 2020 with annual takeoffs and landings reaching 560,000, setting the stage for continued growth in SPIA's jet fuel supply volume.

Transit storage
中转库

China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")

Established in 2008, China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL") is a specialist pipeline company supplying jet fuel to Beijing Capital International Airport ("Beijing Airport) and Tianjin Binhai International Airport ("Tianjin Airport"), running the only long distance pipeline from Tianjin Port to Beijing Airport. China National Aviation Fuel Group Logistics Co., Ltd. and CAO hold 51% and 49% stakes in TSN-PEKCL respectively.

TSN-PEKCL's key asset is a 185-km long multi-oil product pipeline ("the Pipeline"), which links Tianjin Tanggu Nanjing Port, Tianjin Airport and Beijing Airport with transport capacity of 3.35 million tonnes per annum, suitable for oil products such as jet fuel and gasoil.

In 2017, the total jet fuel transportation volume by TSN-PEKCL was 2.81 million tonnes, a decline of 7.7% year-on-year as Beijing Airport increased jet fuel supply from Sinopec Beijing Yanshan refinery post the refinery's capacity enhancement and upgrading works. Nevertheless, 2017 saw TSN-PEKCL reduced expenses aggressively to enhance its profitability and CAO's share of profits from TSN-PEKCL increased 19.7% to US$2.61 million for 2017. TSN-PEKCL achieved yet another year of zero accident record in 2017.

As the peripheral economy around Beijing capital and the Bohai Bay region continues to develop, Beijing Airport and Tianjin Airport will witness more air traffic which will in turn benefit TSN-PEKCL.

Oilhub Korea Yeosu Co., Ltd ("OKYC")

OKYC, the largest independent storage tank terminal in South Korea and one of the most important oil storage and transportation hubs in Northeast Asia, was incorporated under a joint venture agreement with six other companies including Korea National Oil Corporation ("KNOC"), GS Caltex, SK Incheon Petrochem, Samsung C&T, Seoul Line and LG International. KNOC is the largest shareholder with 29% stake while CAO is OKYC's second largest shareholder with 26% shareholding interest.

OKYC owns and operates a commercial storage tank terminal with a total capacity of 1.3 million m^3, capable of storing crude oil and refined oil products including jet fuel. It is strategically located at the center of the North-East Asian region with easy access to major oil consuming countries and well equipped for Very Large Crude Carriers ("VLCC") loading and discharging at berth up to 17.7m.

CEO's Strategic Report – Operations Review

Discharging jet fuel from vessel at port
港口卸油

OKYC achieved 100% storage utilisation in 2017 and CAO's share of profits from OKYC increased 19.5% year-on-year to US$4.95 million. Fully committed to safety, health and environment, OKYC adheres to all governing regulations and complies with operational standards of OHSAS 18001, KOSHA 18001, ISO 14001 and ISO 9001 which meets the port operation requirements of oil majors.

Going forward, OKYC is set to increase its marketing efforts and focus on sustainable growth and profitability by meeting every customer's operational demands with calculated precision.

CNAF Hong Kong Refuelling Limited ("CNAF HKR")

CNAF HKR, an associated company of which CAO's wholly owned subsidiary, CAOHK, is a controlling shareholder, provides into-plane refuelling services at Hong Kong International Airport at Chek Lap Kok ("HKIA"). As the third licensed refueller at HKIA, CNAF HKR is well equipped with a fleet of dispensers and refuellers which are supported by a refuelling station that comes with an administration and scheduling office sited in a 3,000 m^2 compound. Shareholders of CNAF HKR include CAOHK, Shenzhen Cheng Yuan Aviation Oil Company, China United Petroleum (Holding) Company Limited and Cheer Luck Investment Limited. CAOHK holds 39% of the total issued shares of CNAF HKR, while the other three companies hold equity stakes of 37%, 14% and 10%, respectively.

CNAF HKR fuelled over 40,000 airplanes in 2017 and handles an average of 109 airplanes daily, an increase of 30% year-on-year; its total refuelling volume was 0.9 million tonnes, an increase of 61% year-on-year. CNAF HKR through its continuous efforts achieved good safety performance and a satisfactory service level throughout the year with no flight delays or customer complaints lodged. CNAF HKR joined HKIA's carbon emission reduction organisation, contributed to the local community for sustainable development and received from relevant authorities the award of "Excellence in Environment Management" during the year.

CNAF HKR will remain committed to deliver superior and trustworthy operational performance, focus on key customers and further entrench and expand its footprint at HKIA.

China Aviation Oil Xinyuan Petrochemicals Co., Ltd ("Xinyuan")

Xinyuan is mainly engaged in the storage tank leasing and trade of oil products in Southern China. Its key asset is a storage tank farm located in the city of Maoming, Guangdong Province, China with a total storage capacity of 79,000m^3. Xinyuan's shareholders include Shenzhen Juzhengyuan Co., Ltd, CAO and CNAF, holding 60%, 39% and 1% stakes, respectively.

Xinyuan's storage business achieved high leasing utilisation rate of 99% in 2017, leading revenue from its storage business to increase 11% from the year before. CAO Group's share of profits from Xinyuan was US$0.597 million, an increase of 91% from 2016. Xinyuan achieved zero safety incident during 2017.

Going forward, Xinyuan will further expand its storage capacity and strive to deliver continued profitable growth.

首席执行官战略报告——经营概况

中馏分——航油与柴油

2017年是油品贸易泾渭分明的一年。上半年，亚洲的中馏分油品市场在低油价环境下处于期货溢价结构，而下半年，石油输出国和非石油输出国组织的全球供应减少，原油价格走强，为期4年的大宗商品价格崩盘在2017年第四季度结束。2016年末，原油价格处于30美元/桶的低价位，2017年底涨到60美元/桶。随着油价上涨，全球经济持续改善，大宗商品投资者率先看好未来的前景，而公司却面对更加错综复杂的油品环境。因为2017年下半年市场转为现货溢价结构，再加上2017年第三季度的天气原因和炼厂供应中断影响，导致航油供应和运作成本增加。

本年度，油品市场基本面整体依然处于供应过剩的状态，又因美国、远东及亚洲地区的炼厂意外停产以及台风多次肆虐而恶化、破坏了市场基本面，限制了航油和柴油现货供应。同时宏观经济前景乐观、冬季供暖煤油需求继续支持航油市场，在地缘政治紧张、宏观经济不确定性的情况下，公司面临着更大的市场和信用风险。公司的中馏分团队继续发展，套利活动扩展到美国和欧洲。受航空公司积极扩张、廉价航空以及乘客航空出行健康需求的推动，全球最大的航空市场——欧美对航油需求起到支撑，因此，全球航油需求也出现了稳定增长。

中馏分团队继续拓展全球航油业务，进入国际重要航空市场，同时继续履行公司作为中国主要航油进口商的重要角色，以支持中国蓬勃发展的航空业。除了定期供应给洛杉矶、阿拉斯加和夏威夷的航油，公司还拓展了到欧洲、非洲、泰国和印尼的航油供应业务。重要的是，公司继续从亚洲到北美建立一体化全球供应与贸易链，优化这两个地区之间的油品贸易机会，创造额外价值，例如从美国西海岸运送汽油回亚洲。中馏分业务量达到1980万吨，比去年的1856万吨增加了124万吨，其中航油供应与贸易量从2016财年的1496万吨增加116万吨或7.75%至1612万吨。

航空市场营销

2017年全球航空运输增势强劲：全球经济增长，世界中产阶级的富裕程度增加，中国出境游的火热以及机票价格的下降，皆刺激了全球客运和货运的需求。

全球客运增长的主要动力来自以中国、中东以及亚太其它国家的中产阶级出行需求的增加。2017年，中国航空市场的发展以及中国航空公司在国际市场上的壮大势头明显；新机型的诞生使得国际航线的运营有了很大的转变，最显著的变化就是廉价航空开始涉足长航线运营以及一些超长航线的产生；多家新航空公司加入市场竞争；以及世界各地区经济的同步增长。中国航空公司在过去十年中，稳步拓展了100多个新增长航线目的地，而东北亚内的连接也更加紧密，背后主要的推动力就是中国"三大航"（即中国国际航空、中国东方航空和中国南方航空）在海外大力开辟新航线的举措。根据国际航空运输协会（简称"IATA"）在2017年10月的报告，这三家航空公司在2017年各搭载了超过1亿名乘客，为中国航空业创造了又一年的突破，为中国在2022年之前成为世界最大航空市场打下基础。

公司航空市场营销业务继续借助全球航空业的良好发展势头——尤其随着新兴航空公司的增加以及廉价航空的崛起，不断发展自身业务。航空市场营销部一方面捕捉关键市场的机会并站稳脚跟；另一方面，紧密关注以亚太和中东为代表的航空新枢纽的兴起，以及随之而来的新兴航空公司的发展。随着国际航空市场的逐渐开放，而以发展中国家为主的机场基础建设不断完善，都刺激了城市间新航线的开辟以及班次的增加。廉价航空在CAO客户群中的重要性也日益凸显。2017年，CAO全球航空市场营销团队加快拓展业务网络，将供应业务延伸至地区性的枢纽机场。截至2017年底，供应点从43个机场增至48个机场，横跨亚太、北美、欧洲、中东与非洲。

Trading floor of CAO
贸易员工作场景

首席执行官战略报告 ——经营概况

2017年，公司继续保持在中国三大航空公司海外最大供应商的领先地位；同时也加大了与中国二线航空公司的合作，将中国二线航空客户的业务量扩大至航空市场总业务量的5%（中国大陆以外市场）。公司积极利用在全球的供应与贸易网络，重点开发"一带一路"沿线市场，2017年成功在12个"一带一路"机场开展供油业务，包括伊斯坦布尔、莫斯科、泗水、雅加达、万象和琅布拉梆等，同时也在继续夯实和拓展亚洲和欧洲重点市场的份额。

2017年，CAO已是洛杉矶机场前三大供应商。随着市场竞争的加剧，公司将继续积极利用与中国航空公司的良好关系，通过其在海外的新航线开辟以及航次增加，不断拓展我们在海外的供油业务。同时，CAO也会通过投资和其它营销手段在核心市场不断打造可持续发展的、有竞争优势的业务。这也使得CAO能够实现亚洲客户群和国际客户群的多元化发展。2017年CAO也首次为一家国际航空公司供应了为期三个月的生物航油——为其12架最新的节油机型空客A350-900飞机上注入了生物航油。该批生物航油是由SkyNRG与CAO的子公司北美航油公司（简称"NAFCO"）以及另一家EPIC公司合作完成，油品由AltAir Fuels出产。

为商业航空客户的供应量也从230万吨增至250万吨，增幅达8.7%，增长主要受美国西海岸机场供应增加的支撑。截至2017年12月31日，CAO共在海外24个国家和地区的48个机场开展航油供应业务，而去年同期这个数字为17个国家的43个机场。2012至2017年间，航空市场营销业务量的复合增长率达28%。

燃料油

2017年，燃料油增加了在中东的业务，团队通过租船优势积极优化新加坡与阿拉伯海湾之间的贸易。团队也开始了船用燃料油加注供应贸易，为2020年燃料油加油规则变化做好准备和定位。

本年度，CAO的燃料油业务迅速增长，业务量创历史新高，尽管亚太地区燃料油需求依然低迷，但团队继续打造燃料油贸易结构优势，通过开发新业务、拓展新客户来补充新加坡燃料油业务，特别是中东市场业务大幅增长。展望未来，燃料油团队将继续保持灵活的贸易策略，抓住商业和贸易机会。

原油

除了向中国炼厂供应原油外，2017年，公司成功拓展油品市场客户群，包括日本和澳大利亚炼厂，并获得了阿曼原油供应合同。与此同时，随着中国政府向独立炼厂，即地炼，发放原油进口执照，CAO继续利用与地炼的良好关系，建立原油供应优势。展望未来，公司团队将继续开发第三方原油期货贸易机会。

随着公司全球业务的稳步发展，2017财年，中馏分和其它油品业务供应与贸易总量达到3731万吨，相比2016财年的3260万吨增加14.6%，刷新历史记录。2017财年，中馏分业务量达到1980万吨，比去年的1856万吨增长124万吨（6.68%）。其它油品产量达到1751万吨，比2016财年的1399万吨增加352万吨（25.16%）。

联营公司

上海浦东国际机场航空油料有限责任公司（"浦东航油"）

浦东航油成立于1997年，是中国大陆以客流量计第二大、货运量计第一大机场——上海浦东国际机场（简称"浦东机场"）的唯一航油供应商和加注服务商。浦东机场航油消费量为中国大陆第一，而浦东航油拥有并经营浦东机场全部加油设施，包括一整套机坪管网、管线加油车队和罐式加油车队、航空加油站、机场内油库、连接浦东机场与外高桥码头的42公里专用航油管线以及总库容达20万立方米的储罐设施。CAO拥有浦东航油33%的股份，其余由上海国际机场股份有限公司持股40%，中国石化上海高桥石油化工有限公司持股27%。

浦东航油是CAO最重要的联营公司，2017财年贡献并账利润6417万美元，较前一年增长5.8%。由于中国民航业持续增长，2017年全年浦东航油的加注量达到445万吨，同比增长7.9%；完成加油25万架次，同比增长4%。2017年浦东航油共保障飞机飞往全球273个目的地，同比增加21%，并继续维持卓越的安全生产标准，保持了"零事故、零伤害、零污染"。

随着浦东机场卫星厅在2019年上半年投入运营，预计到2020年，浦东机场旅客年吞吐量将达到8700万人次，年客机起降架次将达到56万架次，为浦东航油未来航油供应量继续增长打造良好的平台。

Into-plane refuelling operations at Pudong Airport
在浦东机场的航油加注服务

首席执行官战略报告
——经营概况

中国航油集团津京管道运输有限责任公司（“管输公司”）

中国航油集团津京管道运输有限责任公司（简称“管输公司”）成立于2008年，是保障北京首都国际机场（简称“北京机场”）和天津滨海国际机场（简称“天津机场”）飞机供油的专业化管道运输公司，负责运营天津港到北京首都机场唯一一条长输管线。中国航油集团物流有限公司和CAO为管输公司两大股东，分别持股51%和49%。

管输公司的主要资产是一条全长185公里的运输管道（简称“津京管道”），津京管道连接天津塘沽南疆码头、天津机场及北京机场，年最大输送量达335万吨，可输送航油、柴油等多种成品油。

2017年全年管输公司航油管输量为281万吨，较2016年下降了7.7%，因北京机场在中石化北京燕山炼厂完成产能升级改造后增加了其航油供应。尽管如此，2017年管输公司努力降本增效，贡献的并账利润为261万美元，较2016年增长19.7%。管输公司2017年全年继续保持着零事故的记录。

随着环首都经济圈和环渤海经济圈的发展，北京机场和天津机场的航空运输吞吐量将进一步扩大，这也将有利地促进管输公司的发展。

韩国丽水枢纽油库有限公司（“OKYC”）

OKYC是韩国最大的独立储罐码头，是东北亚最重要的储运枢纽中心之一，由CAO与包括韩国国家石油公司、加德士、SK仁川石化、三星物产、Seoul Line在内的其他六家公司合资成立。韩国国家石油公司是第一大股东，持股29%；CAO为第二大股东，持股26%。

OKYC's storage facilities in Yeosu, Korea
OKYC在韩国丽水的储罐

OKYC拥有并运营总库容达130万立方米的商业储罐码头，可储存原油和包括航油在内的成品油。它位于东北亚中心地带的战略要冲，便于运往主要石油消费国，并配备接纳超大型油船的装卸设施，吃水最大达17.7米。

OKYC在2017年实现了100%的储罐出租率，贡献的并账利润同比增长19.5%至495万美元。OKYC承诺将安全、健康、环境放在首位。遵循各种监管，运营符合OHSAS 18001、KOSHA 18001、ISO 14001、ISO 9001规范以及大型石油公司的码头许可。

随着市场进入现货溢价，OKYC将加大营销力度，精准把握并服务于每个客户的运作需求，以此来继续专注于可持续增长和盈利。

中国航油香港供油有限公司（“香港供油公司”）

香港供油公司是CAO全资子公司香港公司的控股联营公司，在香港赤腊角国际机场（简称“香港国际机场”）提供航油加注服务。作为香港国际机场第三家获得加注牌照的航油加注服务商，香港供油公司配有管线加油车和罐式加油车若干，并设有占地3000平方米的加注站和管理调度室。香港供油公司的股东包括香港公司、深圳承远航空油料有限公司、中国联合石油集团有限公司和展裕投资有限公司。香港公司持有香港供油公司全部已发行股票的39%，其余三家公司分别持有37%、14%和10%的股份。

香港供油公司2017年全年累计加油4万架次，日均加油服务109架次，比去年同期增长30%；累积加油量90万吨，比去年同期增长61%。香港供油公司经过不断努力，在2017年度安全运营表现良好，客户满意度高，全年未发生航班延误和客户投诉。香港供油公司还受邀加入了香港机场碳减排组织，为当地的可持续发展做出了贡献，并获得相关部门颁发的“环境管理卓越等级”嘉奖。

香港供油公司未来将继续以扎实安全的服务为基础，积极开拓重点客户，进一步巩固和扩大在香港国际机场的加注业务。

中国航油集团新源石化有限公司（“新源公司”）

新源公司主要在华南地区经营储罐租赁和油品贸易业务。新源公司的主要资产为位于中国广东省茂名市的总库容为7.9万立方米的油库罐区。新源公司的股东包括深圳巨正源股份有限公司、CAO和中国航空油料集团有限公司，分别持股60%、39%和1%。

新源公司2017年仓储业务出租率达到99%，仓储收入同比增加11%。CAO在2017财年来自新源公司的并账利润为59.7万美元，较2016年增长91%。全年无安全事故发生。

今后新源公司将通过进一步扩大油库仓储能力，努力实现盈利的稳定增长。

CEO's Strategic Report – Investor Relations

GOING GLOBAL

Going global is an investor relations strategy the Group adopted since 2014 to engage globally that has proven to be highly successful for CAO, for the international capital markets responded positively to CAO's active engagement with improved liquidity of CAO shares, sustaining CAO share price at its highest levels since the re-listing of its shares in 2008.

SHAREHOLDER VALUE CREATION

Underpinned by a firm commitment to ensure high corporate governance and transparency standards, CAO places a top priority on maintaining active, open and fair communication with our shareholders. Creating shareholder value is a mission CAO assumes earnestly and in 2017, the Group continued to step up its investor relations efforts to foster a sustained communication flow globally in order to provide the investment community with accurate, fair and timely information about CAO's business operations and performance. Such sustained efforts in investor relations underscore the Group's commitment to create long-term value for its stakeholders.

Global equity markets remained buoyant for much of 2017 with the year recording one of the biggest annual gains even as the froth of speculative activities spread from the equity markets to alternative assets. Driven in part by continued improvements in the global economy even with elevated geopolitical tensions and macroeconomic uncertainty, commodities investors led the bullish outlook for the year ahead as 4Q2017 ended the four-year commodities crash. The price of oil, which traded between a low of US$30 per barrel in late 2016 finished 2017 at about US$60 per barrel. The upbeat global equity markets broadened investment options for global fund managers as competition to remain on investors' radar intensified even as some investment fund managers cautioned a litany of risks including rising interest rates, the sustainability of oil prices, a geopolitical crisis, a bond liquidity crunch as well as a possible recession.

To ensure CAO remains on the radar of global investors, CAO's Senior Management and the Investor Relations ("IR") team continued active engagement with the global investment community, proactively communicating with existing and potential institutional investors, financial analysts, the media as well as retail shareholders on various communication platforms. These persistent efforts to engage globally brought forth compelling results and 2017 saw CAO's investor relations efforts witnessing a major breakthrough via its inclusion on major benchmark indexes such as the MSCI Singapore Small Cap Index as well as the FTSE ST Small Cap Index and FTSE ST China Index. This served to augur CAO well in terms of its global investment profile as well as liquidity.

On heightened institutional investors' interest, fuelled by active sell-side coverage and participation from investment managers globally, CAO's share price advanced in 2017 to close at $1.62 for the year, its highest year-end closing price since the re-listing of its shares on the Singapore Exchange in 2008. Based on CAO's closing price of S$1.62 on 31 December 2017, the market capitalisation of CAO was about S$1.4 billion, making the counter the largest energy stock listed on the SGX in 2017.

In 2017, CAO frequently conducted one-to-one investor meetings and conference calls with institutional investors and undertook several investor conferences in key financial markets. At these meetings, the IR team actively engaged investors, keeping them abreast of the Company's strategic direction, increasing operational competitiveness and expanding global business portfolio. To further engage retail shareholders, Senior Management undertook to present the Group's full-year business performance to close to 240 attending retail shareholders at its 2017 Annual General Meeting, providing them insights into the Group's business, with a lively question-and-answer session where the Board of Directors and Senior Management addressed each and every investor query and concern. In the third quarter of 2017, CAO convened its Corporate Access Day where Senior Management presented "Enabling Growth Through CAO's Global Integrated Value Chain" to over 100 shareholders, analysts and investors to further deepen understanding on the Group's growing global integrated value chain and its importance for the Group's business. This event was webcast globally to facilitate the participation of global fund managers worldwide. Alongside our interaction with the global investor community, we also heightened outreach efforts with the international investing and financial community through international media engagements, as a means to engage both retail as well as institutional investors globally. In 2017, CAO's share of voice amounted to over 130 international media articles written about the Group's advancement in the global aviation industry, financial performance and strategic initiatives.

To further strengthen and promote transparency of the Group's business performance, expound the importance the Group places on value creation and provide deeper insights into CAO's business model and strategy as well as discuss the risks and opportunities it faces in a constantly changing macroenvironment, the Group has undertaken since FY2014 to structure its corporate reporting format, incorporating elements of the International Integrated Reporting Framework into its annual reports. This initiative was further improved for FY2017, with the development of a sustainability report based on the International Integrated Reporting Council's ("IRC") Framework's approach and with reference to the requirements of the Global Reporting Initiative ("GRI") – Sustainability Reporting Standards 2016

CEO's Strategic Report – Investor Relations

INVESTOR RELATIONS CALENDAR
投资者关系活动时间表

January 2017
2017年1月

- Pulse of Asia, DBS Vickers Securities Conference
  星展维高达“亚洲脉动”会议
- Credit Suisse 8th Annual ASEAN Conference
  瑞士信贷第八次年度东盟峰会

February 2017
2017年2月

- FY2016 Results Briefing to Media & Analysts
  CAO 2016财年媒体与分析师全年业绩发布会

March 2017
2017年3月

- CAO Corporate Lunch Presentation @ CIMB
  联昌国际银行午餐推介会
- RHB Securities Singapore's Financial Insight Seminar
  兴业证券研究2017年《新加坡首选小型瑰宝股》推介会

April 2017
2017年4月

- 23rd Annual General Meeting – CEO's FY2016 Results Presentation to Shareholders
  第23次常年股东大会
  ——CEO向股东介绍2016财年业绩

May 2017
2017年5月

- DBS Vickers Securities' ASEAN Corporate Day
  星展维高达证券行2017年“东南亚企业推介会”

to provide a more holistic view on how the interrelation between CAO's business operations and Environmental, Social and Governance ("ESG") performance indicators leads to value creation over time.

We believe such proactive investor relations outreach deepens relationships with long-term shareholders, promotes greater transparency with a better understanding of the Group's business and facilitates access to new shareholders. Importantly, these investor relations engagements sought to attain optimal valuation for the Group against its listed peers and creates long-term value for our shareholders.

DIGITAL INVESTOR RELATIONS

As the Group's investor base broadened to include global and institutional fund managers, CAO proactively adopted new media platforms to enhance communication, particularly through the use of the internet to extend its reach to investors worldwide. With the proliferation of mobile devices, the Group also enhances its mobile compatible corporate website on an ongoing basis to augment its communication with investors. Designed as an easy-to-use tool, the use of this digital platform further reinforced CAO's global investor outreach strategy, supporting our efforts to provide useful information to investors in a timely manner.

Led by its conviction to maintain high standards of corporate transparency and fair disclosure, the Investor Relations team continued to augment the use of various multi-media tools during the year to reach out to the investor community globally through webcasts, videos, virtual roadshows and conference calls. All disclosures submitted to the Singapore Exchange are made available in the Investor Relations section of the Group's corporate website – www.caosco.com where investors can find comprehensive information about CAO including news releases, annual reports, presentations from Corporate Access Days, webcasts of financial results' briefings and stock exchange announcements. The website also allows web users to sign up for email alerts to stay current on the Group's latest corporate developments. CAO actively seeks investors' feedback to continuously improve its investor relations efforts. The Investor Relations team may be reached at ir@caosco.com for shareholders' enquiries or suggestions.

ACCOLADES

During the year, the Group's best-in-class investor relations approach and commitment to corporate transparency was again recognised by the investment community. In 2017, CAO bagged its eighth consecutive win at the 18th Securities Investors Association (Singapore) ("SIAS")

CEO's Strategic Report – Investor Relations

August 2017
2017年8月

- Non-deal Equity Roadshow with RHB Research
兴业证券研究行的非交易性推介会
- Non-deal Equity Roadshow with CIMB
联昌国际银行非交易性推介会
- SGX-Maybank Kim Eng Securities Corporate Day
新交所及马来亚银行金英证券联办的企业推介会

September 2017
2017年9月

- Corporate Access Day 2017
CAO 2017年投资者接待日

October 2017
2017年10月

- SGX-UBS Corporate Day
新交所及瑞银集团联办的企业推介会

January 2018
2018年1月

- Credit Suisse 9th Annual ASEAN Conference
瑞士信贷第九次年度东盟峰会

February 2018
2018年2月

- FY2017 Results Briefing to Media & Analysts
2017财年媒体与分析师全年业绩发布会

Investors' Choice Awards and won the "Singapore Corporate Governance" award (Energy category). This is the second year running CAO has been recognised top amongst peers in the Energy category, an affirmation of CAO Group's unwavering commitment to strong corporate governance as well as proactive shareholder communications. The award in 2017, which replaces the "Most Transparent Company" award, is meant to recognise SGX-listed companies that proactively engages in investor-centric practices. Notably, CAO was crowned "Most Transparent Company" (Energy category) for the first time in 2016 and has also clinched the runner-up position for six consecutive years since 2010, placing CAO at the forefront of leading Singapore-listed companies. This was preceded with several corporate honours the Group had garnered in recent years for its investor relations efforts such as the "Best Investor Relations" (Gold) award amongst listed companies with market capitalisation of S$300 million to S$1 billion in 2015, the "Best Investor Relations" (Silver) and "Best Annual Report" (Bronze) awards in 2014 at the Singapore Corporate Awards. These awards not only celebrate the successes CAO has attained post restructuring but also attest to the importance placed on enhancing and creating shareholder value by the Board of Directors and management team of CAO.

DELIVERING SUSTAINABLE RETURNS

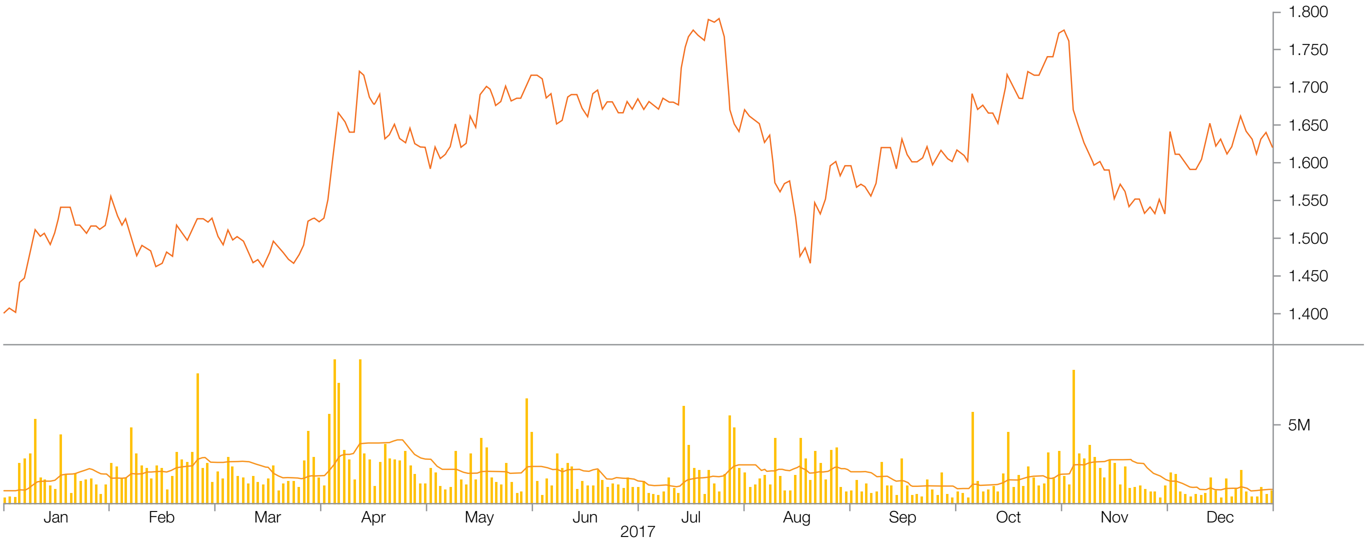
As the largest listed energy company on the Singapore bourse by market capitalisation in 2017, CAO was officially included into major benchmark indexes such as the MSCI Index as well as the FTSE Indexes in the second half of 2017. It was also crowned the Best Performing Stock in the Commerce category for 2017's The Edge Singapore Billion Dollar Club Corporate Awards presented by The Edge Singapore. These recognition validate the efforts put into enhancing shareholders' values and attests to the single-minded focus on creating long-term value for shareholders as well as the Group's commitment to deliver sustainable returns to shareholders.

Recognising shareholders' unwavering support over the years and in keeping with its corporate objective to deliver returns to shareholders, the Board of Directors had adopted a dividend policy based on a growth-based dividend payout formula comprising 30% of CAO's annual consolidated net profits attributable to shareholders (one-tier, tax exempt) for each financial year, rounded to the nearest Singapore cent as part of CAO's commitment to allow shareholders to participate in its growth. Given the Group's financial performance for FY2017, the Board of Directors has therefore recommended that shareholders receive a first and final (one-tier, tax exempt) dividend of S$0.045 per share.

CEO's Strategic Report – Investor Relations

As the Group continues to pursue its strategic transformation through accretive asset investments to strengthen its global value chain and operations and at the same time, exercise stringent risk controls to further the healthy and sustainable development of the Group, investor relations takes on a strategic function and a global stage. Helmed by Senior Management, CAO will relentlessly create long-term value for its shareholders and strive to deliver sustainable returns to shareholders as the Group further engages with global investors at a heightened level, moving CAO toward its vision to be a global integrated transportation fuels provider, constantly innovating and creating value for its shareholders, employees, business partners and the community.

2017 CAO SHARE PRICE MOVEMENT & TRADING VOLUME



SHARE PRICE INFORMATION 股价信息

Share Price (S$) 股价(新元)	2013	2014	2015	2016	2017
As at last trading day of the year 截至当年的最后一个交易日	1.045	0.670	0.710	1.400	1.620
High 最高价	1.230	1.070	0.900	1.580	1.800
Low 最低价	0.890	0.655	0.500	0.580	1.390
Average 平均	1.007	0.840	0.730	1.123	1.605

Source: Bloomberg 资料来源: 彭博社

CORPORATE CALENDAR 公司事务时间表

2018	
Announcement of 4Q 2017 and 2017 full-year financial results 2017年第四季度和全年业绩公告	28 February
Dispatch of Annual Reports to shareholders 向股东派发年报	On or about 27 March
24th Annual General Meeting 第24届常年股东大会	25 April
Proposed First and Final Dividend for FY2017 2017年首次及年终股息 Books closure date 关账日 Payment date 付款日	 7 May 15 May
Announcement of 1Q 2018 results 2018年第一季度业绩公告	May
Announcement of 2Q 2018 results 2018年第二季度业绩公告	August
Announcement of 3Q 2018 results 2018年第三季度业绩公告	November
2019	
Announcement of 4Q 2018 and 2018 full-year financial results 2018年第四季度和全年业绩公告	February

首席执行官战略报告
——投资者关系

走出去

实践证明，CAO自2014年以来采取的“走出去”投资者关系战略是卓有成效的，全球资本市场对CAO积极接洽股东的做法反映热烈，CAO的股票流动性也有所增加，股价达到自2008年重新上市以来的最高点。

创造股东价值

CAO致力于确保高水准的公司治理和信息透明，与股东保持积极开放的沟通。创造股东价值是CAO的使命，公司在2017年继续在全球范围内推进投资者关系工作，保持畅通的信息渠道，及时向投资界提供有关CAO经营状况和财务业绩的真实准确信息。这也体现了公司为相关方创造长期价值的决心。

全球股市在2017年保持强势增长，取得了历史上最大的涨幅年度之一，但投机活动的泡沫已从股市蔓延至另类资产。尽管地缘政治紧张局势加剧，宏观经济前景不明朗，但是在全球经济持续改善的推动下，大宗商品投资者率先看好未来一年的前景，因为历时四年的大宗商品崩盘已在2017年第四季度结束。2016年末，原油价格处于30美元/桶的低价位，2017年底涨到60美元/桶。因全球股市形势大好、扩大了全球基金管理公司的投资选择，造成对基金的争夺愈发激烈，不过有基金经理提醒，利率上升、原油价格波动、地缘政治危机、债券流动紧缩以及经济衰退等风险仍然存在。

为了确保CAO仍在全球投资者的选择范围内，CAO高管和投资者关系团队继续积极接洽全球投资者，通过各种平台接洽现有及潜在的机构投资者、金融分析师、媒体及散户股东。这些不懈努力成效不凡。2017年，CAO投资者关系工作取得了重大突破，被纳入主要指数，包括摩根士丹利资本国际新加坡小市值股指数、富时海峡时报小市值股指数和富时海峡时报中国指数。这将有利于CAO的可投资性和股票流动性。

因为卖方分析报告活跃、全球投资经理参与积极，机构投资者对CAO的兴趣渐涨，CAO股票在年底收市的闭市价为1.62新元/每股，这是自2008年在新加坡交易所重新上市以来最高的年终闭市价格。根据CAO在2017年12月31日的闭市价1.62新元/每股，CAO市值约为14亿新元，成为2017年新交所上市的最大能源股。

2017年，CAO参与了一系列一对一投资者会议、机构投资者电话会议、以及关键金融市场的等数个投资者推介会。在这些会议上，投资者关系团队与投资者积极沟通，帮助他们了解公司的战略方向、与日俱增的运营竞争力和不断扩大的全球业务。为了进一步接洽散户投资者，CAO高管在2017年常年股东大会上，向将近240名到场股东介绍了公司全年业务表现。在投资者提问环节，董事会和高管仔细解答股东的提问。2017年第三季度，CAO召开了投资者接待日，高管与100多名股东、分析师和投资者分享了“通过CAO全球一体化价值链促进增长”，加深大家对公司

Active engagement and knowledge sharing with shareholders at Corporate Access Day 2017
在2017年投资者接待日与股东积极互动并分享知识

首席执行官战略报告——投资者关系

Senior Management team forged strong connections with shareholders at Corporate Access Day 2017
管理层在2017年投资者接待日与股东密切交流

日益增长的全球一体化价值链的理解，以及价值链对公司业务的重要性。投资者接待日活动在全球范围内进行了网络广播，方便全球基金经理的参与。除了与全球投资者互动，我们还通过国际媒体进一步接洽遍布全球的散户和机构投资者。2017年，全球媒体对CAO报道超过130篇，介绍公司在全球航空市场的进展、优异的财务表现和战略举措。

为了进一步加强公司业务的透明度，体现公司对价值创造的重视，帮助投资者更好理解CAO业务模型和战略，认识不断变化的宏观环境中存在的风险与机遇，公司从2014年起就在年报中嵌入国际综合报告框架的元素，并在2017年基于国际综合报告学会（简称"IRC"）框架的要求，参照全球报告倡议组织（简称"GRI"）——2016年可持续性报告标准而制作，完整呈现CAO业务运营与环境、社会和治理表现的关系以及价值创造流程。

我们相信积极的投资者关系工作可以加深与长期股东的关系，使信息披露更透明，投资者更好地理解公司业务，也使公司较好接洽新股东。重要的是，这些投资者关系工作会使公司取得比同行业公司更好的估值，为股东创造长期价值。

数码投资者关系

随着投资者数量和类型的增加，如增加了国际投资者、机构投资者，CAO积极通过新的媒体渠道加强沟通，尤其是通过互联网接洽全球投资者。随着移动设备的普及，公司同时同步强化公司网站与移动设备的兼容性，增进与投资者的沟通，操作简单的数码平台进一步加强了CAO的全球投资者关系战略，使我们可以及时向投资者提供有用信息。

为了保证高水准的披露和信息透明，投资者关系团队通过使用多媒体工具接洽投资者。如网络广播、视频、虚拟路演和电话会议。所有向新加坡交易所披露的信息都上载至公司网站www.caosco.com的投资者关系部分，投资者可以在网站上找到有关公司的完整信息，包括新闻稿、年报、投资者接待日演示稿、财年业绩汇报的网络广播以及新交所公告。公司网站的访问者还可以设置邮件提醒，掌握公司最新资讯。CAO欢迎投资者反馈，加强投资者关系工作。如果有任何提问和建议，可以致信ir@caosco.com。

投资者的认可

2017年，CAO良好的投资者关系工作和对信息透明的坚持再次得到了投资者的肯定。公司在第18届新加坡证券投资者协会（简称"SIAS"）"投资者选择奖"中，第八次获颁"新加坡企业治理奖"（能源行业组）的殊荣。这是CAO第二年在能源行业的同行中脱颖而出，肯定了CAO为高标准的公司治理和积极的股东沟通作出的不懈努力。该奖项的前身是"最透明公司奖"，目的是要遴选出积极推行投资者至上的新交所上市公司。值得注意的是，CAO在2016年首次获得"最透明公司奖"（能源行业组第一名），从2010年以来连续六年获颁此奖的第二名，使得CAO成为新加坡领先的上市公司之一。近年来，公司还获得了其它奖项，如在2015年获得新加坡企业大奖的"最佳投资者关系"金奖（市值3至10亿新元区间），2014年获得新加坡企业大奖的"最佳投资者关系"银奖和"最佳年报"铜奖。这些奖项不仅肯定了CAO重组后取得的成绩，也证明了CAO董事会和管理层对加强股东价值的重视程度。

创造可持续回报

2017年，作为新加坡交易所上市的最大上市能源公司，CAO在下半年被正式纳入主要基准指数：摩根士丹利国际资本指数和富时指数。此外，CAO在2017年《前沿》举办的"前沿亿万美元俱乐部商业组奖项"中获选为"最佳表现股"。这些认可证明了公司为加强股东价值做出的努力，印证了公司专注于为股东创造长期价值，以及公司致力于为股东提供可持续回报的承诺。

除了为股东创造长期价值，CAO还致力于为股东创造回报。为了感谢股东的不懈支持，董事会批准了与业绩挂钩的股息分配政策，将CAO年度可分配净利润的30%（单层免税，精确至0.01新元）作为股息分配给股东，使股东分享CAO的成长。考虑到公司2017年的财务业绩，董事会提议派发每股0.045新元的年度年终股息（单层免税）。

公司通过高额回报的实业投资，将进一步推动"转型升级"，强化全球供应链及运营，同时，严控风险，实现健康、可持续、快速发展。因此投资者关系工作将更具战略意义，更加全球化。在高级管理层的领导下，CAO将不懈为股东创造长期价值，带来可持续回报。公司也会继续接洽全球投资者，推进CAO实现愿景，即成为富有创新精神的、全球一流的运输燃料一体化方案提供商，为股东、员工、业务伙伴和社会创造价值。

Senior Management

From left to right从左至右: Meng Fanqiu 孟繁秋, Xu Guohong 许国宏, Zhang Xingbo 张兴波, Wang Yanjun 王延军

MENG FANQIU

Chief Executive Officer / Executive Director

As the Chief Executive Officer ("CEO"), Mr Meng Fanqiu is responsible for the effective management and operations of the entire business of CAO. He is overall in charge of developing and implementing the strategic directions of the business to enhance the competitiveness and profitability of the Group. He provides leadership and directions to the various business functions to achieve performance targets and ensures overall business growth for the Group.

Please refer to profile of Mr Meng under "Board of Directors" section for more information.

WANG YANJUN

CAO Executive Director / Vice President of CAO & President of CAOHK

As Vice President of CAO Group, Mr Wang Yanjun heads the Group's Legal and Company Secretariat, Human Resources as well as Compliance and Internal Audit functions. He is concurrently the Chairman of CNAF Hong Kong Refuelling Limited ("CNAF HKR") as well as the President of China Aviation Oil (Hong Kong) Company Limited ("CAOHK"), where he directs and manages the day-to-day business operations in Hong Kong SAR and also oversees the joint venture operations of CNAF HKR. Mr Wang is also the Chairman of North American Fuel Corporation.

Please refer to profile of Mr Wang under "Board of Directors" section for more information.

Senior Management

XU GUOHONG

Chief Financial Officer

As the Chief Financial Officer, Mr Xu Guohong, is responsible for CAO's financial management functions, including financial reporting and accounting practices, financial planning and analysis, treasury and taxation. He will direct and manage the Group's day-to-day finance operations across all business units. Concurrently, Mr Xu also assists the CEO to manage risk management and investor relations. He is also the Director of China Aviation Oil (Hong Kong) Company Ltd, CNAF Hong Kong Refuelling Limited and North American Fuel Corporation.

Mr Xu has over 25 years of experience in the petroleum industry in China. Prior to joining CAO, Mr Xu was General Manager of the Audit Department at China National Aviation Fuel Group Limited ("CNAF") since February 2012. Mr Xu started his career with PetroChina Jinxi Refining and Chemical Company where he served 19 years and held various senior positions throughout his tenure, heading the finance, audit, financial assets and accounting departments. Before joining CNAF, Mr Xu was the Chief Financial Officer at CNAF Land Oil Company Limited and subsequently joined CNAF Petroleum Company Limited as the Chief Financial Officer from 2009 to 2012.

Mr Xu holds a Master of Engineering in Software Engineering from Beihang University and a Bachelor degree in Accounting from Dongbei University of Finance and Economics. He is also a member of the Chinese Institute of Certified Public Accountants, a Certified Internal Auditor as well as a certified Senior International Finance Manager (SIFM).

ZHANG XINGBO

Vice President of CAO & President of NAFCO

Mr Zhang Xingbo, as Vice President of CAO, leads the Group's operations and aviation marketing functions. Mr Zhang also assists the CEO in the development, execution of trading strategies for the trading businesses of the Group. He is concurrently the President of North American Fuel Corporation ("NAFCO") and is responsible for the overall North America country operations, overseeing the financial and reporting functions as well as the risk management function at NAFCO. His responsibilities also include advising the CEO on all aspects of business operations, which encompasses development and investment opportunities, with a focus on growing the Group's aviation marketing business worldwide, in support of the Group's strategic objectives related to its global portfolio of business and activities. He is also a Director of NAFCO and China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd.

Mr Zhang has over 20 years of experience in the oil industry, having accumulated extensive experience in China National Aviation Fuel Group Limited's ("CNAF") procurement, trading and international business divisions in Asia Pacific and Europe. From 2011 to 2014, he was the Deputy General Manager of International Business at CNAF, where he was in charge of its overseas subsidiaries and the aviation business outside China. Prior to this role, he worked as Vice President at China Aviation Oil (Hong Kong) Company Ltd for more than 3 years, focusing on the expansion of the aviation marketing business. He was seconded to CAO as Deputy General Manager between June 2007 to June 2008, where he assisted in the management and operations of CAO. Mr Zhang started his career with China Aviation Oil Supply Corporation (the predecessor of CNAF) in 1993 where he was responsible for logistics coordination and procurement operations, specialising in the procurement of jet fuel imports to meet the needs of China's civil aviation industry.

Mr Zhang holds a Bachelor and a Postgraduate degree in Arts (English major) from Lanzhou University. He is also an Associate Professor of Translation.

高级管理层

孟繁秋
首席执行官 / 执行董事

作为首席执行官，孟繁秋先生负责有效管理和运营CAO的整体业务。他负责制定和实施公司的发展战略，提升本公司的竞争力和盈利能力。他也负责领导和指导各业务部门，使其达到预期目标，确保整体业务增长。

关于孟先生更详细的介绍，请参阅“董事会”部分。

王延军
CAO执行董事 / 副总裁兼中国航油（香港）有限公司总裁

作为CAO副总裁，王延军先生负责主管公司法律部和公司秘书，人事行政以及合规和内审部。王先生同时担任中国航油香港供油有限公司（简称“香港供油公司”）董事长，以及中国航油（香港）有限公司（简称“香港公司”）总裁，指导并管理公司在香港特别行政区的日常业务运作，监督香港供油公司的合资业务。王先生也是北美航油有限公司董事长。

关于王先生更详细的介绍，请参阅“董事会”部分。

许国宏
财务总监

作为财务总监，许国宏先生负责公司的财务管理，包括公司财务报告、会计核算、财务规划与分析、资金运作和税收事宜。他负责指导和管理公司所有业务部门和公司的日常财务运作。许先生也同时协助首席执行官分管公司的风险管理及投资者关系工作。他也是中国航油（香港）股份有限公司、中国航油香港供油有限公司和北美航油有限公司的董事。

许先生在中国石油业有超过25年的经验。在加入CAO之前，许先生从2012年1月开始任中国航空油料集团有限公司（“CNAF”）审计部总经理。许先生先加入中石油锦西炼化总厂，历任高级职位19年，负责财务、审计、财务资产和会计处的管理工作。在加入CNAF之前，许先生曾任中国航油集团陆地石油有限公司财务总监，之后加入中国航油集团石油有限公司，从2009到2012年任财务总监。

许先生拥有北京航空航天大学软件工程专业工程硕士学位，东北财经大学会计学专业学士学位。他还是注册会计师，国际注册内部审计师，以及高级国际财务管理师（SIFM）。

张兴波
CAO副总裁兼北美航油有限公司总裁

作为CAO副总裁，张兴波先生主管公司运作部和航空市场营销部。张先生也协助首席执行官制定和实施公司的贸易业务发展策略。他同时是北美航油有限公司（简称“北美公司”）的总裁，负责整个北美的运营，监管财务汇报，以及北美公司的风险管理工作。他也有责任在业务运营的各方面向公司首席执行官提供建议，包括业务发展和投资机会等，尤其是公司在全球开展的航空市场营销业务，以支持公司拓展全球业务的战略目标。他也是北美航油有限公司以及中国航油集团津京管道运输有限责任公司董事。

张先生在石油领域有超过20年的经验，在中国航空油料集团有限公司（“CNAF”）积累了丰富的工作经验，包括油品采购、贸易和在亚太及欧洲的国际业务等多个业务板块。2011年至2014年，张先生担任CNAF国际业务部的副总经理一职，负责海外子公司和中国地区以外的航空业务。在此之前，他作为副总经理在中国航油（香港）有限公司工作三年多，主要致力于公司航空市场营销业务的拓展。他还曾在2007年6月至2008年6月被外调至CAO担任副总经理，协助管理公司的业务运营。张先生于1993年加入中国航空油料总公司（CNAF前身），负责物流协调和采购运营，尤其是采购进口航油，满足中国民航业的需求。

张先生拥有兰州大学英语专业文学学士及研究生学历，具有副译审任职资格。

London, United Kingdom

Thriving In Diversity

Harmonising our business strategy with strong corporate governance, robust risk management and sustainability practices we are creating integrated value and making positive impact in communities where we operate.

Sustainability Report

BOARD STATEMENT

At China Aviation Oil (Singapore) Corporation Ltd ("CAO" or "the Group"), success is measured not only by the strength of its financial performance, but also through the value it creates for its stakeholders particularly on the environmental, social and governance ("ESG") fronts.

CAO's approach to sustainability is driven by its commitment to be a responsible corporate citizen, and founded in its belief that a focus on value creation for its stakeholders strengthens its business model and that a sound business sustainability plan needs to include strong economic, environmental and social performance with high standards of corporate governance for long-term competitiveness.

The Group recognises the importance of good corporate governance and risk management processes that includes the management of ESG issues critical for a sustainable business. Sustainability across all aspects of the Group's operations plays a key role in its corporate agenda and strengthen the foundation upon which the Group builds the CAO brand.

The Group's efforts on the social front continue with a focus on its people and its customers. CAO is committed to provide its employees with a diverse, equal and safe working environment. The Group stays relevant to its customers and considers their concerns around health and safety, and privacy in its business practices. Developing an integrated global supply chain remains a key strategic focus and having responsible procurement practices helps CAO extend positive impacts along this global supply chain and contribute to creating a sustainable ecosystem.

The Board oversees sustainability within CAO, including the integration of key elements of sustainability management into the Group's strategy formulation, risk governance, daily operations and reporting. In discharging our responsibilities, the Board is supported by CAO's Sustainability Steering Committee ("SSC"), which comprises of senior management representation across the Group's business segments and regions.

This year's Sustainability Report ("the Report") continues to apply the key principles of the International Integrated Reporting Council's ("IIRC") Integrated Reporting <IR> approach to communicate how the Group drives long-term value creation. To the best of our knowledge and belief, this Report is aligned to the Singapore Exchange SGX-ST Listing Rules Practice Note 7.6: "Sustainability Reporting Guide" and also referenced to the Global Reporting Initiative ("GRI") Standards (2016) for ESG performance disclosures.

China Aviation Oil (Singapore) Corporation Ltd's Board of Directors

SUSTAINABILITY AND VALUE CREATION

CAO is firmly committed to creating long-term value for itself, its stakeholders, the communities where it operates as well as the environment. To fulfil this aim, the Group ensures that high standards of corporate governance, compliance and internal audit as well as robust risk management are deeply entrenched within the organisation through a comprehensive business sustainability plan. It is CAO's fundamental belief that its growth and success must be anchored on key principles of integrity, transparency and accountability and this belief is ingrained in the Group's corporate culture. At the same time, CAO is keenly aware of where its business activities can make the most positive impact, grounded by its conviction that success at CAO is measured not just by its financial performance but also the values it creates for its workforce, business partners, the environment and the community at large.

CAO strives to build a dynamic and engaged workforce that allows employees to reach their full potential and support the changing needs of its business landscape. CAO continues to build on the trust of its customers and business partners through delivering value add and adopting responsible procurement and security practices. Furthermore, CAO cares for the community and environment through minimising the damage to the environment. Together, these form the essential building blocks of CAO's sustainability development programme.

Sustainability Report

SUSTAINABILITY AND RISK MANAGEMENT

Recognising that effective management of material ESG issues is also key to the sustainable development of the Group, CAO upholds a robust strategic risk management model that transcends across its global functions that are designed to assist the Group in achieving its strategic objectives infusing material ESG risk recognition, evaluation and mitigation into business decision-making, thereby enhancing stakeholders' value through risk-adjusted business decisions. In order to stay agile and heighten its competitiveness amid constantly changing market conditions, it is important for CAO to take a proactive and structured approach to identify and manage its significant risks effectively to support the Group's strategic performance. Key business risks range from market risk, credit risk, operation risk, legal risk to finance risk. The Group has embedded strategic risk management into critical decision-making processes and management decisions with regards to business strategy, investments and operations, noting that such ESG issues are in fact strategic risks which may be near or long-term in nature and reflective of CAO's material sustainability issues. In identifying these material issues, the Group seeks to ensure that pertinent implications of legislative and regulatory changes as well as socio-economic and reputational drivers are effectively and efficiently managed. As a group, CAO will proactively seek to integrate sustainability considerations in its businesses, mitigate risks and continuously improve business operations to achieve value creation for its stakeholders.

CAO has a formal three-tier management and control structure to oversee the execution of its risk management practices. Moreover, CAO's Risk Management Committee ("RMC") continually improves on its risk management policies, guidelines and procedures as well as internal controls to mitigate any improbabilities that may impact the Group's operations and affect its strategic performance.

As part of CAO's risk management, the performance of the trading activities are tracked. During the reporting period, there were no incidents of trading limit breach according to the limits set by the RMC. CAO will continue its commitment in achieving zero incidents of trading limit breaches in the coming year.

For more details about the risk management structure, strategy and key risks and mitigation, please refer to the Risk Management Section.

ABOUT THIS REPORT

This Report sets out CAO's commitments, governance, policies, performance and targets in respect of managing the environmental and social impacts of the Group during the financial year ended 31 December 2017.

In determining the scope of this Report, the management considered the percentage of ownership and level of influence and have included all subsidiaries where CAO has controlling shares of more than 50%. Associates are scoped out in this Report due to the absence of operational control.

The entities covered in this report are:

1. China Aviation Oil (Singapore) Corporation Ltd (Singapore);
2. China Aviation Oil (Hong Kong) Company Limited (Hong Kong SAR);
3. North American Fuel Corporation (USA);
4. China Aviation Oil (Europe) Limited (United Kingdom).

The Report and additional corporate information are also available on the Group's website (http://www.caosco.com).

This Report continues to apply the key principles of the IIRC <IR> framework, focusing on CAO's strategy and effective management of key ESG risks and opportunities in order to provide stakeholders with a holistic view on how the company creates value in the long-term. This Report also makes reference to the GRI Standards relating to materiality assessment principles and specific performance disclosures. This combined framework approach is aligned to SGX's requirements on sustainability reporting.

CAO seeks to continuously improve its sustainability performance and disclosure. We welcome your feedback and comments which can be directed to sustainability@caosco.com.

Sustainability Report

STAKEHOLDER ENGAGEMENT

CAO believes that having engaging conversations and creating value for its various stakeholders are essential to the sustainable success of the Group. CAO's key stakeholder groups have been identified and the engagement channels that the Group uses to maintain dialogue with them are summarised in the table below.

Key Stakeholders	Engagement Methods	Frequency
Investors	Updates of financial results and announcements, business developments, press releases, and other relevant disclosures via SGXNet and company website	Throughout the year
	Annual General Meeting	Annually
	Corporate Access Day	Annually
Employees	Induction program for new employees	Throughout the year
	Training and development programmes	
	Regular e-mails and meetings	
	Recreational and wellness activities	
	Employee feedback channels	
	Career development performance appraisals	Annually
Customers	Regular meetings to communicate updates, including new policies and practices related to sustainability	Throughout the year
	Site visits	
Business Partners	Regular meetings with business partners to communicate updates, including new policies and practices related to sustainability	Throughout the year
	Site visits	

MATERIALITY ASSESSMENT

With the guidance of an external consultant, the Sustainability Steering Committee ("SSC") undertook a systematic three-step process to identify and prioritise significant ESG factors. Key stakeholders' concerns were considered during the materiality assessment process. These material ESG factors were validated by the Board, and related risk recognition, evaluation and mitigation continues to be assessed as part of CAO's robust strategic risk management model and considered in management decision-making.

CAO's Material Factors for FY2017

Economic	Environmental	Social	Governance
• Economic performance	• Environmental Compliance • Oil Spill Prevention	• Health and Safety (Workplace and Customer) • Diversity and Equal Opportunities • Procurement Practices • Protection of Sensitive Information	• Corporate Governance (including Compliance and Internal Audit, Risk Management and Anti-Corruption)

The following table describes how the management of the Group's key ESG factors support its corporate strategy and follows the International Integrated Reporting Council's ("IIRC") Integrated Reporting <IR> approach to provide a holistic view on how the interrelation between CAO's business operations and Environmental, Social and Governance ("ESG") performance indicators leads to value creation in the long term. The materiality approach adopted enabled CAO to focus on ESG issues that are material to its businesses and identified as strategic risks, prioritised review of risk mitigation measures and determined areas for further improvement whilst at the same time enables the Group to identify opportunities for sustainable growth and results performance in relation to its corporate strategy.

Sustainability Report

Factor	Context	Policies and Practices to mitigate risks and pursue opportunities	Link to Strategy	Performance	Targets
Economic					
Economic Performance – Core competitive advantage in jet fuel supply and trading	Jet fuel supply and trading remains our dominant business. As the key importer of jet fuel to the Chinese civil aviation industry, the Group is susceptible to the constantly changing demand and supply dynamics in the PRC such as increased domestic oil capacity production.	CAO continues to expand its global aviation supply and trading value chain and extend its global presence through developing new supply and trade routes and strategic partnerships. CAO has also diversified into other oil products which contributed to the growth of the Group's total supply and trading volume. For more details about CAO's international perspective, please refer to the CEO's Message section.	CAO envisions to be a constantly innovating global top-tier integrated transportation fuels provider. To realise its long-term strategy, the Group continually fine-tunes its strategic initiatives with its development strategy of "Globalisation, Integration and Asset Investment". For more details about CAO's strategic transformation, outlook and key business plans, please refer to the CEO's Message and Operations Review.	CAO will continue to identify and penetrate key global aviation hotspots to expand its customer base as well as extend the Group's global value chain across Asia Pacific, the US and Europe. Please refer to the CEO's Message, the Financial Review Section and the Operations Review.	
Economic Performance – key importer of jet fuel to the PRC	CAO's import into the PRC is a key competitive advantage that contributes to its market share and financial performance. Regulatory changes such as market liberalisation could materially impact this advantage.	CAO has increased its portfolio strengths through both geographic and product diversification. The Group continues to extend its jet fuel supply and trading activities as well as aviation marketing business outside the PRC. CAO will further develop and optimise its integrated business model and expand its global supply and trading network to penetrate new markets globally.			
Economic Performance – CAO's business sustainability and strategy has been developed to mitigate macro-economic risks	CAO continues to face the various challenges that macroeconomic uncertainties bring about. For example, volatile oil prices, the increase in China's domestic oil production, changing jet fuel import requirements, global economic performance and the development of clean energy. All these external factors would have an impact on the Group's financial performance and hence, it is important to take a proactive approach to mitigate these challenges.	One key approach to mitigate the economic uncertainties is diversification of the Group's geographic presence, product type and customer base. The Group has also started exploring opportunities in growing its business in the clean energy sector.			

Sustainability Report

Factor	Context	Policies and Practices to mitigate risks and pursue opportunities	Link to Strategy	Performance	Targets
Environmental					
Environmental Compliance	Environmental laws and regulations, particularly for the oil and gas sector are becoming more stringent. Regulatory authorities are also intensifying efforts to ensure compliance. As the Group continues to globalise its operations and investments across multiple jurisdictions, it faces risk of failure to comply with new environmental laws and regulations.	In 2014, CAO developed the Safety, Health and Environment ("SHE") Policy and Guidelines which covers environmental management guidelines. The objectives of this policy include fostering an environment friendly place for all employee and visitors involved and complying with the local environmental laws and regulations. The business units supported by various departments are required to check local environmental laws and regulations before new market entry as part of a thorough due diligence process.	Compliance is an integral part of the Group's corporate strategy. CAO will consistently uphold high levels of corporate governance and undertake strategic initiatives to further enhance compliance and governance across its businesses.	During the reporting period, there were no identified incidents of non-compliance with environmental laws and regulations.	The Group will continue to keep abreast on any changes of relevant environmental laws and regulations and comply with all relevant laws and regulations to avoid any potential non-compliance incidents and ensure smooth operational efficiency.
Oil Spill Prevention	As a global oil products supplier and trader, the Group's working environment are subject to various risks including spillage of oil products during transportation and storage.	CAO realises the immediate and long-term environmental damage that oil spills can bring to the environment, hence CAO takes all reasonable steps to prevent pollution by minimising the occurrence of oil spills. CAO has a ship vetting policy for assessment of ocean-going vessels which are typically 10,000 metric tonnes and above with the objective of minimising health, safety and environmental risks. The policy sets up procedures in sourcing data on the Group's chartered vessels and evaluating the potential risks such as the ship's structural integrity and safety, past casualties and incidents. Other assessment criteria include the reputation of the vessel company, age of the vessels, required certifications and appropriate procedures for handling and storing oil products. In order to limit the intensity or impact of a negative threat or event, CAO has developed a Crisis Management Plan that includes establishment of an Emergency Response Team. This team is required to pro-actively respond to the emergency in a timely and effective manner. For CAO's operations in Alaska, the Group follows an Oil Discharge Prevention and Contingency Plan ("ODPCP") that outlines actions, plans and reference materials to meet applicable State of Alaska requirements for oil spill contingency planning. CAO has also developed the Operational Safety Incident Reporting Guidelines with explicit reference to the Workplace Safety and Health Act for reporting of operational incidents. The guidelines cover operational incidents resulting in environmental damage and prescribe the timeline and format for reporting along with follow-up actions required.	CAO strives to minimise and mitigate the impact of potential oil spills to protect the surrounding environment. This aligns with the Group's corporate mission to maintain high SHE standards and to conduct businesses in a safe, reliable and efficient manner, with minimal impact on the environment.	During the reporting period, there were no incidents of significant oil spill.	The Group aims to continue to uphold the good record of zero incidents relating to significant oil spill.

Sustainability Report

Factor	Context	Policies and Practices to mitigate risks and pursue opportunities	Link to Strategy	Performance	Targets
Social					
Workplace Environment, Health and Safety	CAO remains committed to provide a safe, secure and healthy environment for all its stakeholders with a continuous focus to achieve zero harm for safety performance which contributes to business profitability.	Protecting the health and safety of its employees is a key priority at CAO. The Group's Safety, Health and Environment ("SHE") Policy and Guidelines emphasizes the importance of health and safety in the work environment and serve to instil in all employees a culture of being responsible and practise safe workplace habits. All emergency escape exits are clearly indicated within the workplace and all employees are made aware of the emergency escape routes in the event of an emergency. The necessary emergency safety devices e.g. fire extinguishers and First Aid facilities are provided to ensure safe working conditions in the office premises. CAO's Singapore office takes part in the fire drills organised by building management and the office has selected specific employees to act as traffic marshals who are responsible for giving directions for evacuation. The Group also has a monitoring system to make sure the procedures and processes under its Business Continuity Plan are implemented. Depending on the nature of the crisis, a business continuity cum IT disaster recovery plan may also be triggered. Moreover, the Group has a tracking system for travelling employees to mitigate the increasing travel-related risks due to higher business travel frequency by its employees. CAO also strives to provide a safe and healthy work environment that is non-threatening, with no harassment, assaults and bullying. Proper grievance handling procedures are also in place to ensure all incidents are resolved in a timely and impartial manner. CAO has developed Operational Safety Incident Reporting Guidelines with explicit reference to the Workplace Safety and Health Act prescribing the timeline and format for reporting along with follow-up actions required. The guidelines encompass operational incidents resulting in loss of life or injury and also incidents that did not result in bodily harm but resulted in environmental damage, assets damage (leased / owned) or operational downtime. Annual health screenings, pandemic illness updates, mandatory workplace health and safety briefings and fire drills are held regularly throughout the year to create awareness that keeping the workplace and environment safe is of paramount importance to the CAO work culture and to reinforce and promote a robust SHE culture. Medical and insurance coverage is also provided to all employees.	Workplace health and safety is of paramount importance to CAO and continues to be the Group's highest sustainability priority in all aspects of its business which is in line with CAO's corporate mission to maintain high SHE standards and conduct businesses in a safe, reliable and efficient manner, with minimal impact on the environment.	During the reporting period, there were zero workplace related injuries for CAO's employees.	The Group aims to maintain zero workplace related injuries for CAO's employees in the coming year.

Sustainability Report

Factor	Context	Policies and Practices to mitigate risks and pursue opportunities	Link to Strategy	Performance	Targets
Social					
Customer Health and Safety	The safety and quality of the Group's products would affect the safety of the ultimate end customers i.e. the airplane passengers as well as the stakeholders along the jet fuel supply chain. CAO recognises the importance of its role in ensuring the products that the Group supplies meet the stringent safety and quality requirements. Hence, CAO extend its care in health and safety across all levels of the business to its business partners and customers.	Product and service quality is critical in satisfying requirements from regulators and customers. An important part of the quality requirements relates to the safety aspects of the products. The Group carefully and regularly monitors its facilities and products as well as conducts lab tests to ensure all relevant certifications or licenses are obtained and stringent safety standards are maintained. Beyond meeting regulatory requirements, the Group fosters continuous improvement of practices in order to provide its customers with the best quality products and services that meets their stringent requirements. The Group has also set out standardised procedures for reporting of health and safety incidents.	To align with the Group's corporate mission to adhere to high SHE standards and to deliver and add value for customers, CAO proactively focuses on providing the best quality products and services.	During the reporting period there were no incidents of non-compliance with relevant laws and regulations concerning the health and safety impacts of CAO's products and services	The Group aims to continue its best practices to ensure there are no significant incidents of non-compliance with relevant laws, and regulations concerning the health and safety impacts of its products and services in the coming year.
Diversity and Equal Opportunities	The Group recognises that a fair, diversified and inclusive working environment is integral to the success of CAO and that a diverse workforce with specialised, complementary skillsets, ideas and experiences enriches the workplace and enhances business performance. This not only helps to attract and retain talents in the competitive market but also helps to achieve the Group's mission in fostering a people-oriented corporate culture of Fairness, Integrity, Innovation and Transparency where its employees can grow and develop together with the company.	CAO has developed Human Resource ("HR") practices for each location of operation that align with local laws and regulations. In Singapore, the Group also follows the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP") that promotes fair and equitable employment practice. CAO continues to affirm competitive workplace practices and its HR policies are aligned to the guidelines formulated by TAFEP. CAO upholds this through a variety of measures including non-discriminatory recruitment advertisements, regular performance appraisal for employees, instilling a code of ethics and establishing an appropriate avenue for employee grievances. CAO also supports the Fair Consideration Framework by the Ministry of Manpower, Singapore, with job openings at CAO made publicly accessible at the Jobs Bank administered by the Workforce Development Agency of Singapore. CAO deploys and promotes all employees in accordance with their competencies, abilities and performance and is committed to give equal opportunities to everyone irrespective of their gender, age, religion and ethnic origin. At the Board level, the Group follows its Corporate Governance Policy on Board composition and balance. More details can be found under the Statement of Corporate Governance section.	Guided by the Group's vision, mission and core values, CAO has in place a multi-prong human resource strategy that is aligned to its business objectives to build the required workforce skills base to strengthen its competitive edge for sustainable growth.	As at December 2017, the group's total headcount was 100 worldwide, of which 76 were based in Singapore. Female staff accounted for 53% of the Group's employees. For more details please refer to the Human Capital Management section.	CAO will continue to embrace diversity and inclusivity at the workplace and hire people with diversified background with no preference for any particular gender, ethnicity, religion or age.

Sustainability Report

Factor	Context	Policies and Practices to mitigate risks and pursue opportunities	Link to Strategy	Performance	Targets
Social					
Procurement Practices	As a responsible corporate citizen in the global transportation fuels ecosystem, CAO realises the importance of having open and fair procurement practices. Effective and responsible supply chain management is essential to enhance operational efficiency and CAO's brand value and reputation.	The Group makes sure its tendering and procurement process is conducted in an open, fair and just manner by following clear, transparent and standardised guidelines. A Procurement Committee comprising Head of Departments across functions within the Group has been setup. The Committee acts as a decision-making body to oversee the tendering process and discuss views. Individual committee members are assigned with specific roles and responsibilities relating to the tendering process. The Group has a Trade Sanctions Policy that ensures compliance with laws on trade sanctions, in the jurisdictions where the Group conducts business. CAO has an in-house counterparties credit on-boarding registration process that conducts checks on the counterparties prior to conducting business with them. As part of this process, checks are made to ensure that there are no breaches to CAO trade sanction policy. An e-Learning course has also been rolled out this year to improve the understanding of staff on trade sanction laws.	In line with the vision of being a socially responsible company, CAO will proactively focus on minimising the potential negative impact caused in the supply chain.	In 2017, there was no reported breach of the Trade Sanctions Policy.	CAO will continue to maintain zero breaches of the Group's internal tendering and procurement guidelines as well as the Trade Sanctions Policy. Moreover, CAO will continue to review and enhance the assessment criteria on responsible practices for the selection of suppliers or service providers during the procurement process to minimise the potential negative impact caused in the supply chain.
Protection of Sensitive Information	During CAO's business operations, the Group needs to deal with a vast amount of sensitive information such as personal data, oil price and contractual terms, etc. CAO is conscientious about secure communication and data protection. CAO respects its stakeholders' legal rights to privacy and confidentiality.	The CAO Personal Data Protection Policy, developed in response to the Personal Data Protection Act in Singapore, sets out the requirements to ensure compliance with the laws and regulations applicable to the CAO Group's collection, use, disclosure, transfer and/or processing of personal data. Further, CAO's Code of Conduct and Ethics also specifically require information obtained in the course of conducting business to be treated with utmost care. Employees are required to safeguard confidential information and trade secrets. Unauthorised or unwarranted disclosures would result in disciplinary action and/or escalation to the relevant regulatory bodies. CAO also has a Data Classification Policy that defines the different classifications of data and the principles for their access, use and safeguarding based on their classification and sensitivity. This policy is based on a "need-to-know" basis in order to protect sensitive information from unauthorised disclosure, use, modification, and deletion. CAO's User Privacy Statement Policy governs personal information which is collected through or in connection with its organisation website at www.caosco.com. CAO would adhere to the confidentiality agreements with its stakeholders to protect all their sensitive information including oil price and specific contractual terms and conditions.	It is part of CAO's strategy to build long-term trust and relationships with its stakeholders and it is CAO's policy to comply with relevant laws and regulations to protect stakeholders' rights to privacy and confidentiality. To uphold the Group's high security standards, CAO will focus on secure communication and protection of its stakeholders' legal rights to privacy and confidentiality.	In 2017, the Group has not identified any substantiated complaints concerning breaches of sensitive information privacy and confidentiality or any identified leaks, thefts, or losses of sensitive information.	The Group will continue its commitment in achieving zero substantiated complaints concerning breaches of sensitive information privacy and confidentiality and no incidents of leaks, thefts, or losses of sensitive information in the coming year.

Sustainability Report

Factor	Context	Policies and Practices to mitigate risks and pursue opportunities	Link to Strategy	Performance	Targets
Corporate Governance					
Compliance and Internal Audit	As CAO continues to diversify its operations and investments across multiple jurisdictions, it faces increasing laws and regulations at national, regional and international levels. Failure to mitigate compliance risks would pose reputational risks to the Group and hinder its sustainable growth and development.	CAO takes its governance responsibilities seriously and believes that good governance requires a comprehensive set of policies and guidelines as well as collaboration from members across the Group. CAO continuously reviews and improves its global compliance strategy to ensure the Group's policies, practices, guidelines and internal control systems remain relevant and robust. For more details relating to the Compliance and Internal Audit's function and specific compliance related policies and practices, please refer to the Compliance and Internal Audit Section.	High corporate governance standards and robust internal audit processes serve to provide accountability across CAO's business activities to support the realisation of its long term strategy. This also demonstrates how our corporate values of Fairness, Integrity, Innovation and Transparency are put into practice.	In 2017, there were zero non-compliance incidents with relevant laws and regulations that resulted in significant fines or non-monetary sanctions. The Group is also proud to receive the SIAS "Most Transparent Award" for seventh consecutive years since 2010 and crowned winner for the "Singapore Corporate Governance" (Energy category) Award in 2017.	CAO will continue its commitment in achieving zero incidents of non-compliance with relevant laws and regulations in the coming year. In addition, CAO will continue to conduct compliance related trainings for employees to maintain a constant level of awareness and alert. The Group will also evaluate the internal audit review results and carry on improving its processes and internal controls.
Anti-Corruption	As a foremost Singapore-listed entity, CAO embraces Singapore's stringent anti-corruption regime and places great focus on its social responsibilities to ensure utmost integrity throughout its business activities and to prevent any improper or illegal behaviour.	The Group's Committee of Sponsoring Organisations of the Treadway Commission ("COSO") framework covers compliance risks including anti-corruption, insider trading and fraud. To reinforce the compliance culture across the Group, CAO sets out a Code of Conduct and Ethics, a Gifts and Entertainment Policy as well as annual compliance related trainings to all employees. The Group also has a whistle-blowing channel for reporting and investigating suspicious cases. For more details, please refer to Compliance and Internal Audit Section.	CAO believes in creating a fair and transparent environment for its business to thrive. The Group does not tolerate any fraud, bribery or corruption.	There were no confirmed incidents of corruption in 2017.	The Group always strive to maintain zero incidents on corruption.


CAO is committed to building up a risk awareness culture that is entrenched in the organisation
公司始终坚持打造"全程管理、全员参与"的风险管理文化，使风险意识成为全体员工共同的价值观

Sustainability Report

THE WAY AHEAD

CAO believes that a holistic approach in managing its ESG risks and opportunities beyond financial performance is key to allow the Group to deliver long-term value to its stakeholders. CAO also recognises the increasing impact of climate change on its business environment such as changing customer behaviour and regulatory requirements. In order to stay resilient and remain competitive in the market, the Group will continue to stay abreast of the latest sustainability trends and monitor these changing impacts on the business.

GRI CONTENT INDEX

Disclosure		Annual Report Section/Remarks
General Standard Disclosures		
Organisational Profile		
GRI 102-1	Name of the organisation	CAO at A Glance
GRI 102-2	Activities, brands, products, and services	CAO at A Glance
GRI 102-3	Location of headquarters	International Reach
GRI 102-4	Location of operations	International Reach
GRI 102-5	Ownership and legal form	Group Structure
GRI 102-6	Markets served	International Reach
GRI 102-7	Scale of the organisation	Financial Highlights CAO at A Glance International Reach Operations Review Financial Review Human Capital Management
GRI 102-8	Information on employees and other workers	Human Capital Management
GRI 102-9	Supply chain	Sustainability Report – Procurement Practices
GRI 102-10	Significant changes to the organisation and its supply chain	Chairman's Message CEO's Message
GRI 102-11	Precautionary Principle or approach	CAO does not specifically address the precautionary principle
GRI 102-12	External initiatives	Chairman's Message CEO's Message CEO's Strategic Report – Investor Relations Community Engagement
GRI 102-13	Membership of associations	No membership with any industry association
Strategy		
GRI 102-14	Statement from senior decision-maker	Chairman's Message CEO's Message
Ethics and Integrity		
GRI 102-16	Values, principles, standards, and norms of behaviour	Our Values
Governance		
GRI 102-18	Governance structure	Group Structure Sustainability Report – Board Statement Compliance and Internal Audit Statement of Corporate Governance

Sustainability Report

Disclosure		Annual Report Section/Remarks
General Standard Disclosures		
Stakeholder Engagement		
GRI 102-40	List of stakeholder groups	Sustainability Report – Stakeholder Engagement
GRI 102-41	Collective bargaining agreements	No collective bargaining agreement
GRI 102-42	Identifying and selecting stakeholders	The key stakeholder groups identified either have a significant impact on or are significantly impacted by CAO's sustainability performance
GRI 102-43	Approach to stakeholder engagement	Sustainability Report – Stakeholder Engagement
GRI 102-44	Key topics and concerns raised	Sustainability Report – Materiality Assessment
Reporting Practice		
GRI 102-45	Entities included in the consolidated financial statements	Financial Review
GRI 102-46	Defining report content and topic Boundaries	Sustainability Report – About this Report
GRI 102-47	List of material topics	Sustainability Report – Materiality Assessment
GRI 102-48	Restatements of information	No restatements of material information
GRI 102-49	Changes in reporting	Sustainability Report – About this Report
GRI 102-50	Reporting period	1 January 2017 – 31 December 2017
GRI 102-51	Date of the most recent report	March 2016
GRI 102-52	Reporting cycle	Yearly
GRI 102-53	Contact point for questions regarding the report	Sustainability Report – About this Report
GRI 102-54	Claims of reporting in accordance with GRI Standards	Sustainability Report – Board Statement Sustainability Report – About this Report
GRI 102-55	GRI content index	Sustainability Report – GRI Content Index
GRI 102-56	External assurance	No external assurance for this year's sustainability report
Management Approach		
GRI 103-1	Explanation of the material topic and its Boundary	Sustainability Report: • Economic Performance • Environmental Compliance • Oil Spill Prevention • Workplace Environment, Health and Safety • Customer Health and Safety • Diversity and Equal Opportunities • Procurement Practices • Protection of Sensitive Information • Compliance and Internal Audit • Sustainability and Risk Management • Anti-corruption
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of the management approach	

Sustainability Report

Disclosure		Annual Report Section/Remarks
Specific Standard Disclosures		
Economic Performance		
Material Factor: Economic Performance		
GRI 201-1	Direct economic value generated and distributed	Financial Highlights Sustainability Report – Economic Performance CEO's Message Financial Review
Environmental		
Material Factor: Environmental Compliance		
GRI 307-1	Non-compliance with environmental laws and regulations	Sustainability Report – Environmental Compliance
Material Factor: Oil Spill Prevention		
GRI 306-3	Significant spills	Sustainability Report – Oil Spill Prevention
Social		
Material Factor: Workplace Environment, Health and Safety		
GRI 403-2	Types of injury and rates of injury	Sustainability Report – Workplace Environment, Health and Safety
Material Factor: Customer Health and Safety		
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report – Customer Health and Safety
Material Factor: Diversity and Equal Opportunities		
GRI 405-1	Diversity of governance bodies and employees	Sustainability Report – Diversity and Equal Opportunities
Material Factor: Procurement Practices		
N/A	Reported breach of the Trade Sanctions Policy	Sustainability Report – Procurement Practices
Material Factor: Protection of Sensitive Information		
GRI 418-1	Substantiated complaints concerning breaches of privacy and losses of data	Sustainability Report – Protection of Sensitive Information
Governance		
Material Factor: Compliance and Internal Audit		
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	Sustainability Report – Compliance and Internal Audit Compliance and Internal Audit
Material Factor: Risk Management		
N/A	Incidents of trading limit breach according to the limits set by the Risk Management Committee ("RMC")	Sustainability Report – Sustainability and Risk Management Risk Management
Material Factor: Anti-Corruption		
GRI 205-3	Confirmed incidents of corruption and actions taken	Sustainability Report – Anti-corruption Compliance and Internal Audit

可持续发展报告

董事会声明

中国航油（新加坡）股份有限公司（简称“新加坡公司”）相信衡量公司成功的标准不仅是强劲的财务表现，还要通过特别是环境、社会及治理（简称“ESG”）方面为利益相关方创造的价值来衡量。

新加坡公司的可持续发展道路以公司决心成为负责任的企业公民为动力，以致力于为利益相关方创造价值来巩固公司的经营模式为信念，而有效的业务可持续计划需要涵盖强劲的经济、环境和社会表现，以及高标准的公司治理，确保公司具有长期竞争力。

新加坡公司认识到良好的公司治理和风险管理流程的重要性，包括对可持续业务至关重要的ESG事项管理。可持续发展贯穿新加坡公司业务的所有环节，在企业进程中扮演着关键角色，而且巩固了新加坡公司树立品牌的基础。

新加坡公司在社会方面的可持续发展以员工和客户为重心。新加坡公司以为员工提供多样化、平等和安全的工作环境为己任。新加坡公司重视客户，不断考虑客户对健康与安全，以及业务手法所涉及隐私权的关注。发展一体化的全球供应链仍是关键战略重点，而负责任的采购手法有助新加坡公司将正面影响延伸到全球供应链，为建立可持续的生态系统做出贡献。

董事会负责监察新加坡公司内部的可持续发展，包括将可持续发展管理的关键要素融合到新加坡公司的战略制订、风险治理、日常经营和报告中。在履行董事会职责时，董事会获得可持续发展执行小组（简称“SSC”）的支持，该执行小组包括来自新加坡公司各业务分部和地区的高级管理层代表。

本年度可持续发展报告（简称“报告”）继续采纳国际综合报告理事会（简称“IIRC”）综合报告法的主要原则，以通报新加坡公司推动创造长期价值的方式。据我们所知及所信，本报告符合新加坡证券交易所《上市规则》实务说明第7.6号：“可持续发展报告指引”的要求，并参考了全球报告倡议组织（简称“GRI”）标准（2016年）中有关ESG表现披露的准则。

中国航油（新加坡）股份有限公司
董事会

可持续发展和价值创造

新加坡公司坚定承诺为自身、利益相关方、运营社区及环境创造长期价值。为履行承诺，新加坡公司确保通过全面的业务可持续计划，将高标准的公司治理、合规与内审及健全的风险管理文化深植于公司内部。新加坡公司的信念是企业的增长和成功必须建基于诚信、透明和责任担当等基本原则，而且这种信念已体现在公司文化中。新加坡公司清楚地意识到，也坚定地相信，即公司的商业活动能产生最积极的影响的地方，不仅要通过财务业绩来衡量，而且要通过企业为员工、商业伙伴、环境及社会大众创造的价值来衡量。新加坡公司致力于建立锐意进取的敬业团队，让员工充分发挥潜力，同时满足业务领域不断变化的要求。公司通过产品和服务的增值，采取负责任的采购和安全措施赢得客户和商业伙伴的信任。此外，新加坡公司关心社会和环境，尽量减少对环境的损害。所有这些努力形成了本公司可持续发展政策的基石。

可持续发展和风险管理

新加坡公司了解，ESG事项的恰当处理对公司的可持续发展至关重要。新加坡公司团队具有完备的战略风险管理模型，可以在商业决策中识别、评估重大的ESG风险，并制定风险缓解方案，调整商业决策，加强股东价值。为了在瞬息万变的市场中保持灵活并提高竞争力，新加坡公司需要采取主动系统的方法，有效识别并管理重大风险，以支持新加坡公司的战略绩效，这一点至关重要。公司的主要业务风险包括市场风险、信用风险、运作风险、法律风险和财务风险。新加坡公司将战略风险管理嵌入有关商业战略、投资、运营的重大决策程序，因为ESG事项会带来短期或长期战略风险，反映了新加坡公司的重大可持续发展事项。在识别这些重大事项的过程中，新加坡公司尽力确保有效管理相关法律法规变化产生的影响，管理社会、经济和声誉的驱动力。新加坡公司会在经营中考虑可持续发展，缓解风险，持续改进运营模式，为相关方创造价值。

新加坡公司有正式的三重管理与控制架构，来监督风险管理实践的执行。此外，新加坡公司的风险管理委员会（简称“RMC”）不断完善风险管理政策、指导方针和程序，加强内部控制，以减轻影响新加坡公司业务运作和战略绩效的不确定因素。作为风险管理措施的一部分，新加坡公司要跟踪交易活动。在报告期间，根据RMC设定的限额，没有发生违反贸易限额的情况。新加坡公司在来年将继续致力于实现不违反贸易限额。有关风险管理架构、战略及重大风险和风险的防范措施详情，请参阅风险管理部分。

可持续发展报告

关于本报告

本报告阐述了新加坡公司在截至2017年12月31日财年管控自身环境及社会影响方面的承担、治理、政策、表现和目标。

在确定本报告的范围时，管理层考虑了拥有权百分比和影响力水平，并将新加坡公司持有50%以上控股股份的所有子公司纳入本报告范围。因新加坡公司对联营公司的运营没有控制权，所以没有将联营公司纳入本报告范围。

纳入本报告范围的实体包括：

1. 中国航油（新加坡）股份有限公司（新加坡）；
2. 中国航油（香港）有限公司（香港特别行政区）；
3. 北美航油有限公司（美国）；
4. 中国航油（欧洲）有限公司（英国）。

本报告和其他公司信息还可登入新加坡公司网站（http://www.caosco.com）查阅。

本报告继续采纳IIRC综合报告法的主要原则，专注于新加坡公司对关键ESG风险和机会的策略和有效管理之上，向利益相关方全面呈现新加坡公司的长期价值创造。本报告还参考了GRI标准中有关重要性评估原则的准则和具体的业绩披露。这种组合框架方法符合新加坡证券交易所对可持续发展报告的要求。

新加坡公司致力于不断改进可持续发展表现和披露。如果您对本报告有任何意见和建议，欢迎发送电子邮件至sustainability@caosco.com。

利益相关方的参与

新加坡公司相信，与各利益相关方展开合作对话，为各方创造价值是持续取得成功的关键。下表所列是新加坡公司已识别的主要利益相关方团体及新加坡公司与这些利益相关方保持对话的合作渠道。

主要利益相关方	参与方式	次数
投资者	通过SGXNet和公司网站提供最新财务业绩和公告、业务发展通报、新闻稿和其他相关披露	全年
	常年股东大会	每年一次
	投资者接待日	每年一次
雇员	新员工入职培训	全年
	培训及发展计划	
	定期电邮和会议	
	休闲健康活动	
	员工意见反馈渠道	
	职业发展绩效评核	每年一次
客户	与业务伙伴定期会面以通报最新情况，包括有关可持续发展的最新政策和实践	全年
	实地访问	
商业伙伴	与商业伙伴定期会面以通报最新情况，包括有关可持续发展的最新政策和实践	全年
	实地访问	

可持续发展报告

重要性评估

在外部顾问的指引下，可持续发展执行小组（简称“SSC”）有系统地展开三步程序识别、排列重大ESG因素。在重要性评估过程中考虑了重要利益相关方关心的问题。作为新加坡公司完善战略风险管理模型的一部分，这些重大ESG因素已获得董事会验证，相关风险的确认、评估和减缓，并会在管理决策过程中加以考虑。

新加坡公司2017财年的重大ESG因素

经济	环境	社会	治理
• 经济表现	• 环境合规 • 防止溢油	• 健康与安全（工作场所和客户） • 多样化与平等机会 • 采购手法 • 保护敏感信息	• 公司治理（包括合规与内审、风险管理和反贪污）

下表描述新加坡公司管理层如何管理重大ESG因素以支持企业战略，并采纳了IIRC综合报告法框架，全面呈现了新加坡公司的业务运营与ESG绩效指标之间如何相互作用在新加坡公司的长期价值创造之上。采纳重要性评估方法能让新加坡公司在专注于对业务有重大影响且构成战略风险的ESG事项，对重大风险点制定缓解方案，决定哪些方面需要进一步改进。新加坡公司也可能在过程中发现符合公司战略的可持续发展机会。

因素	说明	减缓风险及寻找机遇的政策与实践	和战略的联系	表现	目标
经济					
经济表现 – 航油供应与贸易的核心竞争力	航油供应与贸易业务仍占主导地位。作为中国主要航油进口商，新加坡公司受到中国供需关系变化的影响，例如国内航油产能提升。	新加坡公司继续扩充全球航油供应与贸易供应链，并通过发展新的供应与贸易路线及建立战略伙伴关系增强国际影响力。 新加坡公司还开展其他油品业务，促进整体供应与贸易量的增长。 有关新加坡公司的国际业务详情，请参阅首席执行官致辞。	新加坡公司的愿景是成为富有创新精神的全球一流运输燃料一体化方案提供商。为实现长远战略，新加坡公司不断根据“全球化、一体化、实业化”的发展策略微调其战略措施。 有关新加坡公司战略转型、展望和主要业务计划的详情，请参阅首席执行官致辞和经营概况。	新加坡公司将继续发掘并渗透全球全球主要航空热点，以扩大客户基础，并将新加坡公司的全球价值链伸延至亚太区和欧美地区。 请参阅首席执行官致辞、财务业绩部分和经营概况。	
经济表现 – 中国主要航油供应商	新加坡公司的中国市场航油进口是公司保持较高市场份额和盈利能力的主要竞争优势。如果国内市场开放或政策改变可严重影响该优势。	新加坡公司已经通过地理拓展和产品多元化战略增强业务能力。在中国境外地区开展航油供应与贸易业务和航油营销业务。 新加坡公司将进一步发展和优化整合业务模式，将全球供应与贸易网络拓展到全球新市场。			
经济表现 – 新加坡公司已经制定了业务持续和发展战略，应对宏观经济风险	新加坡公司持续面对宏观经济不明确因素所带来的各种挑战。例如油价波动、中国国内航油产能增加、航油进口要求变动、全球经济表现及清洁能源发展等。所有这些外部因素对新加坡公司的财务业绩均有影响，因此有必要积极应对这些挑战。	应对经济不明确因素的主要方法之一是地理区域、产品类别和客户基础的多元化。新加坡公司正在为发展清洁能源业务开拓商机。			

可持续发展报告

因素	说明	减缓风险及寻找机遇的政策与实践	和战略的联系	表现	目标
环境					
环境合规	环保法律法规，特别是油气行业的法律法规变得越来越严谨。监管机构也在加强法律合规的要求。 随着业务的进一步全球化，以及在世界各地开展投资，新加坡公司将会面对不遵守新环保法律法规的风险。	新加坡公司在2014年制定安全、健康、环境（简称“SHE”）政策，其中涵盖环境管理指引。该政策的目的包括为所有雇员和访客创造舒适安全的环境，并符合当地的环保法律和法规。 各部门的不同业务单位在进入新市场之前，作为详尽的尽职调查，必须查核当地环保法律法规。	合法合规是公司企业战略的重要内容之一。公司始终秉承高标准的公司治理，采取战略措施进一步加强合规和治理。	报告期内，没有发现任何违反环保法律法规的情况。	新加坡公司将继续紧贴环保相关法律法规的最新变化，遵守所有相关法律法规，避免可能发生的不合规事件，确保顺利运营，提高效率。
防止溢油	作为全球油品供应与贸易商，新加坡公司的工作环境存在多种风险点，如运输和存储过程中的溢油风险。	新加坡公司了解溢油可能对环境造成的即时和长期破坏，所以已采取一切合理措施将发生溢油事件的可能性减至最低以防止污染。 新加坡公司已制定验船政策，评估一般吨位在10,000公吨或以上的远洋船舶，目的是将健康、安全和环境风险减至最低。该政策制定程序收集有关新加坡公司租船资料，评估船舶结构完整性和安全性、伤亡和事故记录等潜在风险。其他评估标准还包括船舶公司声誉、船龄、必要认证和处理及存储航油产品的适当程序等。 为控制负面威胁或事件的严重性或影响，新加坡公司制定了危机管理计划，其中包括成立应急反应小组。该小组负责及时有效地积极应对突发事件。对于新加坡公司在阿拉斯加的业务，新加坡公司遵循石油排放预防和应急计划（简称“ODPCP”），其中列明为符合阿拉斯加州对溢油应急计划的相关要求应采取的行动、计划和参考材料。 新加坡公司还制定了生产安全事故报告指引，明确提及按照《工作场所安全和健康法》的规定报告运营事件。指引涵盖造成环境破坏的运营事件，并规定了报告时间和格式以及需要采取的后续行动。	新加坡公司致力于尽量减少潜在溢油事件的影响，以保护周边环境。这与新加坡公司坚持SHE高标准，以安全、可靠、高效的方式经营业务的使命一致。	报告期内，没有发生严重溢油事件。	新加坡公司的目标是继续保持有关重大溢油零事故的良好记录。


Employees conducting routine checks at TSN-PEKCL Pipeline
员工对管输公司的管线进行常规检查

可持续发展报告

因素	说明	减缓风险及寻找机遇的政策与实践	和战略的联系	表现	目标
社会					
工作场所环境、健康与安全	新加坡公司致力于为所有利益相关方打造安全、健康的运营环境，持续确保安全零意外，推动企业盈利表现。	员工健康和安全是新加坡公司的首要任务。新加坡公司的安全、健康、环境（简称"SHE"）政策强调工作场所的健康和安全，并号召所有员工培养安全的工作习惯，在工作场所对自己的行为负责。 工作场所已清楚标示所有紧急逃生出口，所有员工清楚知道在紧急情况下的紧急逃生路线。公司配备必要的应急安全装置，例如灭火器和急救设施，确保办公室内安全的工作环境。新加坡公司也参与大厦管理组织的防火演习，公司也指定了某些员工负责指挥撤离。新加坡公司制定了监控系统确保执行业务持续性计划的程序和流程。而且还可根据危机性质，启动业务持续性计划和IT灾难恢复计划。新加坡公司制定了员工出差进程跟踪系统，以减低因员工出差次数增加而产生的风险。 新加坡公司还致力于杜绝威胁、骚扰、攻击和恃强凌弱现象，为员工提供一个安全健康的工作环境。新加坡公司也有完善的疏导渠道，确保所有问题都得到及时公正的解决。 新加坡公司制定了《生产安全事故报告指引》，明确提及按照《工作场所安全和健康法》规定的时间和格式报告运营事件，以及需要采取的后续行动。该指引涵盖导致人身伤亡的运营事件，以及未造成人身伤害，但造成环境破坏、资产损害（租赁/自有）或业务停运的事件。 公司每年会定期组织体检、流行病通报、强制的工作场所健康和安全介绍、火灾演习，以培养工作场所和环境安全意识，这些对新加坡公司工作文化及加强和促进SHE意识至关重要。此外，所有员工均获公司提供医疗保险保障。	工作场所的安全、健康对新加坡公司至关重要，也是新加坡公司所有业务层面可持续发展的首要任务。新加坡公司将继续以保持高标准SHE为使命，以安全、可靠、有效的方式开展业务，将对环境的影响减至最低。	报告期内，新加坡公司雇员没有发生与工作场所相关的人身伤害事件。	新加坡公司在来年将继续致力于保持没有与工作场所相关的人事伤害事件的记录。
客户健康与安全	新加坡公司产品的品质与安全会影响终端客户，即飞机乘客的安全以及航油供应链上的利益相关者。新加坡公司明白确保本公司供应产品符合严格的安全及质量要求极为重要。因此，新加坡公司以对待所有业务的同等态度对待商业伙伴和客户的健康和安全。	产品和服务质量是满足监管机构和客户要求的关键。而质量要求是产品安全的基本元素。 新加坡公司定期严格监控其设备和产品，并进行实验室测试，以确保获得所有相关认证或许可证，并保持严格的安全标准。 除满足监管要求外，新加坡公司还培育不断改进实践做法，为客户提供符合严格要求的优质产品和服务。 新加坡公司还制定标准化程序上报健康和安全事件。	为符合新加坡公司坚持SHE高标准的承诺，为客户创造价值的企业使命，新加坡公司力求提供高产品和服务的质量。	报告期内没有发生违反相关法律、法规及有关新加坡公司产品和服务对健康与安全的影响。	新加坡公司的目标是延续最佳做法，确保来年不发生违反相关法律、法规及有关产品和服务对健康与安全产生严重影响的事件。
多样化与平等机会	新加坡公司相信公平、多元化、有包容性的工作环境对新加坡公司的成功必不可少，多样性的团队可以实现技术、观念与经验的互补，也可以丰富工作场所文化，提升业务表现。这不仅有助在竞争激烈的市场中吸引并留住人才，还有助实现新加坡公司培育以公平、诚信、创新、透明为核心的以人为本企业文化，使员工与公司共同发展的使命。	新加坡公司为各业务所在地制定人力资源实践，以配合当地法律法规。 新加坡公司遵守新加坡公平就业实践三方联盟（简称"TAFEP"）提出的公平就业实践。雇主承诺，打造公允公平的工作环境。新加坡公司确保按照TAFEP制定的公平就业实践三方指南，并在各方面贯彻执行，例如刊登非歧视的招聘广告、定期进行员工绩效评估、灌输道德准则，并为员工负面情绪提供疏通渠道。新加坡公司还遵守新加坡人力部公平考量框架的要求，在新加坡劳动力发展局管理的职位信息库中公布职位空缺。 新加坡公司根据员工的能力和表现决定员工升迁，并承诺向所有员工提供平等机会，不分性别、年龄、宗教和种族。 在董事会层面，新加坡公司遵循董事会组成和平衡的公司治理政策。有关详情，见公司治理报告部分。	在新加坡公司愿景、使命及核心价值观的指导下，新加坡公司制定了一个配合业务目标的多方人力资源战略，以建立企业所需的劳动力技能基础，加强可持续增长的竞争优势。	截至2017年12月，新加坡公司全球员工职位人数为100，其中76在新加坡。 女性员工占员工总人数53%。 有关详情，见人才资源管理部分。	新加坡公司将继续保持多样化及有包容性的工作场所，不分性别、种族、宗教或年龄，雇用具有多元化背景的人士。

可持续发展报告

因素	说明	减缓风险及寻找机遇的政策与实践	和战略的联系	表现	目标
社会					
采购手法	作为全球运输燃料生态系统中负责任的企业公民，新加坡公司明白开放和公平采购的重要性。有效和负责任的供应链管理对于提高运营效率和新加坡公司的品牌价值和声誉至关重要。	新加坡公司确保按照明确、透明和标准化的指引，以公开、公平、公正的方式开展招标和采购。 采购委员会（简称"Pcom"）由新加坡公司内部各职能部门主管组成。Pcom是监督招标程序和讨论意见的决策组织。Pcom个人成员负责与招标程序相关的特定工作和职责。 新加坡公司已制定贸易制裁政策，确保新加坡公司在业务所在地遵守有关贸易制裁的法律。新加坡公司内部拥有一个贸易对家信用登记注册程序，在与贸易对家进行交易前对其进行信用检查。检查的目的之一也是为了确保没有违反新加坡公司的贸易制裁政策。本年度还推出网络培训课程提高员工对贸易制裁法的认识。	作为一个对社会负责的企业，新加坡公司积极主动地将供应链中潜在的负面影响减至最低。	2017年度内，新加坡公司没有关于违反贸易制裁政策的举报。	新加坡公司将继续保持新加坡公司没有违反内部招标和采购指引及贸易制裁政策的记录。 此外，新加坡公司将继续检讨并改进采购评估标准过程中挑选具有社会责任的供应商及服务提供商的做法，将供应链中潜在的负面影响减至最低。
保护敏感信息	在业务运作过程中，新加坡公司需要处理大量敏感信息，例如个人资料、油价及合同条款等。 新加坡公司认真对待安全通信和数据保护，并尊重其利益相关方的隐私权和保密权。	新加坡公司根据新加坡《个人信息保护法》制定个人信息保护政策，列明确保新加坡公司在收集、使用、披露、转移及/或处理个人信息时合规的各项要求。 此外，新加坡公司的行为和道德准则明确规定必须慎重对待业务过程中取得的任何信息。员工必须保护机密信息和商业机密。擅自或无理披露可导致纪律处分及/或交由相关监管机构处理。 新加坡公司还订立了信息分类政策，规定信息的不同分类，并根据信息的分类和敏感度确立接触、使用和保护原则。该政策是以"需要知道"的原则为基础，以保护敏感信息不会被擅自披露、使用、修改及删除。 新加坡公司的用户隐私权声明政策管理通过公司网站或与网站相关途径收集的个人信息（见www.caosco.com）。新加坡公司严格遵守与利益相关方订立的保密协议，以保护所有敏感信息，包括油品价格和具体的合同条款及条件。	与利益相关方建立长期的信任和关系是新加坡公司战略的一部分，遵守相关法律法规，保护利益相关方的隐私权和保密权是新加坡公司的政策。 为了维护公司的安全，高标准，新加坡公司将致力于确保安全通信及保护利益相关方的隐私权和保密权。	2017年度内，新加坡公司没有发现任何经证实的违反敏感信息隐私权和保密权的投诉，或被识别的敏感信息泄露、被盗或遗失事件。	新加坡公司在来年将继续致力于保持没有经证实的违反敏感信息隐私权和保密权的投诉，也没有敏感信息泄露、被盗或遗失事件的记录。
公司治理					
合规与内审	随着新加坡公司在多个司法管辖区继续多元化经营和投资，也面临更多国家法律和地区法律法规的合规风险。 若不能减缓合规风险，可能使公司声誉受损，从而阻碍可持续发展。	新加坡公司非常重视治理责任，相信良好的治理水平有赖于完善的政策和指引，以及公司上下所有成员的齐心协力。 新加坡公司不断检讨并改善全球合规战略，确保公司政策、实践、准则和内部控制系统切合需要、健全完善。 有关合规与内审职能及合规相关具体政策和实践详情，请参阅合规与内审部分。	严格的公司治理标准和完善的内部审计程序为新加坡公司的所有商业活动提供责任担当，以支持新加坡公司实现长期战略。同时反映公司如何体现"公平、诚信、创新和透明"的核心价值。	2017年度没有违反相关法律法规导致严重罚款或非罚款处罚的事件。 自2010年起，新加坡公司连续7年蝉联新加坡证券投资者协会（简称"SIAS"）的"最透明公司奖"，并在2017年获颁"新加坡企业治理奖"（能源组别）。	新加坡公司在来年将继续致力保持没有违反相关法律法规的记录。 此外，新加坡公司将继续为员工提供有关合规的培训，以时刻保持员工的认识和警惕。 新加坡公司还将评估内部审计结果，不断改善流程和内部控制。
反贪污	新加坡公司作为上市公司严格遵守新加坡反贪污政策；同时，公司也积极承担社会责任，确保业务诚信，杜绝一切违法和不当行为。	新加坡公司的COSO框架涵盖反贪污、内部交易和欺诈等合规风险。 为强化公司内部的合规文化，新加坡公司订立了行为和道德准则、礼品和招待政策，以及每年向全体员工提供的年度合规培训。新加坡公司还设有举报渠道，供举报及调差可疑案例。 有关详情，请参阅合规与内审部分。	新加坡公司相信创造公平和透明的环境可促进业务发展。新加坡公司绝不容忍任何欺诈、贿赂或贪污行为。	2017年度没有任何经证实的贪污事件。	新加坡公司时刻努力保持贪污零记录。

可持续发展报告

展望未来

新加坡公司相信，对ESG风险和机遇实施财务业绩以外的整体管理，是新加坡公司为各个利益相关方提供长期价值的关键。新加坡公司也认识到气候变化对经营环境的影响与日俱增，例如改变客户行为和监管要求。为保持弹性和市场竞争力，新加坡公司将继续了解最新可持续发展趋势，并监控不断发生的变化对业务的影响。

GRI内容索引

披露		年报相关部分或备注
一般披露准则		
公司简介		
GRI 102-1	公司名称	公司简介
GRI 102-2	业务、品牌、产品和服务	公司简介
GRI 102-3	总部所在地	国际触角
GRI 102-4	经营地点	国际触角
GRI 102-5	所有权和法律形式	公司结构图
GRI 102-6	服务的市场	国际触角
GRI 102-7	公司规模	业绩亮点 公司简介 国际触角 经营概况 财务业绩 人才资源管理
GRI 102-8	雇员及其他人员信息	人才资源管理
GRI 102-9	供应链	可持续发展报告 – 采购手法
GRI 102-10	公司及其供应链的重大变更	董事长致辞 首席执行官致辞
GRI 102-11	预防性原则或方法	新加坡公司没有特别讨论该原则
GRI 102-12	外部倡议	董事长致辞 首席执行官致辞 首席执行官战略报告——投资者关系 企业社会责任
GRI 102-13	协会会员身份	没有任何行业协会组织会员身份
战略		
GRI 102-14	高级决策者声明	董事长致辞 首席执行官致辞
道德与诚信		
GRI 102-16	价值、原则、标准和行为规范	核心价值观
治理		
GRI 102-18	治理结构	公司结构图 可持续发展报告 – 董事会声明 合规与内审 公司治理报告

可持续发展报告

披露		年报相关部分或备注
一般披露准则		
利益相关者参与		
GRI 102-40	利益相关群列表	可持续发展报告 – 利益相关方的参与
GRI 102-41	集体谈判协议	没有任何集体谈判协议
GRI 102-42	利益相关方的识别和选择	所识别的主要利益相关方团体对新加坡公司的可持续表现有重大影响，或受到新加坡公司可持续表现重大影响
GRI 102-43	利益相关方的参与方法	可持续发展报告 – 利益相关方的参与
GRI 102-44	提出的主题和关心的问题	可持续发展报告 – 重要性评估
报告实践		
GRI 102-45	包含于合并财务报表中的实体	财务业绩
GRI 102-46	报告内容和主题界限的界定	可持续发展报告 – 关于本报告
GRI 102-47	重大主题列表	可持续发展报告 – 重要性评估
GRI 102-48	信息的重申	没有重要信息的重申
GRI 102-49	报告的变更	可持续发展报告 – 关于本报告
GRI 102-50	报告期间	2017年1月1日 – 2017年12月31日
GRI 102-51	最新报告发布日期	2016年3月
GRI 102-52	报告周期	每年
GRI 102-53	报告相关问题的联系方法	可持续发展报告 – 关于本报告
GRI 102-54	关于按照GRI标准出具报告的要求	可持续发展报告 – 董事会声明 可持续发展报告 – 关于本报告
GRI 102-55	GRI内容索引	可持续发展报告 – GRI内容索引
GRI 102-56	外部鉴证	本年度可持续发展报告没有外部鉴证
管理方法		
GRI 103-1	关于重大主题及其界限的解释	可持续发展报告： • 经济表现 • 环境合规 • 防止溢油 • 工作场所环境、健康与安全 • 客户健康与安全 • 多样化与平等机会 • 采购手法 • 保护敏感信息 • 合规与内审 • 可持续发展和风险管理 • 反贪污
GRI 103-2	管理方法及其组成部分	
GRI 103-3	管理方法的评估	

可持续发展报告

披露		年报相关部分或备注
特定标准披露		
经济表现		
重大因素:经济表现		
GRI 201-1	已产生和分配的直接经济价值	业绩亮点 可持续发展报告 – 经济表现 首席执行官致辞 财务业绩
环境		
重大因素:环境合规		
GRI 307-1	违反环境法律法规的情况	可持续发展报告 – 环境合规
重大因素:防止溢油		
GRI 306-3	严重溢油情况	可持续发展报告 – 防止溢油
社会		
重大因素:工作场所环境、健康与安全		
GRI 403-2	伤害类别与伤害率	可持续发展报告 – 工作场所环境、健康与安全
重大因素:客户健康与安全		
GRI 416-2	有关产品和服务影响健康和安全的违规事件	可持续发展报告 – 客户健康与安全
重大因素:多样化与平等机会		
GRI 405-1	治理组织和雇员的多样化	可持续发展报告 – 多样化与平等机会
重大因素:采购手法		
无	违法贸易制裁政策的举报	可持续发展报告 – 采购手法
重大因素:保护敏感信息		
GRI 418-1	有关违反客户隐私权和遗失客户资料的实证投诉	可持续发展报告 – 保护敏感信息
治理		
重大因素:合规与内审		
GRI 419-1	社会和经济领域中的违反法律法规的情况	可持续发展报告 – 合规与内审 合规与内审
重大因素:风险管理		
无	根据风险管理委员会设定的限额,违反贸易限额的情况	可持续发展报告 – 可持续发展和风险管理 风险管理
重大因素:反贪污		
GRI 205-3	经证实的贪污事件及采取的相应行动	可持续发展报告 – 反贪污 合规与内审

Financial Review

EARNINGS ANALYSIS

China Aviation Oil's ("CAO") Group net profit was US$85.33 million for the financial year ended 31 December 2017 ("FY2017"), a decrease of 4.03% year-on-year compared to US$88.91 million for year ended 31 December 2016 ("FY2016").

Revenue for CAO group increased 39% to US$16.27 billion compared to US$11.70 billion a year ago, which was mainly attributable to the increase in oil prices and trading volume. Total supply and trading volumes was 37.31 million tonnes for FY2017, an increase of 14.62% compared to 32.55 million tonnes for FY2016.

Revenue from supply and trading of middle distillates increased 31.97% to US$10.23 billion on the back of higher volumes and oil prices and accounted for 62.91% of the Group's total revenue in FY2017. Jet fuel supply and trading volume increased 7.74% to 16.12 million tonnes for FY2017, compared to 14.96 million tonnes for FY2016. Trading volume for other oil products, comprising mainly fuel oil and crude oil, increased 3.52 million tonnes (25.19%) to 17.51 million tonnes in FY2017 and generated US$6.03 billion in revenue.

China remains the Group's largest market, accounting for 47.35% of the Group's revenue in FY2017. Accordingly and in line with the internationalisation strategy in building a global supply and trading network, 52.65% of the Group's revenue was derived from outside mainland China in FY2017, compared to 48.9% in FY2016.

Gross profit decreased by 12.14% to US$38.70 million for FY2017 compared to US$44.05 million for FY2016, mainly due to: i) lower gross profit derived from China produced oil; and ii) lower gains from trading and optimisation activities as markets reclined to backwardation in 3Q 2017 further exacerbated by increase in supply & operational costs incurred due to various supply disruptions caused by weather and refineries outages.

Total expenses increased 9.67% to US$21.78 million for FY2017, compared to US$19.86 million for FY2016, mainly due to higher professional fees incurred for business development and higher interest expense from short-term borrowings.

Contributions from investments in associates, mainly from Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA"), increased 7.79% to US$71.53 million for FY2017 compared to US$66.36 million for FY2016. Profit contribution from SPIA increased 5.83% to US$64.17 million for FY2017 compared to US$60.64 million for FY2016 as SPIA achieved higher operating profit as a result of higher oil price and refuelling volume at Shanghai Pudong International Airport.

The share of profits from Oilhub Korea Yeosu Co., Ltd ("OKYC") was US$4.95 million in FY2017 compared to US$4.14 million in FY2016 due mainly to higher operating profit generated from its tank storage leasing activities.

Profit contribution from China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL") was US$2.61 million for FY2017 compared to US$2.18 million for FY2016 mainly due to lower amortisation expenses in FY2017.

Share of profit from China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") increased by US$0.29 million to US$0.60 million mainly due to the increase in profit margin and higher rental income from its oil storage tanks.

The Group's share of loss in CNAF Hong Kong Refuelling Limited ("CNAF HKR") was US$0.80 million for FY2017 compared to US$0.91 million for FY2016, an improvement of US$0.11 million mainly due to higher revenue generated from increased refuelling volume which was still insufficient to offset its administration and finance costs.

Income tax expense was US$6.88 million for FY2017 compared to U$2.95 million for FY2016, an increase of 133.19% which was due mainly to: i) the decline in deferred tax assets of US$1.60 million following the utilisation of unabsorbed tax losses from prior years to offset current year's profits; ii) the increase in recognition of deferred tax liabilities of US$1.41 million on the Company's share of undistributed retained earnings from associates; iii) tax expenses of US$0.54 million incurred on transfer of shareholding in OKYC; and iv) higher provision of income tax of US$0.23 million by a subsidiary.

The Group's profit before tax increased by 0.38% to US$92.21 million for FY2017 compared to US$91.86 million for FY2016. Net profit after tax was US$85.33 million in FY2017, decreased by 4.03% from US$88.91 million in FY2016. The Group's Earnings per share was 9.92 US cents for FY2017 compared to 10.34 US cents for FY2016.

Financial Review

Handling of tank valves at CNAF storage facilities
CNAF储罐设施的储油罐阀门运作

ASSETS

The Group continued to maintain a robust balance sheet in FY2017. As at 31 December 2017, total assets amounted to US$1.91 billion, compared to US$1.34 billion a year ago due mainly to increase in working capital, higher accounts receivables, trade inventories and cash and cash equivalents.

The Group's liquidity and debt servicing ability remained strong. As at 31 December 2017, the Group's cash and cash equivalents stands at US$300.04 million, compared to US$287.29 million as at 31 December 2016. As at 31 December 2017, the Group's current ratio and quick ratio were 1.34 and 1.16 respectively (31 December 2016: 1.52 and 1.28 respectively). In 2017, Group's total trade and banking facilities amounted to US$2.85 billion.

BORROWINGS

Total borrowings as at 31 December 2017 were US$120 million for working capital purpose due to timing difference on collection from accounts receivables versus payment to trade suppliers. The Group's net assets stood at US$723.58 million or 84.12 US cents per share as at 31 December 2017, compared to US$649.69 million or 75.53 US cents per share as at 31 December 2016. The increase in net asset value per share was attributable mainly to the earnings generated in FY2017 less dividends paid in respect of FY2016.

The Group continues to monitor its overall liquidity position to support its growing business expansion. The Group's principal sources of cash flows are from its supply and trading business operations and dividends received from its investment in associates.

The Group continues to maintain a healthy bank balance, exercising stringent credit management even as it continues to focus on credit control and receivables as well as working capital management, while proactively seeking synergetic and strategic asset investment opportunities to diversify and augment its income streams.

ECONOMIC VALUE ADDED

Economic Value Added ("EVA") profit for FY2017 was US$32.11 million, a decrease of 27.42% or US$12.13 million from US$44.24 million for FY2016, mainly due to a reduction in net earnings on the back of higher capital employed. Accounting net profits decreased 4.03% year-on-year to US$85.33 million for FY2017, compared to US$88.91 million for FY2016. To reward shareholders for their support, the Directors have proposed a first and final dividend in cash of 4.5 Singapore cents per share for FY2017 (FY2016: 4.5 Singapore cents). The Group will continue to focus on improving efficiency to create value for shareholders and remain prudent in financial management.

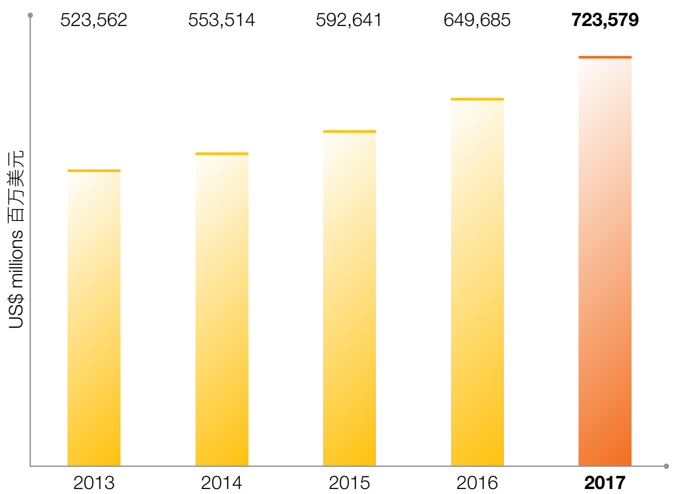
Financial Review

5-Year Financial Summary 5年财务摘要	2013	2014	2015	2016	2017
Income Statement (US$'000) 损益表（百万美元）					
Revenue 营业额	15,571,869	17,061,031	8,987,487	11,703,191	16,267,606
Gross Profit 毛利	52,491	27,397	35,444	44,050	38,703
Associated Companies 联营公司	46,476	43,194	42,296	66,363	71,534
Net Profit Attributable to Equity Holders of the Company (PATMI) 可向股东分配净利润	70,216	49,160	61,281	88,908	85,328

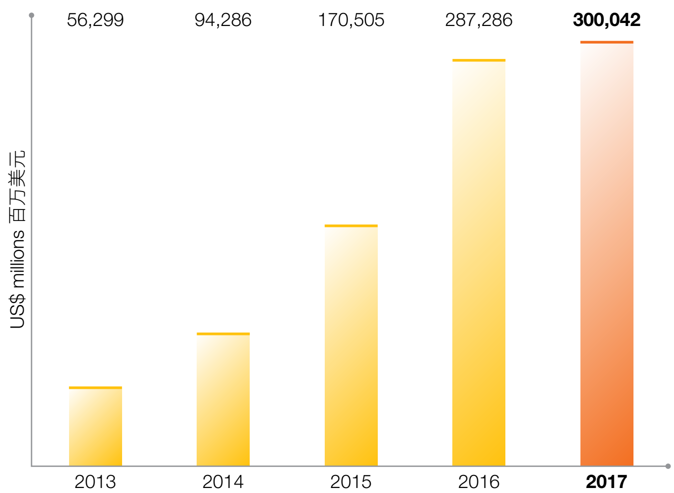
Balance Sheet (US$'000) 资产负债表（百万美元）					
Total Assets 总资产	1,574,890	1,378,715	845,517	1,344,421	1,912,661
Total Equity 股东权益	523,562	553,514	592,641	649,685	723,579
Cash and Cash Equivalent 现金及现金等价物	56,299	94,286	170,505	287,286	300,042

Financial Ratios 财务比率					
Earnings Per Share (US cents) 每股收益（美分）	8.16	5.72	7.12	10.34	9.92
Net Assets Per Share (US cents) 每股净资产（美分）	73.04	64.35	68.9	75.53	84.12
Return on Equity 净资产回报率	14.3%	9.1%	10.7%	14.3%	12.4%
Return on Assets 资产回报率	4.5%	3.5%	5.7%	8.4%	5.7%
Debt Equity Ratio 股本带息负债率	5.5%	0.0%	0.0%	15.4%	16.6%

Total Equity
股东权益



Total Cash and Cash Equivalent
现金及现金等价物



财务业绩

盈利分析

截至2017年12月31日的2017年财年（"2017财年"），CAO 2017年累计净利润为8,533万美元，相比2016年（"2016财年"）的8,891万美元减少4.03%。

2017年CAO总收入为162.7亿美元，相比去年同期的117亿美元增涨39%，主要是因为油价和业务量增加。2017财年总业务量为3,731万吨，相比2016财年的3,255万吨增涨14.62%。

中馏分业务的收入增涨31.97%至102.3亿美元，占公司总收入的62.91%，主要由于油价和业务量的增加。2017财年航油供应与贸易量增涨7.74%至1,612万吨。2016财年航油供应与贸易量为1,496万吨。其他油品贸易量（主要来自于燃料油和原油）增加352万吨（25.19%）至1,751万吨，贡献60.3亿美元收入。

中国依然是公司的最大市场，占公司2017财年收入的47.35%。在全球化战略的指引下，公司积极打造全球供应与贸易网络，2017年公司收入的52.65%来自于中国大陆以外的地区，2016年为48.90%。

2017年毛利减少12.14%至3,870万美元，2016年毛利为4,405万美元，主要是一是以出顶进业务毛利下降；二是2017年第三季度由于市场转为现货溢价结构，贸易优化业务收益下降以及由于天气因素和炼厂大火导致航油供应运作成本增加。

2017年累计总费用2,178万美元，相比上年同期的1,986万美元增涨9.67%，主要是由于业务拓展所需的专业费用和短期银行利息支出增加所致。

2017年累计联营公司并帐利润为7153万美元，相比上年同期的6636万美元增涨7.79%，主要是来自上海浦东国际机场航空油料有限公司（简称"浦东航油"）的投资收益增加所致。2017年累计来自浦东航油的投资收益为6,417万美元，相比上年同期的6,064万美元增涨5.83%，主要由于浦东航油量价齐涨增加公司经营利润。

2017年累计来自Oilhub Korea Yeosu Co., Ltd（简称"OKYC"）的投资收益为495万美元，上年同期为414万美元，主要是因为储罐租赁业务增加毛利。

中国航油集团津京管道运输有限责任公司（简称"天津管输"）的投资收益为261万美元，上年同期为218万美元，主要是因为2017年期间摊销费用降低。

中国航油集团新源石化有限公司（简称"新源公司"）的并帐利润增加29万美元至60万美元，主要是储罐租赁业务收益增加。

中国航油香港供油有限公司（简称"香港供油公司"）的并帐亏损为80万美元，2016年并账亏损91万美元，减亏11万美元，主要是供油公司目前的加注量规模尚不足以支持其总运营费用。

2017年所得税费用为688万美元，上年同期为295万美元，增幅133.19%，主要一是由于前期期货亏损事件确认的递延所得税资产160万美元在本期转回；二是联营公司未分配利润增加确认的递延所得税负债141万美元；三是CAOT转让OKYC股权支付所得税费用54万美元；四是子公司计提所得税费用增加23万美元。

2017年公司税前利润总额为9,221万美元，较去年同期9,186万美元增长0.38%。公司2017年净利润为8,533万美元，相比上年同期的8,891万美元下降4.03%。2017年每股净利润为9.92美分，上年同期为10.34美分。

资产

2017年公司资产负债状况健康。截至2017年12月31日，总资产为19.1亿美元，去年同期为13.4亿美元，主要由于营运资金、应收账款、贸易库存以及现金和现金等价物的增加。

公司的流动性和偿债能力依然稳健。截至2017年12月31日，公司现金和现金等价物为3.0亿美元，截至2016年12月31日是2.87亿美元。截至2017年12月31日，公司的流动比率和速动比率分别为1.34和1.16（截至2016年12月31日分别为1.52和1.28）。公司拥有银行授信额度为28.5亿美元。

贷款

2017年12月31日的贷款总额为1.2亿美元，主要为了提供流动资金，应对应收账款和应付账款的时间不匹配现象。截至2017年12月31日，公司净资产为7.24亿美元，每股净资产为84.12美分。去年分别为6.49亿美元和75.53美分。每股净资产的增加主要由于2017年盈利的增加，部分被支付的2016年股息所抵销。

公司继续监控整体流动性水平，支持业务拓展。公司主要的现金来源是供应与贸易业务以及从联营公司收取的红利。

公司的信用情况依然稳健，严格管理信用风险，持续关注信用控制、应收款、流动资金管理，积极寻找有协同性的战略资产投资机会，拓宽收入来源。

经济增加值

2017年经济增加值为3,211万美元，相比去年的4,424万美元减少1,213万美元，降幅为27.42%。主要是由于净利润下降，而投资资本增加导致经营增加值下降。净利润相比去年的8,891万美元下降4.03%至8,533万美元。公司会继续提高运营效率，保持谨慎的财务管理，为股东持续创造价值。为了回报股东的支持，董事提议2017年每股4.5分新币的股息（2016年：4.5分新币）。

Risk Management

2017 was a year of heightened uncertainty in the global operating environment of CAO, with ever spiralling US-North Korea tension rattling the world and oil prices slumping to the lowest levels, only to rebound strongly thereafter. In addition, credit risks to the global economy arose on frequent occurrence of geopolitical conflicts, airline bankruptcies, natural disasters, OPEC negotiations and coupled with the US dollar appreciation trend, further exaggerated the oil price volatility in 2017, with the Brent Crude climbing to an average of US$54.70 per barrel in 2017 versus an average of US$45.10 per barrel in 2016.

Under such complex and constantly changing environment, CAO relies on its three-tier risk management framework and reporting structure to analyse, assess and identify various risks to effectively mitigate and manage the risk exposure faced by the Group's expanding globalised business operations and ensure continued healthy business growth.

For 2017, the Group has strengthened the management and structure of our credit processes to support the global supply and trading activities of its multi-product portfolio, which included jet fuel, fuel oil and crude oil, through the improvement of risk management and internal control processes. At the same time, the Risk Management team has also conducted group-wide stress–testings with in-depth evaluations on the Group's subsidiaries, enterprise risk management and new business assessments.

As part of its risk culture, the Group continues to actively develop and refine our centralised risk control and support network to enable global business growth. The Group's risk management process has the following features:

1. risk management framework, policies and processes;
2. risk management strategy;
3. five key risks and mitigation strategies;
4. comprehensive Enterprise Risk Management;
5. market risk management and sensitivity analysis; and
6. credit risk management and concentration analysis.

1. RISK MANAGEMENT FRAMEWORK, POLICIES AND PROCESSES

CAO's risk management framework comprises risk management policies, guidelines, procedures, processes, limits, as well as systems of internal controls, which are put in place to identify, measure and control various risks encountered in our business operations, enabling the Group to quickly respond to constantly changing market conditions.

Our risk management foundation is built upon three pillars namely:

1. three-tier management and control structure;
2. policies, guidelines and control framework; and
3. system, process and people.

ROBUST MANAGEMENT CONTROL STRUCTURE
严谨的管理控制架构

Risk Management

The Group's three-tier management and control structure is designed to ensure sound governance and oversight over the execution of effective risk management practices for the Group.

At the Board Level, the **Risk Management Committee ("RMC")** oversees strategic risk management issues. The RMC sets the limits for various types of risks and approves new activities that CAO plans to embark on. Through monthly reports and quarterly meetings, the RMC reviews the various risk metrics that provide an indication on CAO's risk exposures and the manageability of each category of risk.

At the Management Level, the **Company Risk Meeting ("CRM")** plans and implements risk management activities to control risks such as market, credit, operational, enterprise, compliance and reputational risks. The CRM operates within the delegated authority set at the RMC level. The CRM is chaired by the Head of Risk Management, who reports to the CEO but has an independent direct reporting line to the RMC.

At the operational level, the Risk Management Department ensures that risk management activities are executed daily and that all risk-related policies, processes and limits are implemented and adhered to. Over the past ten years, the risk team has defined and built the framework around risk management, identifying, reporting and monitoring the risk profiles of the Group's supply and trading businesses in Singapore, Hong Kong SAR, Los Angeles and London. CAO's global risk team, with professional credentials such as Energy Risk Professional (ERP) and Financial Risk Manager (FRM) by Global Association of Risk Professionals (GARP) and their expertise in credit, market and enterprise risk management manages and supports appropriate risk management practices in daily operations across the globe, enabling the management team to execute strategic business objectives and achieve performance targets.

2. RISK MANAGEMENT STRATEGY

The Group's growing multi-product portfolio businesses subjects CAO to a number of risks. These include exposure stemming from changes to regulatory and operational conditions in certain regions, fluctuations in currencies and volatility in oil prices. To better manage the exposure of the Group's growing business portfolio, CAO has strengthened the credit risk management team as part of an enhanced global credit risk framework to manage growing uncertainties in the Group's key markets.

CAO's management of risk includes identifying key areas of uncertainties and risks that will impact the Group's strategic performance, and have in place the appropriate risk mitigating initiatives to manage them:

- market risk – is the risk of losses arising from movements in trading positions and market prices;
- credit risk – is the risk due to uncertainty of counterparty to meet its contractual obligations;
- operation risk – is the risk arising from operational gaps of both financial and physical operations;
- legal risk – is the risk of financial and/or reputational loss that can result from lack of awareness or misunderstanding of, ambiguity in, or reckless indifference to, the way law and regulation apply to a company's business; and
- finance risk – is the risk that that a firm will be unable to meet its financial obligations.

In addition to conducting regular market risk stress tests on positions held by the Group, we conducted an enterprise-wide stress testing in 2017 based on possibility of risks of war in the Korean Peninsula and large-scale terrorist attacks. These enterprise-wide stress tests cover various risks in the areas of market, credit, foreign exchange, financing, operations as well as legal and regulatory. Through such stress-testing exercises and its evaluation reports, CAO's Board of Directors and management team are regularly updated on the mitigation measures in place to manage the various risks and the implications and potential impact on the Group's business operations.

3. FIVE KEY RISKS AND MITIGATION STRATEGIES

At CAO, we constantly improve on the risk control systems through adopting best-in-class practices and developing new initiatives to enhance the Group's risk management capabilities. Besides managing the key identified business risks on a daily basis, the Group has also analysed and determined the top five risks in CAO's operating environment in 2017 from an internal assessment.

Risk Management

No.	Assessed Significant Risks	Mitigation Strategies	Impact
1	Trading counterparty credit risk	1. Set appropriate portfolio credit limit for all trading counterparties 2. Conduct annual review on active counterparties 3. Strengthen the credit risk management team 4. Implement credit mitigation measures, such as Letter of Credit, prepayments, credit insurance and so forth 5. Set up Credit Committee	High
2	Regulatory risk – such as liberalisation of the jet fuel import market in the PRC	1. To establish a diversified portfolio and leverage on the structural advantages of the supply and trading network 2. To improve logistics efficiencies and extend value chain to establish a comprehensive and systematic global jet fuel supply and trading network	Mid
3	Human resource risk	1. Implements a competitive compensation package 2. Provides competitive employee benefits 3. Implements a career progression & development plan for employees 4. Implements succession plan to address key personnel risks	Mid
4	Single product strategic risk	1. Adopts product diversification strategy to develop supply and trading capabilities in other oil products 2. Seeks to build structural advantages for other oil products through securing supply contracts and investing in synergetic assets to support trading activities	Mid
5	Investment strategy risk	1. Proactively seek opportunities that offer added value for core jet fuel business with a focus on aviation marketing to support the Group's supply and trading network 2. Continuously refine the Group's investment portfolio through acquisitions and invest in synergistic assets which promise profitable growth	Mid

4. COMPREHENSIVE ENTERPRISE RISK MANAGEMENT

Recognising that risk management plays an important role in business sustainability, CAO has adopted Enterprise Risk Management ("ERM") practices to identify and manage the various types of risks the Group's globalised operations is exposed to. Building on the ERM practices, the risk management team is able to identify, analyse and prioritise key risk factors faced by the Group, and through which action plans to mitigate identified risks are executed as planned by respective risk owners from various business units and functions. The process ensures that key risks are proactively monitored and managed and that appropriate mitigations are put in place.

Under the ERM, the top-down and bottom-up approach is deployed to effect information collection and compilation for the Group's risk register. CAO currently review the Risk Register risk entries semi-annually. During the review process, we quantified each risk entry in term of impact and probability and rank them, so as to select the most significant potential risks.

Besides the Risk Register being a critical component of ERM, the Company Risk Management ("CRM") committee, comprised of senior management team and heads from various business functions, is an important channel for discussing risk-related topics and issues. Through monthly CRM meetings, as well as ad-hoc ones and e-mail circulation, potential risk factors identified in daily business operations can be discussed and evaluated timely. For example, in the scenario where the credit risk team highlighted credit issue with late payments from a trading counterparty, the CRM may discuss and decide promptly whether to have any further commercial dealings with said trading counterparty.

For the past two years, the stress-testings conducted at the enterprise level covering various risk categories, has enabled the Group to better understand the possible impact CAO faced in special events and environments, thus enabling the Group to take appropriate and effective mitigation measures for risk management.

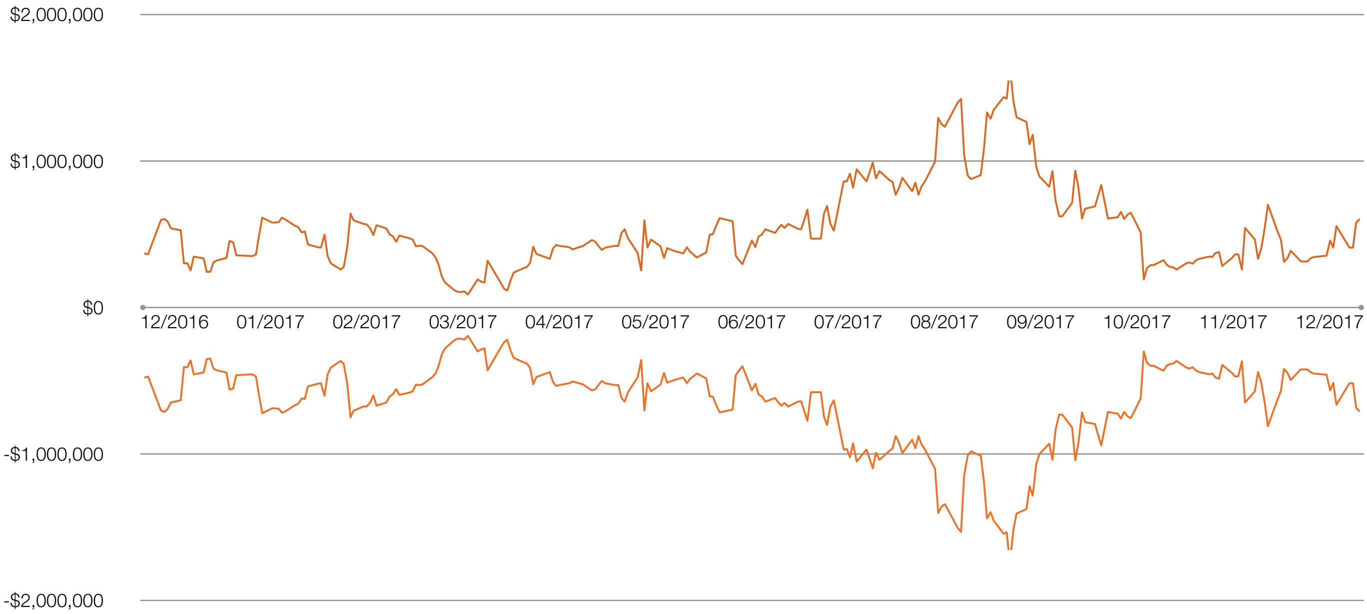
5. MARKET RISK MANAGEMENT AND SENSITIVITY ANALYSIS

In the area of market risk management, the Risk Management team monitors and analyses the Group's supply and trading activities, maintains comprehensive risk control records and reports daily to the management team as well as stakeholders of various business functions.

The Market Value at Risk ("MVaR") is used as a basic tool to measure market risk. All physical and financial contracts are subjected to MVaR limits and valuation of the holding

Risk Management

2017 MVaR UTILISATION
2017年公司市场风险值使用情况



portfolio is monitored on a daily basis. A set of market risk limits, which are delegated by the Board, include Volumetric limits, MVaR, Management Alert Triggers and Stop-Loss limits which are measured and monitored daily, with back-testings conducted regularly to ensure the suitability of our MVaR model.

To complement the market risk limits, the Risk Management team also conducts market stress tests on the company's trading positions on a regular basis. Using historical scenarios from the database, the Risk Management team can simulate in a timely manner the likely impact of the Group's recent trading position in times of extreme market conditions. These stress-testing exercises allowed CAO to have timely and deeper insight of our business activities, and enabled the Group to take preventive steps when necessary.

Notwithstanding the high volatility in the market environment, the Group's risk appetite remained cautious and measured. The daily MVaR utilisation rate, based on a 95% confidence interval, has remained stable, registering an average MVaR utilisation of US$528,000 in 2017.

6. CREDIT RISK MANAGEMENT AND CONCENTRATION ANALYSIS

Due to the nature of our business operations, credit risk is inherent in the Group's trading business. It is thus, one of the most significant measurable risks faced by CAO.

Credit risk is classified into credit default risk, concentration risk and country risk:

i. credit default risk is the risk of losses arising from a counterparty being unable to pay its obligations in full;

ii. concentration risk is the risk posed to a company by any single or group of exposures which have the potential to produce losses large enough to threaten the ability of the company to continue operating as a going concern;

iii. country risk or sovereign risk is the risk of loss arising from a sovereign state freezing foreign currency payments or when it defaults on its obligations.

To actively manage our credit risk, counterparties' credit worthiness is evaluated periodically based on their financial standings, operating and payment track records as well as conducting background checks. Actual credit terms and limits to be granted are derived based on the information obtained.

In view of the volatile macroenvironment in 2017, the Group has further enhanced and tightened our credit risk management, with the following measures in place:

i. enhanced the credit risk control structure and implemented a credit rating model, specifically targeting bunker fuel counterparties, to determine a more accurate credit rating to better support the expansion of bunker refuelling business;

Risk Management

ii. developed a computation method which include the accrued credit loss calculation component for credit loss accrual and has set the relevant limits to comply with International Financial Reporting Standards No. 9 ("IFRS 9");

iii. completed the centralisation of the management of credit risk processes for the Group's three subsidiaries including CAOHK, NAFCO and CAOE;

iv. expanded credit insurance coverage to support the Group's expanding global business activities through the mitigation of potential credit losses.

Our concentration risk profile of accounts receivables are as follows:

By Country

As of 31 December 2017, our geographical exposure was predominantly China (61.3%), followed by Singapore (30.5%), and Hong Kong (4.1%), which made up more than 90% of the Group's total exposure.

During the fiscal year, the predominant countries were China, Singapore and Hong Kong. In tandem with business expansion, the Group's exposure to counterparties outside these three countries has grown steadily over the years as we continue to diversify and rebalance the geographic mix of our business.

By Internal Credit Rating

As of 31 December 2017, in terms of internal credit rating, the Group's exposure was mainly from Grade B2 (61.66%) and Grade C1 (16.61%) counterparties, which made up more than 75% of our exposure.

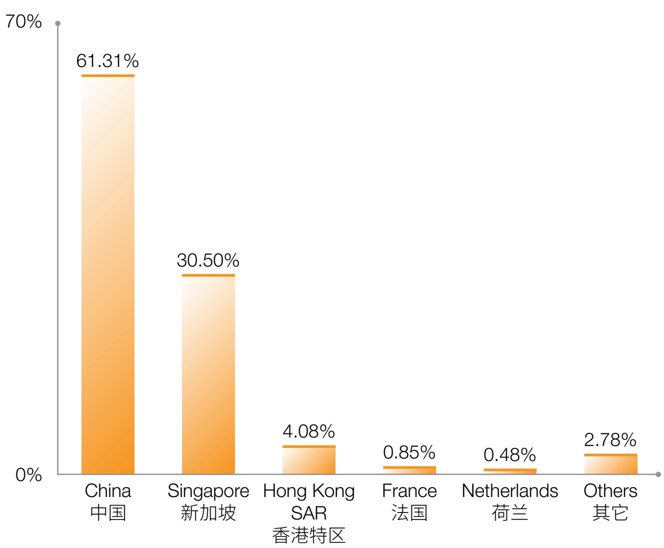
During the fiscal year, the exposure from these internal ratings of Grade A1 to B2 equivalent of investment-grade made up more than 60% of the Group's exposure. The overall portfolio was in good position.

For other non investment-grade credit rating of counterparties, CAO hardly granted them any credit lines, and if necessary, the payment terms granted to them are on Letter of Credit and prepayment basis, which effectively reduced the Group's credit risk exposure.

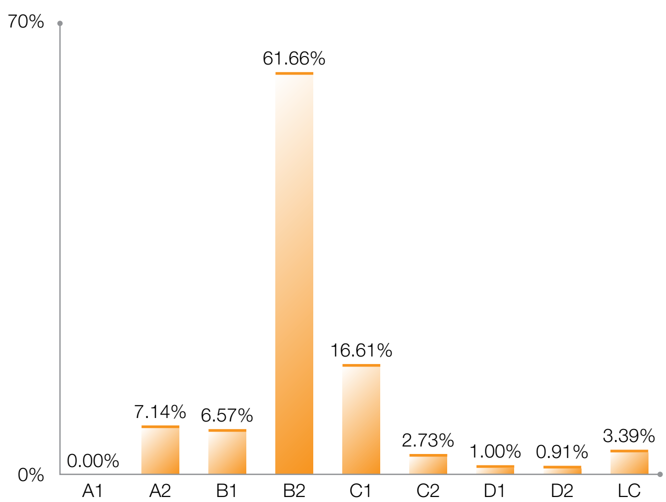
The Group had also employed credit enhancement or mitigation tools where necessary. These included obtaining parental company guarantees, cash collateral, letter of credit from investment-rated banks, off-set clause in contracts and credit support annexes in International Swaps and Derivatives Association ("ISDA") agreements.

As CAO steps up on its next phase of growth, risk management is a central part of the Group's strategic and operational management. We remain committed to proactively promote a strong culture of risk awareness and will continuously enhance our risk management processes and capabilities to ensure that CAO is able to effectively execute its strategies and achieve its strategic targets to deliver sustainable shareholder value.

AR Exposure by Country
按国家和地区划分的应收账款



AR Exposure by Internal Credit Rating
按内部信用评级划分的应收账款



风险管理

2017年，CAO的整体经营环境充满各种不确定因素，朝鲜与美国之间剑拔弩张，石油价格在触及低点之后又强势反弹，加上信用事件时有发生——国际石油市场由于地缘政治事件、自然灾害、石油输出国组织谈判和美元走势，使油价在2017年波动显著。布伦特原油价格从2016年的平均每桶45.10美元升至2017年的平均每桶54.70美元。

在复杂多变的环境下，中国航油依靠现有的三层风险管理构架和报告机制，及时分析、评估和报告各项风险，有效的管控了国际贸易和企业运营中的各项风险，确保了公司业务整体上平稳和健康发展。

在2017年，公司加强了信用风险的管控构建，支持多产品业务的全球供应与贸易，并通过风险管控流程的完善，推进航油、燃料油和原油的国际贸易业务；同时，风险管理团队在企业范围进行压力测试，对海外子公司、企业风险管理以及新业务评估等方面都做了深入细致的工作。

作为风险文化的一部分，公司继续积极开展并改善集中化风险控制与支持网络，以支持我们在全球的业务拓展。公司的风险管控流程主要包括：

1. 风险管理框架、政策和流程；
2. 行业主要风险的管理策略；
3. 五项关键风险及缓解措施；
4. 企业全面风险管理介绍；
5. 市场风险管理及风险值分析；以及
6. 信用风险管理及集中程度分析。

1. 风险管理框架、政策和流程

公司的全面风险管理框架包括风险管理政策、指引、规程、流程、限额和内控系统。用来识别、评估和控制经营中出现的多种风险，使我们对多变的市场能够做出快速反应。

公司风险管理的三大支柱分别为：

1. 三层管理与控制架构；
2. 政策、指导方针和控制架构；以及
3. 系统、流程和人员。

公司的三层管理与控制架构是为了确保有效的治理，监督风险管理实践的有效执行。

在董事会层面，风险管理委员会（简称"RMC"）负责监管战略风险管理问题。风险管理委员会设定各种风险类型的限额，并且审批公司计划开展的新业务。风险管理委员会在月报和季度会议中审查各种风险矩阵，了解公司各类风险的敞口和风险管理难度。

在管理层层面，公司风险会议（简称"CRM"）在风险管理委员会授权之下，负责企业全面风险，包括市场、信用、运作、财务守规和信誉等各类风险管理活动的组织和实施。CRM主席由风险管理部主管担任，既向首席执行官负责，同时也有权直接、独立地向风险管理委员会汇报。

在运作层面，风险管理部负责日常风险管理业务的执行，并确保所有与风险相关的政策、流程和限额得到遵守和落实。在过去十年中，风险管理团队设立了风险管控框架，包括识别、汇报和监控集团在新加坡、香港行政特区、洛杉矶以及伦敦的油品供应与贸易业务。新壮大的风险管理团队拥有如全球风险管理专业人士协会（GARP）所认证的能源风险专业证书（ERP）和金融风险管理师（FRM）等专业资质，他们在信用、市场和企业风险的专业知识有效的帮助全球风险管理的日常运营与管理，协助管理层实施并实现战略业务目标。

2. 行业主要风险的管理策略

CAO日益增长的多产品业务使公司面临多项风险。这些风险敞口来自有些地区监控管理和运营条件的改变，货币的变动以及油价波动。为了更好地管理公司不断拓展的业务组合，公司不断完善风险管理实践、加强信用风险管理队伍，使公司能够应对关键的环境变化所带来的不确定性。

公司的风险管理包括识别影响战略表现的关键不确定因素和风险领域，并且制定相应的风险缓解措施来管理这些风险：

- 市场风险 – 指由于贸易仓位、市场价格的变化带来损失的风险；
- 信用风险 – 指由于对家履约的不确定性带来的风险；
- 运作风险 – 来自财务和实货运作两方面的由于运作环节上的缺失而带来的风险；
- 法律风险 – 指由于意识缺乏和对法规的误解、不明确或不计后果所带来的的财务和/或信誉损失风险；以及
- 财务风险 – 指由于公司无法履行债务所带来的风险。

除了对公司持仓进行定期的市场风险压力测试之外，团队在2017对朝鲜半岛潜在战争情况以及大规模恐怖袭击进行了企业范围内的压力测试。这些企业范围的压力测试涵盖了市场、信用、外汇、融资、运作、法律等方面的各类风险；通过向公司董事会和管理层介绍测试与分析的结果，使我们能更好地防范此类突发事件对公司经营带来的潜在影响。

3. 五项关键风险及缓解措施

中国航油通过借鉴业内的最佳实线来持续改善公司的风险管理和通过新的措施加强风险管理能力。在管控主要业务风险之外，我们也通过企业风险管理方法来排查公司经营中的其它风险。以下是我们通过内部评估所得出的2017年公司经营前五大风险。

风险管理

序号	评估的重大风险	采取的管理策略和解决方案	影响程度
1	贸易对家信用风险	1. 设立恰当的对家（全球）总信用限额 2. 每年对活跃对家做复审 3. 增强信用管理团队的人员 4. 实施信用缓解措施，如信用证、预付款、信用保险等 5. 成立信用委员会	高
2	政策风险 – 如中国航油市场开放	1. 利用供应与贸易网络的结构性优势，建立多元化业务 2. 提高物流效率和拓展价值链，建立一个综合机制的全球航油供应与贸易网络	一般
3	人才资源风险	1. 制定具有竞争力的薪酬配套 2. 有竞争力的员工福利 3. 制定人员职业发展计划 4. 落实接班人计划以解决关键岗位风险	一般
4	单一产品战略风险	1. 执行产品多元化战略，开发其他油品的供应与贸易能力 2. 通过寻求供应合同和有投资协同性的资产，为其他油品建立结构性优势，支持贸易活动	一般
5	投资战略风险	1. 积极寻找为核心航油业务增值的机会，以航空市场营销为重点，支持公司供应与贸易网络 2. 通过收购活动不断完善公司的投资业务，并投资有利润增长的协同性资产	一般

4. 企业全面风险管理介绍

认识到风险管理在企业可持续发展中起着重要的作用，CAO采用企业风险管理来识别和管理公司全球业务运作面临的各种风险。通过全面风险管理实践，风险团队能够识别、分析和评估公司所面临的主要风险因素，并根据各业务部门各自的风险拥有者的计划来减轻风险，确保关键风险得到积极的监控和管理，并且有适当的缓解措施。

企业风险管理注册表通过自上而下和自下而上两种方法来收集信息、汇总公司风险注册；CAO目前对企业风险注册每半年进行一次回顾，在回顾的过程中我们通过量化的方法（影响力和可能性）将每个注册项进行估值和排序，从而遴选出对公司潜在影响最大的前几大风险。

Trading and Risk Management team at work
贸易与风险管理部工作场景

除企业风险管理形成的风险注册表以外，CAO的公司风险会（简称"CRM"）是讨论风险相关课题的重要平台，它由公司管理层和业务相关部门主管所组成。通过每月召开的CRM例会，以及临时会议、电邮流转等形式，公司日常经营中遇到的任何风险课题都可以得到及时的讨论和评估。例如在某个贸易对家出现现金流问题发生延迟付款时，公司风险会可以讨论决定是否需要中止与这个对家的任何商业往来。

在最近两年，我们在企业范围所进行的压力测试使我们能够更好地了解公司在特殊事件和环境下会遭遇的可能影响，从而为更好地防范和缓解这些影响提供了支持。

5. 市场风险管理及敏感性分析

在市场风险方面，风险管理部门负责监控和分析公司的供应和贸易活动，保持一个全面的风险控制记录，并且每日向管理层和业务相关者进行汇报。

公司继续用市场风险值（简称"MVaR"）作为衡量市场风险的基本工具。所有实货合约和金融衍生品合约都受市场风险值限额管理，我们每日跟踪持仓价值的变化。董事会授权的一系列市场风险限额，如数量限额、风险值限额、管理层预警限额和止损限额也在每日跟踪范围内，定期的回溯测试则可以确保我们风险值模型的合适性。

作为对市场风险限额的补充，公司风险管理团队会定期对公司的贸易持仓进行市场压力测试。利用历史数据库中的特殊历史场景，我们能够及时地模拟出公司最近的贸易持仓在极端市场环境下可能受到的影响。通过这样的测试，使CAO能够对其业务活动有及时和深入的了解，在必要时采取预防措施。

尽管市场环境波动较大，公司的风险偏好是相对保守的，基于95%置信区间，2017年公司整体的每日市场风险值使用率保持稳定，平均使用率为52.8万美元。

风险管理


Small group discussions facilitate exchange of ideas and best practices
通过小组讨论促进最佳实践的交流

6. 信用风险管理及集中程度分析

鉴于公司业务性质，信用风险不可避免，是公司所面临的一项最显著的可衡量的风险。

信用风险可分为信用违约风险，集中度风险和国家风险：

i. 信用违约风险是由于贸易对家无法全额偿还债务而造成损失的风险；

ii. 集中度风险是某个公司的一个或一组风险敞口带来的潜在损失，对该公司继续经营能力能够造成威胁的风险；以及

iii. 国家风险或主权风险是一个国家冻结外汇支付或不履行其债务而造成损失的风险。

为了积极管理信用风险，我们通过观察其财务状况、运营和付款记录以及进行背景调查对各贸易对家的信用状况做定期评估，根据所获得的信息授予对家合适的信用条款及限额。

2017年的宏观环境不稳定，公司进一步强化了信用风险管理，采取了以下措施：

i. 改进信用风险管控构架——风险部开发了专门针对船用燃料油对家的信用评估模型，以对燃料油对家有更精确的信用评估来支持燃料油加油业务的拓展；

ii. 预提信用损失计算——遵循第9号国际财务报告准则（简称“IFRS 9”），公司开发了预期信用损失计算方法并设定了相关的预期信用损失限额；

iii. 实现信用风险管理的集中化——公司实现了对三家子公司（北美公司、欧洲公司和香港公司）的统一信用风险集中化管理；以及

iv. 扩大信用保险覆盖范围，通过减少潜在的信用损失，支持公司日益扩展的全球业务活动。

我们应收账款的集中度风险状况如下：

根据国家

截至2017年12月31日，根据公司对家的注册地，公司的信用敞口仍主要来自中国（61.3%），新加坡（30.5%）和香港行政特区（4.1%），占总敞口90%以上。

从整个财年来看，信用敞口主要来自中国，新加坡和香港行政特区。公司会继续与这三个地区以外的贸易对家寻求合作业务的稳步增长。

根据内部信用评级

截至2017年12月31日，内部信用评级方面，信用敞口主要来自于评级B2（61.66%）和C1（16.61%）级别的贸易对家，占总敞口75%以上。

2017财年，公司对信用评级为A1，A2，B1和B2类似于投资级别的对家占总敞口的60%。公司整体的对家信用评级组合处于良好状态。

对其他类似于非投资级别信用评级的对家，公司授予他们的放帐额度有限，也会必要时把付款条件设定为信用证或预付款。这有效地降低了公司的信用风险。

我们也在必要时使用信用增强或风险减缓工具，包括但不限于获取母公司担保、信用保险、现金担保、投资级别银行开具的信用证、合同中的抵销条款以及国际掉期及衍生工具协会（简称“ISDA”）协议中的信贷支持附件。有了这些强化措施，我们有能力更好地管理日常贸易活动带来的风险。

随着CAO步入下一阶段的成长，风险管理是公司战略和运营管理的核心部分。公司仍致力于积极推进风险意识，并将不断加强风险管理过程和能力，以确保CAO能够有效执行其战略并实现其战略目标，实现可持续的股东价值。

Compliance and Internal Audit

At CAO, we see it as our corporate responsibility to create lasting value for all stakeholders and is committed to conduct business in a responsible, legal, ethical and sustainable manner to achieve consistent growth and business performance wherever we do business globally. Shaped by the commitment of the Board of Directors and driven by the Senior Management team of CAO, the Compliance and Internal Audit ("CIA") function assists the Board of Directors as well as CAO management team in increasing the effectiveness of internal controls to enhance the efficiency of governance as well as its financial and business operations with suitably designed monitoring measures toward the delivery of the Group's corporate objectives under sustainably responsible business practices as set by CAO's Corporate Strategy.

ENABLING GLOBAL BUSINESS GROWTH THROUGH COMPLIANCE

CAO recognises the importance of keeping pace with an expanding regulatory environment with the growth of the Group's global business and ensuring compliance with applicable local, regional and international trade legislations and regulations wherever the Group operates. CAO has established a sound system of compliance oversight and internal controls based on the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") framework approach to identify and manage compliance risks such as anti-trust and competition law, anti-corruption, occupational safety, health and environmental regulations, data protection, insider trading, accounting law and fraud against the Group.

The CIA function has responsibility for initiating and monitoring the global implementation of a comprehensive set of Standard Operating Procedures ("SOPs") that provides guidelines and established standards on the Group's operational processes and business activities worldwide. As key management tools used to ensure responsible business practices through standardisation and consistent implementation of process or procedure within the Group globally, SOPs are periodically reviewed by auditors for compliance with organisational and business requirements where appropriate.

Additionally, the Group's internal directives and guidelines are based on a global compliance strategy that is subject to ongoing review and improvement. On a regular basis, the CIA team collaborates with business units and functions to develop in consultation, applicable policies and guidelines as well as systemically reviews the Group's internal processes and procedures to ensure transparent, efficient and effective procedures and controls.

In situations where the assessment of trade sanction risks for example require clarification, the CIA team works together with the legal and risk management teams to evaluate compliance requirements with a focus to integrate compliance actions into daily operations at the business level.

CAO's compliance culture permeates across the entire Group and is embedded in the Group's corporate values of Fairness, Integrity, Innovation and Transparency, which forms the basis on which its Code of Conduct and Ethics is built upon and applies to all CAO employees, irrespective of country and regional entities and business function. Given the Group's increasingly globalised business, it is essential for its business success to ensure employee observance and adherence to common standards and rules of professional conduct in day-to-day operations. For that reason, the CIA function had during the year, issued an updated standardised Code of Conduct and Ethics applicable group-wide to provide clear and consistent guidance for policies and procedures, including guidance for legal, regulatory and other compliance requirements. All employees are required to adhere to the Code of Conduct and Ethics guidelines, which determines the basic requirements regarding the behaviour of each and every CAO employee.

CAO's Code of Conduct and Ethics, which is complemented by additional internal policies and guidelines, is also an instrument of risk prevention to protect the Group from negative consequences such as trade sanctions or reputational damage, and at the same time, an opportunity for the Group to make a difference in the competitive global markets where it operates.

Hence, the Group actively and collectively works against all forms of corruption, prohibiting bribes, kickbacks, facilitation payments and any other offer of items of value with the enforcement of a Gifts and Entertainment Policy which encompasses advice and guidelines to promote sustainable business engagement with the Group's stakeholders including employees, business partners, suppliers and shareholders appropriately. The Group's whistle-blowing channel is accessible through the corporate website – www.caosco.com to ensure that concerns may be reported, investigated and duly addressed. In 2017, there were no issues raised through the whistle-blowing channel.

To enhance CAO employees' awareness of compliance requirements, the CIA team has collaborated in the past year with a third-party vendor to design and implement an interactive web-based training program to ensure that

Compliance and Internal Audit

employees at all levels across the Group are and remain adequately knowledgeable and skilled to apply legal, regulatory and other compliance requirements in their daily work. The e-learning tool not only allows employees the flexibility on training time, thereby improving employee participation rate but also provides ease of administration in respect of training records. To this end, all employees are required within a prescribed time frame to participate in basic compliance training, refresher courses and specific business function related tutorials, dealing with, for example information security, trade sanctions and fraud. Information sharing through e-learning platforms such as the intranet and training workshops are also organised regularly to enable employees to carry out their tasks correctly, responsibly and in compliance with the law. In total, over 70% of CAO global workforce participated in compliance training in 2017.

Defined by internal directives, guidelines and policies, which are assessed and/or reviewed at regular intervals in respect of its applicability, suitability and effectiveness, CAO's global compliance strategy aims to contribute to the accomplishment of the Group's strategic targets while ensuring a high level of compliance, governance and internal controls.

BUILDING ON THE INTERNAL AUDIT FUNCTION APPROACH

As the Group proactively pursues business globally, CAO faces an increasingly wide range of business and compliance risks. The CIA team has the functional responsibility to implement and execute compliance governance initiatives across the Group, and provide reasonable assurance to the Group's management team that appropriate control measures are in place to address significant concerns in its global business environment. In recognition of the central importance of the CIA function, the head of Compliance and Internal Audit reports directly to the Group's Executive Director/Vice President, Mr Wang Yanjun as well as the Audit Committee directly on the implementation and progress of compliance and internal audit matters including audit findings or compliance violations. The scope of CIA responsibilities also include the quarterly review of Interested Persons Transactions, the preparation of audit reports with recommendations for improvement after each audit assessment and the implementation and follow-up of suitably appropriate counter-measures.

Amid an ever-changing business environment, the Group has determined potential strategic, operational, financial and reputational implications against possible business disruptions and the importance of maintaining vital capabilities to continue critical business functions operationally with minimum impact in the event of a crisis. As such, CAO has implemented and put in place a group-wide Business Continuity Plan ("BCP") that integrates with the IT Disaster Recovery Plan ("DRP"), establishing the guidelines, structure and support framework necessary to ensure appropriate emergency escalation response, resumption and recovery of key business functions and processing resources in a timely manner coupled with effective communication channels among the Group's key management team and employees globally.

In the second quarter of 2017, CAO conducted a group-wide BCP and DRP exercise at a pre-determined and identified disaster recovery site. Key personnel from front office to back-end and support functions were involved in a simulated crisis scenario with concurrent participation from CAO subsidiaries worldwide. This was followed by a smaller scale, localised DRP exercise in the third quarter of 2017 involving a select group of Singapore based employees to test the reliability of IT systems with a recovery point objective to improve the time gap for data backup and restoring of key operating data systems. The exercises were successfully conducted with minimal downtime for ongoing business applications. Similar BCP and DRP scenario exercises are conducted on a regular basis to strengthen the Group's readiness and improve on the Group's recovery should any crisis occur.

Through a systemic and consistent approach, the CIA team ensures rigorous and robust internal controls processes are well designed and implemented effectively across the Group. Assisted by a team of qualified professionals from an international auditing firm, CIA also plans internal audit reviews and its plan is submitted to the Audit Committee for approval annually. The plan also covers the assessment of the Group's internal control systems with an independent biennial review commissioned to ensure the overall effectiveness of the Group's business practices. The internal audit reports on significant corporate developments, findings and measures, which might possibly impact Group operations, are submitted to the Audit Committee as well as Board of Directors on a quarterly basis. The most recent review by BDO LLP, Singapore, in 2017, was duly completed with recommendations taken to improve the Group's processes and internal controls.

合规与内审

CAO把为所有相关方创造可持续的价值视为公司的企业责任，无论在全球何处运营，公司都致力于以负责任、守法规、合道德、可持续的方式开展业务，以实现持续增长和商业业绩。在董事会的指导及CAO高管的推进下，合规与内部审计（简称"CIA"）部门协助董事会和高管，在CAO企业战略设定的可持续且对社会负责的业务实践下，通过设计适当的监控措施达到公司目标，提高内部控制效率，以改善治理效率以及财务和业务运营。

遵守合规有助于全球化发展

随着全球化业务的不断拓展，运营环境的扩大，公司运营符合当地、区域和全球的贸易法规的重要性日益凸显。CAO参照Committee of Sponsoring Organisations of the Treadway Commission（简称"COSO"）组织框架，制定了较为完善的合规监控和内部控制系统，用于识别和管理合规风险，如反竞争法、反贪污、职业安全、健康和环境法规、数据保护、内部交易、会计法和欺诈。

CIA部门有责任发起并监管在全球实施一套完整的标准操作程序（简称"SOPs"），为公司全球的运营程序和业务运作提供指引和规范。作为重要的管理工具，SOPs可以通过标准统一的流程执行确保公司的全球业务实践对社会负责。审计师会对SOPs进行定期审阅，检查是否符合企业和业务的合规要求。

除此之外，公司的内部指引基于全球的合规战略，会进行定期审查和改进。CIA会定期和其他业务单元一同制定适用的政策和指引，系统性地审查内部流程和程序，确保程序和控制透明有效。

在某些情况下，CIA团队与法律部和风险管理部会一同评估贸易制裁风险，审阅相关的合规要求，并将合规要求纳入到日常运营层面。

CAO的合规文化深植于整个公司，渗透在企业价值，即公平、诚信、创新和透明当中，构成了行为和道德准则的基础，并适用于CAO在任何国家和地区的实体和业务部门的所有员工。随着公司业务在全球日益增长，确保员工注意并遵守日常运营中的通用标准和职业行为规则，是企业成功的关键。因此，在过去的这一年里，CIA团队在整个公司发布了更新的行为和道德准则，为政策和程序提供清晰一致的指导，包括对法律、法规和其他合规要求的指导。所有员工都必须遵守行为和道德准则，这决定了对CAO每个员工行为的基本要求。

辅以内部政策和指导方针的CAO行为和道德准则，也是风险防范的工具，保护公司不受贸易制裁或声誉受损等负面影响，同时，有机会让公司在竞争激烈的全球市场运营中有所作为。

因此，公司的礼品和招待政策要求员工、业务伙伴、供应商和股东以可持续的方式进行接洽和沟通，携手抵抗任何形式的贪污、受贿、回扣。除此之外，还可以通过公司网站www.caosco.com进行举报，公司将进行调查和处理。在2017年，没有任何通过举报渠道向公司提出问题。

为了增强员工的合规意识，CIA团队在过去的一年里与第三方供应商合作，设计并实施互动式网络培训项目，确保公司上下的各级员工在日常工作中，能充分了解并熟练运用法律、监管和其他合规要求。网络学习让员工在培训时间上有灵活性，不仅能提高员工的参与率，而且也方便管理培训记录。为此，所有员工都必须在规定的时间内参加基本的合规培训、进阶课程和具体的业务相关教程，例如处理信息安全、贸易制裁及欺诈。通过网络学习平台，例如内网及培训研讨会，进行定期知识分享，帮助员工以正确、负责、合规的方式完成工作。2017年，超过70%的CAO全球员工参与了合规培训。

CAO的全球合规战略包括公司的内部指引和政策，公司会定期评估和/或审阅其适用性和有效性，同时确保高水平的合规、治理和内部控制，为完成公司的战略目标作出贡献。

培育内部审计部门

随着公司积极拓展全球业务，CAO面临的业务和合规风险也逐渐增加。CIA团队有责任在整个公司执行合规治理措施，并向公司的管理层合理确保，公司具备适当的控制措施，能解决全球业务环境中的重大问题。认识到CIA部门的重要性，CIA主管直接汇报给公司执行董事/副总裁王延军先生，有关合规与内审的实施和进展，包括审计意见或违规行为，直接汇报给审计委员会。CIA工作范围包括每季度审阅关联交易，准备审计报告并提议改进措施，跟进执行情况。

由于业务环境不断变化，CAO评估了不利因素会对公司产生的潜在战略、运营、财务和声誉影响。考虑到在危机中保持运营能力的重要性，因此，CAO实施并制定了整个公司范围的业务持续计划（简称"BCP"）和IT灾难恢复计划（简称"DRP"），建立了指引、结构和支持框架，包括事故上报程序、关键业务部门的重启和恢复、对资源的使用，以及公司全球范围内管理团队和员工的紧急沟通渠道。

2017年第二季度，公司在预先准备的灾难恢复地点进行了公司层面的业务持续计划和灾难恢复计划演习。在子公司员工的配合下，CAO前台至后台的关键员工置身于模拟的危机场景中。2017年第三季度，公司再次举行了仅由新加坡的部分员工参与的、规模较小的灾难恢复计划，通过恢复目标进一步缩短从数据备份到恢复关键运营数据系统的时间差，以此来测试IT系统的可靠性。这些演习的成功开展，使危机事件对业务的干扰时间缩短到最小。公司会定期举行业务持续计划和灾难恢复计划演习，加强公司应对危机的能力，尤其是针对影响巨大、灾难性的危机。

CIA团队通过系统一致的方法，确保整个公司的内部控制流程严格、稳健、设计良好、切实有效。在一家国际审计公司专业团队的帮助下，CIA制定了内部审计计划，涵盖公司内控系统，并每年提交审计委员会批准。公司也会两年一次聘请顾问确保公司业务操作的整体有效性。内审报告会指出可能会严重影响公司运营的异常情况，并每季度提交审计委员会和董事会。2017年，立信德豪审计事务所（新加坡）在对公司进行的最近一次审查提出了一些建议，公司正在积极实施立信德豪提出的建议，加强公司的流程和内部控制。

Human Capital Management

Human Capital forms the rudiments of every aspect of the Group's business strategies and plays a critical role in delivering CAO's aspiration to be a global top-tier integrated transportation fuels provider. At CAO, we are committed to inclusive practices in the way we employ, develop and treat employees, underpinned by the Corporate Values of Fairness, Integrity, Innovation and Transparency, with a focused people strategy to cultivate a safe and inclusive corporate culture where employees can positively contribute to the sustained growth of the Group.

ENGAGING OUR PEOPLE

As the Group expands and globalises its business operations, we recognise that engaged employees are key to CAO's competitiveness. Their motivation, talent, experience and performance are crucial to the successful development of the Group. To foster a diverse, collaborative and mutually supportive corporate environment, CAO strives to provide various activities and initiatives to engage CAO employees throughout the year.

Underscoring the important role employees play in achieving the Group's strategic goals, all new employees are required to undergo a comprehensive orientation programme to get acquainted with the Group's businesses and operations, familiarised with the shared values of Fairness, Integrity, Innovation and Transparency, CAO's vision and culture. The CAO workforce has an active social calendar, designed and planned by a corporate culture committee comprising representatives across business functions to provide team-building activities such as weekly health and fitness sessions, participation in sports tournaments and marathons as well as festive celebrations to encourage cross-functional interaction and communication, promote a sense of belonging and strengthen cohesiveness amongst employees.

The Work-Life Balance programme that was rolled out in the Singapore office to encourage active healthy living amongst CAO employees reflects our people strategy, with a focus to support and help employees achieve personal well-being and a balanced lifestyle. To promote the programme, employees are given one hour time off each week to participate in various healthy lifestyle initiatives, allowing individuals to take time off their busy work commitments to exercise and actively participate in organised sports activities such as running, table tennis and badminton. In addition, fruits are also given out daily to employees as a reminder to eat healthily. In 2017, building on the Work-Life Balance programme, weekly group exercise classes such as yoga and zumba are held to inculcate an active and healthy lifestyle amongst employees.

In creating a positive and open workplace culture, the Group utilises multiple channels and platforms to communicate and provide regular updates on the Group's business performance to employees at quarterly town hall meetings, share and disseminate latest corporate development information through the corporate Intranet site – Welink, conduct regular surveys to obtain feedback and suggestions from employees as well as regular individual dialogue sessions with the CEO.

DEVELOPING & MANAGING A GLOBAL TALENT POOL

CAO is strongly committed to drive sustainable business growth and values the expertise and experience that come from its global workforce. In order to maintain the Group's competitive advantage in the global communities where we operate, we constantly seek to attract, engage, and retain a competent, motivated and flexible workforce by supporting and providing education, training, career planning and advancement opportunities, enabling the Group to build the right balance of core competencies and capabilities required to achieve our strategic goals.

To meet the needs of constantly changing business trends and adapt to the dynamics of a global workplace environment, all employees are encouraged and supported for continuing professional development. With training and skills upgrading opportunities made available in many forms, including technical-based, soft skills learning and development workshops, seminars and external job specific as well as professional programmes, CAO aims to ensure that the internal talent bench remains strong and is continually strengthened so as to achieve our medium and long-term business objectives.

Believing that engaged employees help to maximise the performance of the Group, measures have been introduced over the years to enhance trust and enthusiasm, empowering employees to innovate and contribute to the Group's progress. These measures included the "Lunch & Learn" initiative – cross-functional knowledge sharing sessions where employees learn from their peers and colleagues over lunch, as well as holding brain-storming sessions to encourage employees to evaluate business processes and policies, develop business acumen and technical skills.

In addition, talented individuals are encouraged to take responsibility for their own career development and to challenge themselves – both within their jobs and through CAO's sponsored continuing education programme. In 2017 CAO employees received a total of 747 hours of training.

Human Capital Management

To build the Group's strength in core competencies, we actively nurture and develop our employees to achieve their full potential through new learning opportunities with different business units, in various functional disciplines across the Group globally. Alternatively, the Group has also put in place a job rotation programme with selected employees seconded to host departments for a period of time to enhance their skills for job or function specific roles.

RECOGNISING PERFORMANCE

CAO's compensation strategy and human resources ("HR") practices are aligned with the Group's competitive positioning in the industry, and designed to attract, motivate and reward talents on their performance and contribution to the Group's business performance. In line with market practices, the Group's compensation structure ensures that employees receive competitive remuneration and appropriate incentives that reflects their performance.

To safeguard CAO's competitiveness as well as enhance productivity and capacity for innovation, the compensation structure is reviewed periodically. Salary benchmarking is also conducted regularly to ensure competitive and fair remuneration in the global economies in which we operate. We also offer additional compensation components such as family-friendly benefits which vary, depending on conditions and practices in local markets.

CAO strives to develop and nurture the skill base of our employees, both for their own personal career progression as well as for the Group's collective success. A performance appraisal system has been in place and is constantly enhanced to identify and ensure that the core competencies of employees are aligned with the Group's strategic targets. Employees and their immediate superiors are encouraged to discuss and review their annual work objectives and job performance periodically, and are required to formally review employees' performance bi-annually. During these performance appraisals, competence gaps are noted and appropriate training needs are identified and discussed openly with employees to support employee development, reinforcing a shared understanding of performance expectations and business demands.

DIVERSITY & EQUAL OPPORTUNITIES

The Group believes that a fair, diversified and inclusive workplace is integral to CAO's success and that a diverse workforce with specialised, complementary skillsets, ideas and experiences enriches the workplace and enhances business performance. With the belief in supporting the Group's long-term business goals, we strive to develop a diverse workforce and formulate an inclusive working environment where all employees feel valued, have opportunities to advance and are driven to succeed.

Headquartered in Singapore, the Group's HR practices adhere to the 'Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP") that promotes fair and equitable employment practices. We affirm our commitment to competitive workplace practices and our HR policies are aligned to the guidelines formulated by TAFEP. When recruiting and promoting employees, we have transparent processes in place to ensure all decisions are based on clear performance criteria. We also deploy a variety of measures including non-discriminatory recruitment advertisements, regular performance appraisal for employees, instilling a code of ethics and establishing an appropriate avenue for employee grievances to promote best practices in workplace initiatives within the Group. CAO also supports the Fair Consideration Framework by the Ministry of Manpower, Singapore, with job openings at CAO made publicly accessible at the Jobs Bank administered by the Workforce Development Agency of Singapore.

Reflecting the Group's growing international presence, CAO is committed to equal opportunity and treatment for all employees. The Group deploys and promotes all employees in accordance with their competencies, talent and performance, irrespective of race, gender, age, religion and any other characteristics protected under the law. As at end December 2017, the group has a total headcount of 100 employees worldwide, out of which 76 employees are based in Singapore. Employees based outside Singapore accounted for 26% of the workforce. In Singapore, the gender composition is approximately a 47:53 split between men and women, out of which 50% of the workforce fell within the 30 to 40 age group, 16% of the employees were below the age of 30, 24% in the 41 to 54 age group and 11% were above 55 years old.

A GLOBAL AND RESILIENT WORKFORCE

With a growing presence in key international markets such as Asia Pacific, the North America and Europe, the Group is committed to provide an optimal workplace environment for our global workforce.

Protecting the health and safety of our employees and business partners at work is a key priority at CAO. We believe that accidents and injuries are preventable and we are determined to prevent them by promoting a culture where safety is an integral part of every business decision

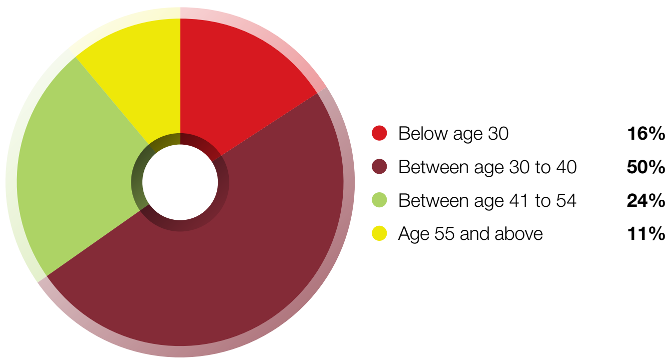
Human Capital Management

across the Group. Our Safety, Health & Environment ("SHE") Policy & Guidelines emphasises the importance of occupational health and workplace safety in the workplace environment and serves to instill in all employees a shared responsibility and accountability for safe behaviour and workplace practices. Annual health screenings, pandemic illness updates, mandatory workplace health and safety briefings and fire drills are held regularly throughout the year to create awareness that keeping the workplace and environment safe is of paramount importance to the CAO work culture and to reinforce a robust SHE culture. In light of the frequent haze outbreaks in the past year, the Group has also taken the initiative to have humidifiers installed in the Singapore office to ensure safe and clean indoor air quality within the office premise. Additionally, CAO also strives to provide a safe and healthy work environment that is non-threatening, with no harassment, assaults and bullying. Proper grievance handling procedures are also in place to ensure all incidents are resolved in a timely and impartial manner.

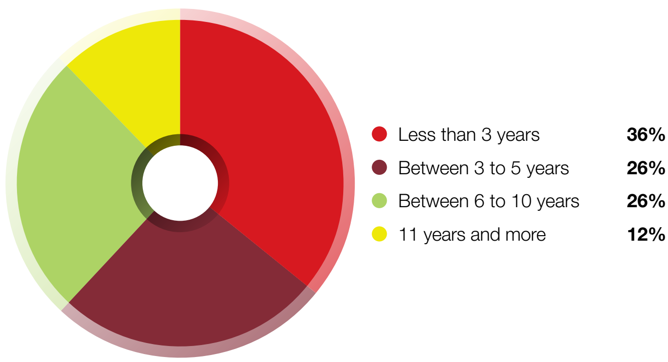
For the successful development of the Group, all employees are expected to upkeep a high standard of integrity in matters of conduct at all times in accordance with CAO's Code of Ethics. We believe that conducting our business dealings in an upright manner is instrumental to the continued growth and success of the Group, and as such demand employees to be mindful and avoid improper circumstances and actions that might give the appearance of wrongdoing which could discredit themselves, co-workers or CAO.

CAO places high priority on safeguarding the personal information of our employees, respecting their right to privacy. In accordance with the Personal Data Protection Act ("PDPA") which came into force in 2014, the Group has in place a Personal Data Protection policy set out to safeguard the proper management, use and disclosure of personal data of employees. With the amount of data and personal information transmitted over the Group's networks continuing to increase and rising incidences of data breaches in recent times, the Group regularly reviews its PDPA policy and processes including data security preventive measures, to ensure employees are informed and educated on the purpose of their given consent and that the Group undertakes considerable measures to protect the privacy of employees at all times. Access to employee data remains limited to only those that have a legitimate business need or to fulfill a legal requirement.

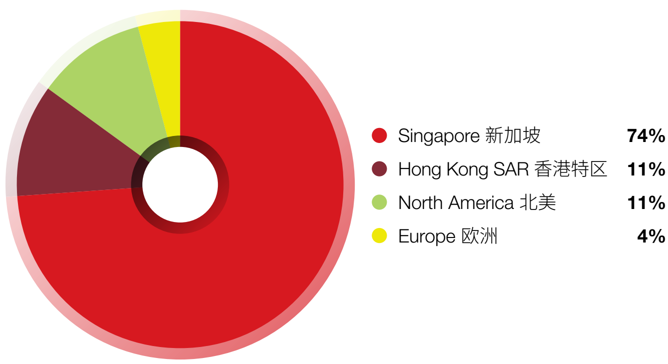
CAOSG Employees Age Structure
CAOSG员工年龄结构



CAO Employees by Years of Service
CAO员工服务时间



Group Employees by Country
公司员工供职所在国



人才资源管理

在公司实现愿景——成为富有创新精神的全球一流运输燃料一体化方案提供商的过程中，人才资源在公司业务战略的各个方面都扮演着关键的角色。CAO秉承公平、诚信、创新和透明的企业核心价值观，致力于营造包容的工作环境来招聘、培训并培养员工，专注于人才策略，创造安全包容的企业文化，让员工积极为公司持续增长作出贡献。

增强员工参与度

随着公司扩大和业务运作全球化，我们认识到积极主动的员工是CAO竞争力的关键。员工的动力、能力、经验和表现对公司的成功发展至关重要。为了营造多元化、协同互助的企业环境，CAO全年都致力于为员工开展丰富多彩的活动。

由于员工对于实现公司战略目标尤为重要，所有新员工都需要进行入职培训，使他们熟悉公司的业务和运营，了解公司价值观（即公平、诚信、创新和透明）、愿景和企业文化。来自CAO不同部门的代表组成了企业文化小组，组织集体活动，如每周体育锻炼，参加体育竞赛和马拉松，节庆活动，鼓励跨部门互动和沟通，加强员工的归属感和凝聚力。

为了鼓励积极健康的生活方式，新加坡公司实施了反映员工战略的工作生活平衡计划，鼓励员工追求健康、平衡的生活方式。为了推广该计划，员工每周可以从忙碌的工作中抽出一个小时，参与公司组织的体育活动，如跑步、乒乓球和羽毛球。除此之外，公司还每日向员工派发水果，提醒他们健康饮食的重要性。2017年的工作生活平衡计划包括每周举行瑜伽和尊巴等团体运动课程，向员工灌输积极健康的生活方式。

为了培养积极开放的公司文化，公司通过多个渠道和平台与员工沟通，包括在每个季度召开的员工大会上通报公司的业务动向，在公司内网“微联”上分享最新的公司发展情况，定期调查了解员工的意见和建议，以及组织员工与首席执行官进行年度对话。

发展全球化的人才队伍

CAO坚定致力于推动可持续的业务增长，并重视全球员工的专业知识和经验。为了保持公司在全球运营社区的竞争优势，我们力求通过支持和提供深造、培训、职业发展和晋升的机会，以吸引、激励和留住有能力、有动力且灵活的工作团队，打造平衡有效的员工技能经验组合，支持公司战略目标的实施。

为了满足不断变化的商业趋势、适应全球工作环境的变化，公司鼓励并支持所有员工的持续专业发展。提供各种形式的培训和技能提升机会，包括培训硬技术和软技能的研讨会、专题会和外部举行的针对特定工作种类的职业发展项目，CAO旨在确保内部人才储备雄厚且不断增强，以实现公司的中期和长期业务目标。

公司相信积极主动的员工有助于提高公司业绩，因此我们使用多种措施增强信任和工作热情，鼓励员工创新，为公司的进步做出贡献。这些措施包括举办“午餐学习会”活动，不同部门轮流为同事在午餐时段介绍跨部门知识、共同头脑风暴评估业务流程和政策、培养商业敏感度和专业技能。

除此之外，我们鼓励有才能的员工充分挖掘自己的潜力——不论是在工作层面还是通过CAO赞助的持续教育项目。2017年，CAO员工接受了747小时的培训。

为了打造公司的核心竞争力，公司为员工提供在全球范围的跨部门、不同业务单位学习的新机会，积极培养并促进员工发展，充分发挥他们的潜能。此外，公司还制定了轮岗计划，将挑选出来的员工外派至其它部门一段时间，加强他们的工作技能，熟悉部门角色。

Recreational outings strengthen camaraderie
团队建设活动增强公司员工凝聚力

人才资源管理

绩效奖励

CAO的薪酬策略和人才资源实践是根据公司在行业中的竞争定位而定，旨在吸引、激励和奖励员工的表现及其对公司业绩的贡献。公司的薪酬结构与行业一致，和员工的绩效表现挂钩，使员工享受有竞争力的薪酬和合理的激励。

为了确保CAO的持久竞争力、效率和创新能力，公司定期改进薪酬结构，定期进行行业对标，以确保公司薪酬在其运作的全球经济中具有竞争力且公平。公司还提供额外福利，如符合当地情况和惯例的亲家庭福利。

CAO努力发展和培养员工的技能基础，既成就员工个人的职业发展，也推动公司的整体成功。CAO持续改善绩效评估系统，确保员工的核心竞争力符合公司的战略目标。公司鼓励员工和直属上司定期讨论和回顾年度工作目标和工作表现，直属上司每半年回顾员工表现，讨论总结取得的成绩和需要改进的地方。在绩效评估过程中指出工作中有待改进之处，并与员工坦率探讨需要的培训，以支持员工的职业发展，加强对业绩预期和业务需求的共同理解。

多元化和平等机会

我们相信公平、多元化、有包容性的工作氛围对公司的成功必不可少，多元化的团队可以实现技术、观念与经验的互补，也可以提升业绩表现。为了支持公司的长期业务目标，我们努力发展多元化的工作团队和营造包容的工作环境，让所有员工都感到受重视、有晋升机会并有成功的动力。

作为一家总部在新加坡的公司，我们遵守新加坡公平就业实践三方联盟（简称"TAFEP"）提出的公平就业实践雇主承诺，打造公允公平的工作环境。公司聘请和提拔员工的流程透明，确保所有决策都基于清晰的绩效标准。公司也在各方面贯彻执行，如刊登非歧视的招聘广告、定期进行员工绩效评估、灌输道德准则并为员工负面情绪提供疏通渠道，以促进工作场所最佳行为实践。CAO还遵守新加坡人力部公平考量框架的要求，在新加坡劳动力发展局管理的职位信息库中公布职位空缺。

公司承诺向所有员工提供平等的机会和待遇，以反映其在国际上的日趋强大的影响力。CAO根据员工的能力和表

CAO employees at a dragon boat race
公司员工参与赛龙舟活动

人才资源管理

Active participation by employees in sporting activities
公司员工积极参与户外体育活动

现决定员工升职，无论他们是什么性别、年龄、宗教和种族。截至2017年12月，公司全球员工人数为100，其中76名员工在新加坡。新加坡以外的员工占员工总数的26%。新加坡团队的男女比例大约为47:53，其中50%的员工在30—40岁年龄区间，16%不超过30岁，24%在41—54岁区间，11%在55岁以上。

稳健的全球化团队

随着公司在亚太、北美和欧洲等关键国际市场的不断壮大，我们致力于为全球员工提供最理想的工作环境。

在工作环境中保护员工和业务伙伴的健康和安全是CAO的首要任务。安全是公司每个商业决策的组成部分，通过提倡这种文化，我们相信事故和伤害是可以预防的，应坚决杜绝。公司的安全、健康、环境（简称“SHE”）政策强调工作和工作场所的安全，并号召所有员工培养安全的工作习惯，在工作场所中对自己的行为负责。公司每年会定期组织体检、流行病通报、强制的工作场所健康和安全介绍、火灾演习，培养工作场所安全意识，这些对CAO工作文化的形成至关重要。由于过去一年烟霾频发，公司主动在新加坡办公司安装加湿器，以确保室内空气质量安全、清洁。除此之外，CAO还致力于杜绝威胁、骚扰、攻击和恃强凌弱现象，为员工提供一个健康安全的工作环境。CAO也有完善的疏导渠道，确保所有的问题都得到及时公正的解决。

为了公司的成功发展，，所有员工都应按照CAO的行为道德准则保持高水准的诚信。我们相信，诚信可靠地进行商业交易，有助于公司的持续成长和成功，因此公司要求员工保持警惕，避免任何不当行为影响自己、同事或CAO的声誉。

CAO非常重视个人信息的保护。随着新加坡个人信息保护法于2014年生效，CAO制定了个人信息保护政策（简称“PDPA”），规定员工个人信息的合理管理、使用和披露。随着在公司网络上传输的数据和个人信息不断增加，近来数据泄露事件越来越多，公司定期审查其PDPA政策和过程，包括数据安全预防措施，确保员工了解个人信息许可授权的目的，公司也采取了多种方法保护员工的隐私。只有在有合理的商业需要或有法律要求的情况下才可以获得员工信息。

Community Engagement

At CAO, we take on social responsibility consciously, and are committed to operating responsibly and doing our part for the community to contribute meaningfully. Our Corporate Social Responsibility ("CSR") and business strategies are tightly integrated, and through effective CSR outreach, the Group is invested in the global communities where we operate and endeavour to provide learning opportunities for children in need as well as support environment-related initiatives to create value and enable progress in society.

COMMUNITY INVESTMENT

CAO's approach to drive CSR initiatives is mainly through collaborative and strategic partnerships with government bodies, non-government organisations and community groups with sound track record in respective fields and is committed to fostering positive engagement through supporting charitable and social causes we believe in. For the past eight years, CAO has been involved with non-government organisations and community groups including Beyond Social Services' pre-school facility – Healthy Start Child Development Centre ("HSCDC"), contributing and supporting educational initiatives for less privileged children from Singapore's Bukit Merah and Redhill neighbourhood estates to make a difference in the local community.

Besides providing financial support, CAO also worked hand in hand with teachers from HSCDC, offering help and availing access to quality social and pre-school educational opportunities to the children of HSCDC. In 2017, CAO volunteers participated in several activities including bringing HSCDC pre-schoolers on a field trip to Kampung Kampus, a sustainably-designed 26,000 m^2 green living space by non-profit organisation Ground-Up Initiative ("GUI"), where the pre-schoolers had a nature-led experiential learning session, during which their interest in Mother Nature was re-ignited through fun with outdoor sensory play. CAO had also sponsored HSCDC's 2017 Graduation Day, which was held to celebrate the children's academic achievements for the past year. CAO volunteers came together earnestly and were mobilised to provide physical assistance and project management help such as purchasing of daily necessities, books and packing of back-to-school goodie bags for the children.

In line with the Group's mission to be a socially responsible corporate citizen and proactively pursue educational initiatives to contribute to a sustainable future, CAO continued to support the International Trading Programme at Nanyang Technological University of Singapore, contributing S$50,000 in 2017, and collaborated with industry partners to support a range of initiatives that include the continued development of a talent pipeline for the sector, sharing of knowledge through dialogues, seminars, as well as providing internships for students in the programme.

Since 2014, the Group has supported the SGX ("Singapore Exchange") Bull Charge, a charitable initiative aimed at empowering communities through financial literacy and promoting sustainable societies. A total of 33 CAO employees participated in the annual charity run. CAO is a partnering sponsor of SGX annual Bull Charge Charity Run, in which over S$2.7 million were raised for five beneficiary charities namely AWWA Ltd, Autism Association (Singapore), Fei Yue Community Services & Shared Services for Charities and Community Chest in 2017.

CAO encourages active participation by employees in community outreach events
CAO鼓励员工积极参与社区公益活动

Community Engagement

Spending time with pre-schoolers of HSCDC at Kampung Kampus
与学前儿童发展中心的小朋友郊游

ENVIRONMENTAL SUSTAINABILITY

As the Group's business expand globally, we are also keenly conscious of our social responsibility to contribute to a sustainable world through supporting environmental sustainability efforts in the communities where we operate.

Over the years, CAO has actively supported green initiatives and contributed to environment conservation efforts with biodiversity preservation activities such as tree-planting at Sungei Buloh Wetland Reserve, weeding and removing of wild creepers in the forested areas at Admiralty Park in Singapore and partnering with National Parks Board ("NParks") of Singapore to develop a series of themed educational videos to create awareness of the rich biodiversity in urban Singapore.

In May 2017, CAO partnered with Waterways Watch Society, a volunteer group dedicated to keeping Singapore's waterways clean, and organised a kayak cum pedal boat patrol and clean-up expedition along the shores and waters of the Marina Reservoir to promote awareness about water scarcity amongst CAO employees and at the same time, educate them about practical ways to preserve water on their own. A total of 23 CAO volunteers participated in the water cause initiative.

Also, bearing in mind our commitment to be socially responsible whilst delivering consistent and sustainable business growth, the Group is on a constant lookout for opportunities to minimise CAO's impact on the environment in every aspect of its business and global supply chain. During the year, CAO collaborated with airline industry partners to bring about a series of biofuel flights from the United States into Singapore over a three-month period. This milestone not only contributed to the advancement of sustainable aviation fuel in Singapore, but also strengthened and brought the Group a step closer to its strategic goal to become a niche player in future sustainable transportation fuels.

SUSTAINABILITY COMMITMENT

CAO has a strong commitment to operate responsibly and holds itself accountable to be a socially and environmentally responsible company to ensure the healthy, sustainable and rapid growth of its core businesses. Moving into the next growth phase, the Group remains committed with a focus on sustainability and preserving environmental resources across its businesses to positively impact the global communities we operate in today.

企业社会责任

CAO承诺对运营所在地社区承担责任，力求为社会作出有意义的贡献。公司的企业社会责任与业务策略紧密结合，通过有效地发展企业社会责任，公司积极投资于全球运营所在地的社区，致力于为弱势儿童提供教育机会并支持环保事业，推动社会的进步。

投资社区

CAO推进企业社会责任的方法，主要是通过与政府机构、非政府组织以及在各自领域口碑良好的社会团体建立战略合作伙伴关系，通过支助数家慈善组织和社会团体，积极投资于社会。在过去八年中，CAO与非政府组织和社区团体合作，包括彼岸社会服务的学前儿童分支机构——健康起点儿童发展中心（简称"HSCDC"），支持新加坡武吉美拉和红山社区的弱势学前儿童的教育，为本地社区做出贡献。

除了提供财力支持外，CAO还与HSCDC的教师携手合作，为HSCDC的孩子们提供优质的社会教育和学前教育机会。2017年，CAO志愿者带领HSCDC学前儿童，来到农村校舍（Kampung Kampus）——由非营利组织聚有爱（简称"GUI"）精心设计的26000平方米的绿色生活空间，在那里进行体验式学习，通过趣味盎然的户外学习来重新激发他们对大自然的热爱。CAO也赞助了2017年的HSCDC毕业典礼，庆祝孩子们过去一年的学业成就。CAO的志愿者们齐心合力，参与活动的后勤工作，帮助购买日用品、图书等，为孩子们准备开学礼包。

为了符合公司使命——成为负责任的企业公民、公司积极开展教育活动、为可持续的未来发展作出贡献，公司在2017年继续为新加坡南洋理工大学的全球贸易项目提供支持，捐赠5万新元。通过赞助，CAO和行业中的合作伙伴支持一系列活动，包括为行业培养储备人才，通过交流、研讨会分享行业知识，同时在项目运行期间为学生提供实习机会。

自从2014年以来，公司为新交所（新加坡交易所的）Bull Charge公益跑提供长期支持。Bull Charge公益跑旨在培养公众的财务意识，推广社会的可持续发展。2017年共有33名CAO员工参加了一年一度的Bull Charge公益跑，该活动为五家慈善机构筹款270万新元——亚洲妇女福利协会、新加坡自闭症协会、飞跃社区服务、慈善共享服务组织和公益金。

携手打造可持续的环境

随着公司全球化业务的发展，我们也意识到，通过支持运营所在地社区的环保活动，公司有责任为打造可持续的环境贡献自己的力量。

多年来，CAO积极支持环保活动，参与了双溪布洛湿地保护区的植树活动、新加坡海军部公园的除草活动，并和新加坡公园局携手，制作了一系列主题教育视频，培养公众对新加坡生物多样性的了解和认识。

2017年5月，CAO携手水域监督协会，一个致力于新加坡水资源清洁的志愿者团体，组织了皮划艇脚踏船巡逻清扫队，清除滨海湾蓄水池岸边和水中的垃圾，让CAO员工认识到水资源的匮乏，同时教育他们切合实际节约用水。共有23名CAO志愿者参与了水资源清洁活动。

此外，公司在保持可持续业务增长的同时，牢记对社会责任的承诺。公司始终坚持寻找机会，尽量减少CAO业务和全球供应链各方面对环境的影响。2017年，CAO与航空公司伙伴进行合作，为从美国飞往新加坡的航班提供三个月的生物航油。该里程碑不仅促进了新加坡可持续航空燃料的发展，也让公司更接近其战略目标，在未来可持续运输燃料精分市场中成为具有独特优势的供应与贸易商。

坚持可持续发展

CAO郑重承诺负责任地开展业务，肩负起对社会和环境的责任，以确保其核心业务的健康、可持续、快速增长。展望未来，公司仍将把重点放在可持续发展和保护环境资源的领域，在公司运营的各地区，继续为社会与环境做出积极贡献。

Voluntary waterways clean-up by CAO employees
CAO志愿者积极参与清理河道垃圾

Corporate Governance at a Glance

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes. Refer to page 105
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Not Applicable
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Refer to page 106
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	Refer to pages 105 and 106
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Refer to "Board of Directors" Section of the Annual Report
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	Refer to pages 105 to 113
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Refer to pages 111 and 112
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Refer to page 107
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Refer to pages 107 and 108
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Refer to page 111
	(b) If a maximum number has not been determined, what are the reasons?	Not Applicable
	(b) What are the specific considerations in deciding on the capacity of directors?	Refer to page 111

Corporate Governance at a Glance

Guideline	Questions	How has the Company complied?
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Refer to page 112
	(b) Has the Board met its performance objectives?	Yes
Independence of Director		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Refer to pages 109 and 110
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	None
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not Applicable
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes. Two (2) independent directors, Dr Wang Kai Yuen and Mr Ang Swee Tian have served for more than nine (9) years from the date of their first appointment. Refer to page 109
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Refer to page 116
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Refer to pages 116 and 117
	(b) Please disclose the aggregate remuneration paid to the top five (5) key management personnel (who are not directors or the CEO).	Refer to page 116

Corporate Governance at a Glance

Guideline	Questions	How has the Company complied?
Disclosure on Remuneration (continued)		
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	None. Refer to page 116
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Refer to pages 116 and 117
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Refer to Page 117
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Refer to page 113
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Internal audit function is outsourced. Refer to page 119
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Refer to page 121
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Refer to page 120

Corporate Governance at a Glance

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls (continued)		
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Refer to page 178 of the Annual Report
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	The Audit Committee undertook the review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit services provided by their Financial Advisory Services team and the fees paid to them. The non-audit fees which represented more than fifty per cent. (50%) of the total annual audit fees, mainly comprised limited financial review on associates and tax advisory services. The external auditors had evaluated the scope of the non-audit services prior to the commencement of the engagement for the provision of non-audit services and had concluded that the non-audit services were permissible under the independence requirements set out in the Code of Professional Conduct and Ethics of Accountants (Public Accountants) Rules. In addition, additional safeguards were put in place by the external auditors to reduce the threat of independence to an acceptable level. Having considered the foregoing, the Audit Committee is satisfied with the independence of the external auditors.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. Refer to pages 123 and 124
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes. Refer to page 123
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Refer to pages 123 and 124
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not Applicable

Statement of Corporate Governance

In the light of continuing uncertainties in the global economies and increasingly challenging competitive business environment, the Board of Directors (the "**Board**") and Management of China Aviation Oil (Singapore) Corporation Ltd ("**CAO" or the "Company**") remained committed to achieving the highest standards of corporate governance and in keeping with the Company's corporate philosophy of transparency and integrity. We strive to surpass the minimum requirements of openness, integrity and accountability prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the recommendations of the Code of Corporate Governance (the "**2012 Code**"). Good corporate governance has become a fundamental part of our corporate culture and business practices of the CAO group (the "**CAO Group**") and in ensuring the continued strong performance of our businesses and maintaining investor confidence which underpin the sustainable, long-term growth of our businesses and shareholder value.

Since the adoption of the CAO Corporate Governance Policy in August 2012 which corporate governance principles and guidelines are devised in line with the principles and guidelines set out in the 2012 Code (the "**CAO Corporate Governance Policy**"), significant efforts have been made by relevant departments mandated with the responsibility to oversee the adoption of the CAO Governance Policy in their practices, processes and operations. The corporate governance practices of the CAO Group and the CAO Corporate Governance Policy are reviewed regularly and are continually fine-tuned and enhanced to ensure that they remain relevant and effective in light of the changing legal and regulatory requirements and volatilities of the trading business and operating environment.

We confirm that throughout the financial year ended 31 December 2017 and at the date of issue of this Statement of Corporate Governance, we were in substantial compliance with the provisions of, and applied the principles set out in the 2012 Code.

With the view to preserving and growing shareholder value through strong and effective corporate governance, the Board has put in place a set of well-defined and sound systems of internal controls and processes which the Company voluntarily subjects them to biennial review by an independent third party consultant.

This report primarily describes the Company's corporate governance practices for the financial year ended 31 December 2017 with specific reference to the 2012 Code and details how we apply the principles and comply with the provisions of the 2012 Code.

(A) BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

Commentary

Composition of the Board: At the date of issue of this Statement of Corporate Governance, the Board comprises seven (7) Non-Executive Directors, the Chief Executive Officer/Executive Director (the "**CEO/ED**") and the Executive Director/Vice President. All Independent Directors as well as those nominated by the two (2) major shareholders, namely China National Aviation Fuel Group Limited ("**CNAF**") and BP Investments Asia Limited ("**BP**"), were appointed on the strength of their expertise, experience and stature.

The Board is composed of members who are diverse in terms of education, skills, regional and industry experience, geographical origin, interpersonal skills, race, gender and age. Details including the academic and professional qualifications and major appointments of each Director are provided under the "Board of Directors" section of this Annual Report.

The Board recognises and embraces the importance of Board diversity which aims to cultivate a broad spectrum of demographic attributes and personal characteristics in the boardroom, leveraging on differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background to ensure that the Company retains its competitive advantage.

The Board has put in place Internal Policy Guidelines on Board Diversity to provide guidance to the Nominating Committee in reviewing and assessing the appropriate mix of diversity, skills, experience and expertise required on the Board and the Board Committees of the Company, and the extent to which the required skills and core competencies are represented on the Board. In carrying out its responsibilities in accordance with the said Internal Policy Guidelines on Board Diversity, the Nominating Committee will take into account the Company's diversity objectives as well as the need to maintain flexibility to effectively address Board renewal and succession planning at Board level and to ensure that the Company continues to attract and retain highly qualified individuals to serve on the Board and Board Committees.

Statement of Corporate Governance

The Board believes that developing a heterogeneous Board will contribute to the achievement of its strategic and commercial objectives which will include: (i) driving better business performance and results; (ii) making corporate governance more effective; (iii) encouraging a wider range of ideas and options and ensuring high quality and responsible decision-making capability; and (iv) ensuring sustainable growth and development of the CAO Group.

Role of the Board: The Directors are collectively responsible to the Company's shareholders for the long-term success of the CAO Group and for its overall strategic direction, its values and its governance. They provide the Company with the core competencies and the leadership necessary for the CAO Group to meet its business objectives within the framework of its systems of internal controls and processes.

All members of the Board are aware of their responsibility to take decisions objectively which promote the success of the CAO Group for the benefit of shareholders.

The CAO Corporate Governance Policy sets forth the matters reserved for the Board's decision, and provides clear directions to Management on matters that must be approved by the Board. In addition, Management has the responsibility for overseeing the implementation by the CAO Group's operating subsidiaries of the policies and strategy set by the Board, and for creating the framework for their successful day-to-day operation.

Some of the businesses that the Board transacts include:

(a) setting, reviewing and approving corporate strategies, annual budgets and financial plans;

(b) reviewing the adequacy and integrity of the Company's internal controls, risk management systems, financial reporting systems and monitoring the performance of the CAO Group and the Management;

(c) ensuring that the CAO Group and Management comply with all laws, regulations, policies, directives, guidelines and internal code of conduct;

(d) considering and approving the nominations of suitable candidates to the Board of Directors; and

(e) ensuring accurate, adequate and timely reporting to, and communication with shareholders.

Key matters that are specifically reserved for the Board's consideration and decision include, but are not limited to, corporate planning, material acquisitions and disposals of assets, corporate or financial restructuring, formulation of any dividend policy or the change of such dividend policy, declaration of dividends, interested person transactions and any appointment, re-appointment or removal of the Chairman of the Board.

Apart from matters specifically reserved for Board's consideration and decision, the Board will approve transactions exceeding certain threshold limits, whilst delegating authority for transactions below those limits to Board Committees and the Management for approval.

Delegation of Authority to Board Committees: To ensure the efficient discharge of its responsibilities and to provide independent oversight of Management, various Board committees namely, the Audit Committee, the Nominating Committee, the Remuneration Committee and the Risk Management Committee have been constituted with clear written terms of reference. Each Committee has the authority to examine issues relevant to their terms of reference and to make recommendations to the Board for action. The ultimate responsibility and decision on all matters still lies with the Board.

During the financial year, a review and assessment on the adequacy of the terms of reference of each of the Board Committees had been undertaken. For greater certainty and clarity in the delegation of authority to the Audit Committee and the Risk Management Committee, the scope of duties and responsibilities of these Board Committees were further fine-tuned.

To optimise operational efficiency, the Company reviewed and updated its financial authorisation and approval limits for purchases and expenses requisitions as well as expenses/fees relating to costs of sales (within and outside the approved full-year budget) in tandem with the business operational needs.

Statement of Corporate Governance

Meetings of the Board and Board Committees: The Board met six (6) times in 2017. At the scheduled quarterly Board meetings for the financial year 2017, the Board: (i) reviewed and approved the release of the quarterly and full-year results; (ii) discussed reports by Management relating to major corporate activities; (iii) approved the annual budget; and (iv) reviewed the performance of the CAO Group's businesses. When Directors cannot be physically present, telephonic attendance and conference via audio-visual communication at Board and Board committee meetings are allowed under the Company's Constitution. The number of meetings of the Board and Board Committees held in 2017, as well as the attendance of each Board member at these meetings, are disclosed below:

Name of Director	Board Meetings [5]	Board Committee Meetings				Independent Directors' Meeting
		Audit	Nominating	Remuneration	Risk Management	
Xi Zhengping	6	N.A.	N.A.	N.A.	N.A.	N.A.
Wang Kai Yuen	6	4	1	4	N.A.	1
Meng Fanqiu	6	N.A.	N.A.	N.A.	N.A.	N.A.
Ang Swee Tian	6	4	1	4	4	1
Felipe Arbelaez [1]	5	3	N.A.	N.A.	3	N.A.
David Windle [2]	1	1	N.A.	N.A.	1	N.A.
Li Runsheng	6	4	1	4	N.A.	1
Luo Qun [3]	6	N.A.	1	4	N.A.	N.A.
Bella Young Pit Lai	6	N.A.	1	4	N.A.	N.A.
Zhao Shousen [4]	5	3	N.A.	N.A.	3	N.A.
Number of Meetings Held	**6**	**4**	**1**	**4**	**4**	**1**

Notes:

(1) Mr Felipe Arbelaez, a BP-nominee Director, resigned as a Non-Executive, Non-Independent Director on 28 July 2017. He concurrently relinquished his office as Chairman of the Risk Management Committee and as a member of the Audit Committee.

(2) Mr David Windle, a BP-nominee Director, was appointed as a Non-Executive, Non-Independent Director on 28 July 2017. He was concurrently appointed as Chairman of the Risk Management Committee and as a member of the Audit Committee.

(3) Dr Luo Qun, a CNAF-nominee Director, resigned as a Non-Executive, Non-Independent Director on 5 February 2018 and in his place, Mr Wang Yanjun who is Vice President of the Company, was appointed as an Executive Director. Dr Luo had also concurrently relinquished his office as Vice Chairman of the Nominating Committee and Remuneration Committee.

(4) Dr Zhao Shousen, a CNAF-nominee Director, resigned as a Non-Executive, Non-Independent Director on 5 February 2018 and had concurrently relinquished his office as Vice Chairman of the Audit Committee and as a member of the Risk Management Committee. Mr Li Yongji, a CNAF-nomineee Director, was appointed as a Non-Executive, Non-Independent Director in place of Dr Zhao on 5 February 2018. Mr Li Yongji was concurrently appointed as (i) Vice Chairman of the Audit Committee, the Nominating Committee and the Remuneration Committee; and (ii) a Member of the Risk Management Committee.

(5) Includes a CAO 2020 Board Strategy Workshop held on 27th and 28th July 2017.

Quarterly Meetings of Board and Board Committees, Independent Directors' Meeting and Annual General Meeting: Meetings of the Board and Board Committees, Independent Directors' Meeting and the Annual General Meeting of the Company for each year are scheduled some time in the month of July in the preceding year to facilitate the Directors' individual administrative arrangements in respect of any competing commitments.

Director Familiarisation Programme: A formal letter is sent to newly appointed Non-Executive Directors upon their appointment explaining their duties and obligations as a Director as well as the governance policies and practices of the CAO Group. In addition, the formal letter of appointment sets out their expected time commitment and make clear that, by accepting the appointment, they are confirming that they are able to meet the expectations of their role. They are also required to disclose their other significant commitments to the Board prior to their appointment and to give notice of any subsequent changes.

Comprehensive and tailored training is provided for all new Directors appointed to the Board as part of their orientation to ensure that they are familiar with (i) the Company's strategic objectives and the nature and scope of its operations; (ii) the Board's role and the governance structure and processes of the Company; (iii) Directors' duties and responsibilities under statute and common law; (iv) applicable legal requirements and other regulatory requirements; (v) broad overview on the rules of SGX-ST Listing Manual; and (vi) the CAO Corporate Governance Policy. Facility visits to our associated companies' premises are also arranged to enable newly appointed Directors to acquire an understanding of the CAO Group's business operations.

Statement of Corporate Governance

During the year, comprehensive Director familiarisation sessions were arranged for Dr Xi Zhengping and Mr David Windle who joined the Board in February 2017 and July 2017 respectively. The purpose of the familiarisation sessions was to familiarise them with the business activities, strategic direction, policies and corporate governance practices of the CAO Group. Areas covered included 2020 Corporate Strategy, oil trading and aviation marketing businesses of the CAO Group, risk management framework, policies and practices, overview of the financial performance of the CAO Group, Directors' Duties and Continuing Listing Obligations and Governance Structure of the CAO Group. These sessions also provided opportunities for the aforesaid Directors to get acquainted with senior management, and also foster better rapport and communications with Management. In addition, as part of the Director familiarisation programme for Dr Xi Zhengping, a presentation on "Corporate Governance Principles and Directors' Legal Duties and Responsibilities" was conducted in Mandarin by Mr Chia Kim Huat of Rajah & Tann LLP. Arrangements were also made for Dr Xi Zhengping to "meet and greet" with the senior management of the SGX-ST.

Continuing Professional Development of Directors: In line with CAO's Policy on Director Orientation and Professional Development adopted by the Board since November 2012, continuing professional development programmes were organised for Directors to ensure that all Directors are updated on important market developments in the energy industry and issues which may have a significant impact on the businesses, financial and operational matters of the CAO Group. These programmes are conducted by external advisers, experts or senior management and these included: (i) a Board Information Session relating to "Price Risk Management and Hedging" conducted by Mr Iain Lawson, Head of Structured Products for BP Integrated Supply & Trading-Eastern Hemisphere, Singapore; and (ii) Sustainability Reporting Requirements and Implementation Roadmap conducted by KPMG Corporate Advisory Services Pte Ltd.

Directors' Disclosure of Interests: The Board has established the Board of Directors Conflict of Interest Policy (the "**Board Conflict of Interest Policy**") which is adjunct to the Company's overarching commitment to high levels of integrity and transparency. The Board Conflict of Interest Policy is designed to facilitate the identification of situations that present actual, perceived or potential conflicts of interest and the procedures to appropriately manage conflicts in accordance with legal requirements and the goals of accountability and transparency in the CAO Group's operations.

All Directors are required to officially disclose their interests in the Company including any interested person transactions with the Company.

Any Director who has an interest that may present a conflict between (a) his or her obligation with the Company and his or her personal business or other interests; and/or (b) the interests of the appointing major shareholder and the interests of the Company on which he or she serves, will either recuse himself or herself from participating in the deliberations and voting on the matter or declare his or her interest and abstain from decision-making.

All Directors practise good governance by updating the Company about changes to their interests in a timely manner.

Board Composition and Balance

Principle 2

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and Substantial Shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Commentary

Composition of Independent Directors on the Board: Of the nine (9) members on the Board, six (6) are nominated by substantial shareholders and are deemed as non-independent. The three (3) Independent Directors namely, Dr Wang Kai Yuen, Mr Ang Swee Tian and Mr Li Runsheng constitute at least one-third of the Board. Currently, at least two (2) Independent Directors are resident in Singapore. These two (2) Independent Directors are Dr Wang Kai Yuen and Mr Ang Swee Tian. None of the nine (9) Board members is related to one another.

Statement of Corporate Governance

Independent Element of the Board: The Nominating Committee assesses and determines the independence of a Director upon appointment and on an annual basis. The Nominating Committee takes into consideration CAO's Internal Policy Guidelines on Directors' Test of Independence which set out the process for considering the independence of Directors of the Company (the "**Directors' Test of Independence Policy**"). The Directors' Test of Independence Policy (i) specifies the materiality thresholds and independence criteria which the Nominating Committee will use to assess the independence of a Director; (ii) identifies the information that the Company will collect from Directors to enable the Nominating Committee to assess the independence of Directors; and (iii) outlines the basis of disclosure to shareholders of the assessment of the independence of Directors, including the disclosure of any relationships that may be perceived to affect the independence or objectivity of a Director.

The Nominating Committee carried out the review on the independence of each non-executive Director in September 2017 by taking into consideration the Directors' Test of Independence and the information collected from each Director through the completion by each Director of a confirmation of independence checklist. The Director is required to declare any circumstances in which he or she may be considered non-independent. The Nominating Committee will then review the confirmation of independence checklist by applying the Directors' Test of Independence before affirming the independence of a Director.

Under the 2012 Code and in accordance with the CAO Corporate Governance Policy, the Nominating Committee is tasked with the responsibility to undertake a "particularly rigorous review" of a director's independence after he or she has served on the Board for a continuous period of nine (9) years or longer term from the date of his or her first appointment. If the Nominating Committee decides to regard such a director independent, the Nominating Committee shall disclose its explanation in the Company's annual report. As of the date of this report, Independent Directors namely, Dr Wang Kai Yuen and Mr Ang Swee Tian, each held office for a term of slightly more than nine (9) years. At the time of the Nominating Committee's review on the independence of each non-executive Director of the Company, the Form of Directors' Declaration relating to the Director's Independence had been modified to facilitate the Nominating Committee's assessment of the independent status of the aforesaid long-tenured Independent Directors of the Company. These questions require the long-tenured Independent Directors of the Company to consider and provide their inputs and/or comments reaffirming their ability to make unfettered independent business judgements.

In the Form of Director's Declaration for 2017, both Dr Wang Kai Yuen and Mr Ang Swee Tian had confirmed that there were neither any circumstances that could have materially interfered with their exercise of unfettered and independent judgment nor were there any occurrence of any circumstances where the interests of CAO might not be best served by the interests of the major shareholders of CAO. This is evident from the minutes of the proceedings of the Board and relevant Board Committees over the past years, where each of Dr Wang Kai Yuen and Mr Ang Swee Tian had expressed his individual viewpoints and objectively scrutinised and sought clarifications from the Management, employees, external auditors and internal auditors of CAO as he considered necessary.

Both have demonstrated their independence in character and judgement in discharging their duties and responsibilities as Directors of the Company and their ability to act in the best interests of the Company and its shareholders generally. The Board accepted the Nominating Committee's view and affirmed the independence of these Directors.

The composition of the Board is reviewed annually by the Nominating Committee. The Nominating Committee is satisfied that the Board comprises Directors who as a group possess the necessary calibre, experience and core competencies for effective decision-making. Individual directors' profiles can be found in "Board of Directors" section of the Annual Report.

All Singapore-listed companies are required to comply with Guideline 2.2 of the 2012 Code and make the necessary Board composition changes at the annual general meeting following the end of financial years commencing on or after 1 May 2016. In this regard, the Company would need to effect the Board composition changes no later than its annual general meeting in April 2018.

Statement of Corporate Governance

The rationale of Guideline 2.2 of the 2012 Code is basically intended to prevent any one (1) major shareholder from dominating the decision-making process of the Board where the Chairman of the Board and the Chief Executive Officer are both nominated by the same major shareholder. Although the Chairman of the Board is not an Independent Director of the Company, the composition of the Board of Directors of the Company presently comprises representatives from its two (2) major shareholders namely, CNAF and BP. As such, there already exists an appropriate level of checks and balances in the management and operation of the Company via the Shareholders' Agreement. In addition, the Company had appointed the Lead Independent Director, who is also concurrently the Deputy Chairman of the Board.

Hence, considering that the safeguards for a balanced Board are already in place, the Board is of the view that it would be appropriate to maintain the present Board composition of the Company for the foreseeable future.

Chairman and Chief Executive Officer

Principle 3

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Commentary

Separate Role of Chairman and CEO: The Chairman, with the assistance of the Deputy Chairman, is primarily responsible for overseeing the overall management and strategic development of the Company. With the assistance of the Company Secretary, the Chairman schedules Board meetings and ensures that all procedures and good governance practices are complied with. The CEO/ED consults both with the Chairman and the Deputy Chairman for their views on the agenda for Board meetings.

The CEO/ED executes the Board's decisions and is responsible for the day-to-day running of the Company's business, making operational decisions for the Company and implementing the Company's business, direction, strategies and policies.

The Chairman regularly consults with the Deputy Chairman/Lead Independent Director as well as other members of the Board and Board committees on major issues. As such, the Board believes there are adequate safeguards in place against having a concentration of power and authority in a single individual.

The Chairman and the CEO/ED are not related to each other.

The list of responsibilities of the Chairman and the CEO/ED is available for inspection at the Company's registered office.

Regular Meetings of Independent Directors: In accordance with the CAO Corporate Governance Policy, the Independent Directors of CAO meet at least once a year, without the presence of the other Directors, to discuss any matters relevant to the CAO Group, such as its investment criteria, risk management and internal controls, risk appetite and risk tolerance, performance of management, Board communication and performance, and strategic issues. Led by the Deputy Chairman/Lead Independent Director, the Independent Directors of CAO held their meeting on 21 November 2017 without the presence of the other Directors. Key issued discussed by the Independent Directors of CAO included the "Re-looking the Evolving Role of Independent Directors in Corporate Governance", "Key Audit Matters and Sustainability Reporting", "Adoption of New IFRS-identical Financial Reporting Framework" and "CEO Succession Planning".

Board Membership

Principle 4

There should be a formal and transparent process for the appointment of new Directors to the Board.

Commentary

Composition of Nominating Committee and Terms of Reference: The Nominating Committee was established by the Board to make recommendations for all Board appointments. The Nominating Committee comprises five (5) members, the majority of whom, including its Chairman, are Independent Non-Executive Directors:

Statement of Corporate Governance

Nominating Committee

Li Runsheng	Chairman
Li Yongji [1]	Vice Chairman
Wang Kai Yuen	Member
Ang Swee Tian	Member
Bella Young Pit Lai	Member

Note:
[1] Mr Li Yongji was appointed as Vice Chairman on 5 February 2018 in place of Dr Luo Qun.

The Chairman of the Nominating Committee is not associated with any substantial shareholder of the Company.

The responsibilities of the Nominating Committee include:

(a) the review of the structure, size and composition of the Board and the Board Committees;

(b) the review of the succession plans for the Board Chairman, Directors and Chief Executive Officer;

(c) the development of a transparent process for evaluating and the performance of the Board, its Board Committees and non-executive Directors, including assessing whether the non-executive Directors are able to commit enough time to discharge their responsibilities and the maximum number of listed company Board representations which a Director may hold;

(d) the review of the training and professional development programmes of the Board;

(e) the appointment and re-appointment of all Directors (including alternate Directors, if any);

(f) the review and confirmation of the independence of each Director; and

(g) the review of the management structure of key operating subsidiaries of the Company and evaluation of the performance of key management personnel of these key operating subsidiaries, as and when proposed by any Director.

Board Nomination Process for the Selection and Appointment of New Independent Directors: The Nominating Committee will generally apply the Internal Guidelines for Selection and Appointment of Independent Directors of CAO (the "**Internal Guidelines**") for the process of identifying, evaluating and selecting suitable candidates for appointments as new Independent Directors of the Company. In considering the overall balance of the Board's composition, the Nominating Committee will give due consideration to the selection and evaluation criteria set out in the Internal Guidelines, having regard to the normally accepted nomination criteria which include but not limited to (i) the appropriate background, experience, industry knowledge or ability to acquire that knowledge, professional skills and qualifications; (ii) demonstrated, willingness to devote the required time, including being available to attend meetings of the Board and Board Committees; and (iii) high levels of personal and professional integrity as well as business ethics.

In the case of selection and appointment of CNAF-Nominee Directors and BP-Nominee Directors, the Nominating Committee will not apply the Internal Guidelines. However, with regard to the nominations received from either CNAF or BP for the appointment and/or replacement of their respective nominee Directors, the Nominating Committee may apply the relevant evaluation criteria in the Internal Guidelines when assessing their suitability in complementing the core competencies of the Board at that time.

Directors' Multiple Directorships in Listed Companies: In line with the Board adopted guiding principles for the determination of a specified maximum number of listed board representations. Directors of CAO should not, as a general guide, hold more than six (6) board representations in listed companies (the "**Maximum Number of Listed Board Representations**"). In addition, the following considerations are also taken into account:

(i) where the individual also holds a full-time executive position; and

(ii) where the individual is a full-time independent director.

Statement of Corporate Governance

All Directors of the Company have complied with the requirement on the Maximum Number of Listed Board Representations.

The Nominating Committee had reviewed each Director's external directorships as well as the Director's attendance and contributions to the Board. Despite the multiple directorships of some Directors, the Nominating Committee is satisfied that all of the Directors of the Company have complied with the requirement on the Maximum Number of Listed Board Representations. The Nominating Committee is also satisfied that the Directors spent adequate time on the Company's affairs and have carried out their responsibilities.

Retirement by Rotation and Re-election of Directors: Pursuant to Article 91 of the Company's Constitution, one-third of the members of the Board of Directors shall retire by rotation at every annual general meeting of the Company (the "**AGM**") and these Directors may offer themselves for re-election, if eligible. For the 24th AGM to be held on 25 April 2018, Mr Meng Fanqiu and Ms Bella Young Pit Lai are due for retirement by rotation and would be eligible for re-election.

The Nominating Committee has recommended and the Board agreed that Mr Meng Fanqiu and Ms Bella Young Pit Lai, the Directors retiring by rotation under Article 91, be nominated for re-election at the 24th AGM.

In accordance with Article 97 of the Company's Constitution, (i) Mr David Windle who was appointed as a Non-Executive, Non-Independent Director of the Company on 28 July 2017; (ii) Mr Li Yongji who was appointed as a Non-Executive, Non-Independent Director of the Company on 5 February 2018; and (iii) Mr Wang Yanjun who was appointed as an Executive Director of the Company on 5 February 2018, each will hold office as Directors until the next annual general meeting of the Company and will be eligible for re-election under Article 97 at the 24th AGM.

Board Performance

Principle 5

There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

Commentary

Board Performance: The Nominating Committee evaluated the performance of each Director and the effectiveness of the Board as a whole.

Since the adoption of the CAO Corporate Governance Policy in 2012, the Board has, through the Nominating Committee, implemented a formal process annually for assessing the effectiveness of the Board as a whole and its Board Committees (the "**Overall Board/ Board Committees' Performance Evaluation**"). The Overall Board/Board Committees' Performance Evaluation entailed the completion by each member of the Nominating Committee of a Board assessment and effectiveness questionnaire (the "**Board Evaluation Questionnaire**").

The elements of the Board Evaluation Questionnaire included questions on (i) the Board's composition; (ii) Board's access to information prior to Board meetings and on an ongoing basis to enable them to properly discharge their duties and responsibilities as Directors; (iii) the expertise and experience of each member of the Board; (iv) the conduct of proceedings of meetings, participation and contributions to the Board both inside and outside of Board meetings; (v) the assessment of the performance benchmark for assessing the performance of the Board as a whole and in ensuring the continued return for shareholders; and (vi) the standard of conduct in preventing conflicts of interest and the disclosure of personal interests and abstention from voting where appropriate.

A summary of the assessment ratings on each of the elements of the Board Evaluation Questionnaire by each member of the Nominating Committee for last three (3) preceding years were also sent to the members of the Nominating Committee.

Each member of the Nominating Committee would first carry out his own assessment and evaluation of the performance of the Board as a whole and its Board Committees using the Board Evaluation Questionnaire.

Statement of Corporate Governance

To further enhance the long-term performance of the Board and its Board Committees, a separate process for the review of the performance of individual (non-executive) directors was also adopted (the "**Individual Board Member Performance Evaluation**") and conducted on an annual basis concurrently with the Overall Board/Board Committees' Performance Evaluation.

The Individual Board Member Performance Evaluation was conducted using the 360-Degree Board Member Evaluation Form. The 360-Degree Board Member Evaluation Form was designed to facilitate the assessment of each individual (non-executive) Board member in areas such as "Leadership", "Strategic Thinking", "Board Contribution" and "Governance".

The 360-Degree Board Member Evaluation Form was emailed to Directors individually by separate emails and each Board member was required to complete the 360-Degree Board Member Evaluation Form for each of the other non-executive Directors, on an anonymous basis.

A general summary of (i) the assessment ratings on each of the elements of the Board Evaluation Questionnaire by each member of the Nominating Committee; and (ii) the results of assessment and evaluation of the 360-Degree Board Member Evaluation Form for each non-executive Director of CAO, will be collated by the Company Secretary for the Nominating Committee's deliberation and consensus at its Nominating Committee Meeting held in November each year.

During the year, each of the Board committees also conducted an annual self-evaluation to assess its effectiveness as a whole and explored ways to further enhance its effectiveness.

The Nominating Committee is satisfied with the current compositions and performances of the Board and the Board Committees, both individually and as a whole.

Access to Information

Principle 6

In order to fulfil their responsibilities, Directors shall be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Commentary

Information Flow: The Company has put in place enhanced communication processes between the Board and Management in terms of information flow.

Agenda for meetings and all Board papers for discussions are circulated to Directors at least ten (10) calendar days in advance so that the Directors are prepared for the meetings. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Management and senior executives of the Company would be present during the Board meeting or Board Committee meeting, as the case may be, to present their proposals or to answer any questions that Board members may have.

The Board as a whole as well as individual Directors have direct access to Management represented by senior executive officers of the Company and the CAO Group. The Management provides the Directors with monthly updates on the operational and financial performance of the CAO Group, and also responds to regular questions from the Board or individual Directors in a timely manner.

Where the Board deems it necessary, the Board can obtain independent advice from external consultants. This enhances the Board's ability to discharge its functions and duties.

All Board members have direct access to and the advice and services of the Company Secretary. The Company Secretary attends all Board and Board Committee meetings and assists the respective Chairman of the Board/Board Committees in ensuring that Board/ Board Committee papers, procedures and the applicable laws and regulations are adhered to.

Information about the Company and the CAO Group are freely available to each Board member. Management will promptly supply any additional information that the Board requires.

The Board also has ready access to external professionals for consultations.

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(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company; and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Disclosure on Remuneration

Principle 9

Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Commentary

Remuneration Committee: The Board adopted the recommendations of the 2012 Code and established a Remuneration Committee to consider and to make recommendations on remuneration matters for the Directors and key management personnel of the CAO Group. Apart from ensuring consistencies with good practices, the Remuneration Committee is also mindful of the need to ensure that the Company and the CAO Group are able to attract and retain good Directors and senior executives to the business.

The Remuneration Committee comprises five (5) members, the majority of whom, including its Chairman, are Independent Non-Executive Directors:

Remuneration Committee

Wang Kai Yuen	Chairman
Li Yongji [(1)]	Vice Chairman
Li Runsheng	Member
Ang Swee Tian	Member
Bella Young Pit Lai	Member

Note:
[(1)] Mr Li Yongji was appointed as Vice Chairman on 5 February 2018 in place of Dr Luo Qun.

The Remuneration Committee assists the Board and Management by assessing and making remuneration recommendations for the Executive Directors and key management personnel of the Company.

In the discharge of its responsibilities, the Remuneration Committee has sought expert advice from an external international human resource consultancy firm.

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Broadly, remuneration for the CEO/EO and five (5) key management personnel for the financial year ended 31 December 2017 is based on the Company's and individual performances and the remuneration for Non-Executive Directors in the form of fees is based on responsibilities and memberships in the Board and its committees.

Non-executive Directors are paid Directors' fees, subject to the approval of shareholders at the AGM. Directors' fees comprise a basic fee and fees in respect of service on the Board committees.

The structure for the payment of Directors' fees for Non-Executive Directors is based on a framework comprising basic fee and additional fees for serving on the Board Committees and also undertaking additional services for the CAO Group. Fees paid or payable to Non-Executive Directors take into account factors such as effort and time spent, and responsibilities of these Directors. The CEO/ED does not receive Directors' fees for his Board directorships with the Company.

Details on the existing Directors' fee structure are set out below:

a. Each director will receive a base fee ("**Base Fee**").

b. The Chairman of the Board will receive twice the amount of the Base Fee ("**Board Chairman's Fee**").

c. The Deputy Chairman will receive 75% of the Board Chairman's Fee.

d. The Chairman of the Audit Committee ("**AC**") will receive additionally two-thirds of the Base Fee ("**AC Chairman's Fee**").

e. The Chairman of the Risk Management Committee ("**RMC**") will receive additionally two-thirds of the Base Fee ("**RMC Chairman's Fee**").

f. Chairman of the Remuneration Committee ("**RC**") and the Chairman of the Nominating Committee ("**NC**") will each receive additionally one-third of the Base Fee.

g. Members of AC, RC, NC and RMC will each receive 50% of the respective AC Chairman's Fee, RC Chairman's Fee, NC Chairman's Fee and RMC Chairman's Fee.

h. Executive Directors will not be entitled to receive fees.

i. The Lead Independent Director will receive additionally a sum equivalent to the Base Fee.

Directors' fees which were payable to non-executive Directors nominated by CNAF and BP were previously paid to CNAF and BP or their nominated companies respectively. As a gesture of their continued support to the Company, both CNAF and BP had decided not to accept any Directors fees payable to their respective nominee Directors from the financial year 2017.

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The remuneration of Directors payable for the financial year ended 31 December 2017, in bands of S$100,000 are set out below:

Remuneration Band & Name of Director	Fee S$	Basic/Fixed Salary and Allowance S$	Variable/ Performance Bonus S$	Others S$	Long-Term Incentives S$	Total S$
Above S$750,000 to S$1,000,000						
Meng Fanqiu [(1)] (CEO/ED)	0	604,760	155,840	0	0	760,600
Below S$150,000						
Xi Zhengping [(2)] (Chairman)	0	N.A.	N.A.	N.A.	N.A.	0
Lin Wanli [(2)]	0	N.A.	N.A.	N.A.	N.A.	0
Wang Kai Yuen (Deputy Chairman/Lead ID)	145,134	N.A.	N.A.	N.A.	N.A.	0
Ang Swee Tian	101,595	0	0	0	0	0
Felipe Arbelaez [(3)]	0	N.A.	N.A.	N.A.	N.A.	0
David Windle [(3)]	0	N.A.	N.A.	N.A.	N.A.	0
Li Runsheng	79,824	N.A.	N.A.	N.A.	N.A.	0
Luo Qun	0	N.A.	N.A.	N.A.	N.A.	0
Bella Young Pit Lai	0	N.A.	N.A.	N.A.	N.A.	0
Zhao Shousen	0	N.A.	N.A.	N.A.	N.A.	0

(1) The total remuneration of Mr Meng Fanqiu shown above excludes the 2017 variable bonus payable for the financial year 2017. The quantum of the said 2017 variable bonus is being considered by the Remuneration Committee and will be decided and recommended for the Board's endorsement during the financial year 2018.
(2) Dr Xi Zhengping was appointed as Chairman/Non-Independent Director in place of Mr Lin Wanli on 6 February 2017.
(3) Mr David Windle was appointed as Non-Executive, Non-Independent Director in place of Mr Felipe Arbelaez on 28 July 2017.

Remuneration Bands	Name of Key Management Personnel	Base/Fixed Salary (%)	Variable Bonus (%)	Allowances & Other Benefits (%)	Long-Term Incentives (%)	Total (%)
S$250,000 – S$500,000	Elizza Ding [(2)] Owen Wong [(2)]	82	18	0	0	100
S$200,000 and below	Wang Yanjun [(3)]	100	0	0	0	100
	Zhang Xingbo [(3)]	100	0	0	0	100
	Xu Guohong [(3)]	100	0	0	0	100
Total Remuneration of five (5) key management personnel [(1)]	S$1,122,971					

(1) The remuneration disclosed includes the 2016 variable bonus paid during the financial year 2017 and excludes the 2017 variable bonus payable for the financial year 2017. The quantum of the said 2017 variable bonus is being considered by the Remuneration Committee and will be decided and recommended for the Board's endorsement during the financial year 2018.
(2) The remuneration disclosed comprises secondment fees paid to BP Singapore Pte Ltd ("BPS") pursuant to a secondment agreement between CAO and BPS.
(3) Mr Wang Yanjun and Mr Zhang Xingbo were appointed as Vice Presidents during the third quarter of 2017 whilst Mr Xu Guohong was appointed as Chief Financial Officer during the fourth quarter of 2017.

There are no employees in the CAO Group who are immediate family members of the Chairman or any of the Directors during the financial year ended 31 December 2017. "immediate family member" means the spouse, child, adopted child, step child, brother, sister and parent.

The remuneration of the CAO Group's five (5) key management personnel takes into consideration the pay and employment conditions within the same industry and is performance related.

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The remuneration package of Directors and key management personnel include the following:

Basic/fixed salary – The basic salary (inclusive of statutory employer contributions to Central Provident Fund) for the CEO/ED and each key management personnel were approved by the Remuneration Committee and endorsed by the Board, taking into account the performance of the individual for the financial year 2017, the inflation price index and information from independent sources on the pay scale for similar jobs in a selected group of comparable organisations.

Variable/Performance – The CAO Group operates a bonus scheme for all employees including the CEO/ED. The criteria for the bonus scheme are the level of profit achieved from certain aspects of the CAO Group's business activities against targets, together with an assessment of the Company's and individual's performance during the year. The remuneration disclosed above for the CEO/ED and the five (5) key executives included the 2016 variable bonuses payable in relation to profit targets achieved for the Company's oil trading activities during the financial year 2016.

Others – Benefits in kind such as private medical cover and car are made available where appropriate and consistent with common industry practices.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Commentary

The Board, with the assistance of the Audit Committee, reviewed all financial statements of the Company and the CAO Group. The Board is accountable to shareholders and always aims to present a balanced and understandable assessment of the Company's and the CAO Group's financial position and prospects to shareholders on a timely basis. The quarterly, half-year and full-year results were announced or issued within the mandatory period. The Board also ensures that timely announcements of other matters as prescribed by the SGX-ST Listing Manual requirements and other relevant rules and regulations are made.

Board members are provided with management accounts on a monthly basis. Such reports keep the Board informed, on a balanced and understandable basis, of the CAO Group's performance, financial position and prospects and consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax and attributable profit by business segments compared against the budgets, together with explanation given for significant variances for the month and year-to-date.

The Board had put in place an external audit policy (the "**CAO External Audit Policy**") which provides guidance on the application of the 2012 Code as well as CAO Corporate Governance Policy in relation to the provision of external audit services for the CAO Group.

The Audit Committee, in accordance with its terms of reference, reviews the performance of the external auditors on an annual basis. In reviewing the performance of the external auditors, the Audit Committee will focus on the quality and rigour of the audit (e.g. assessment of the effectiveness of the external audit through levels of errors identified, accuracy in handling key accounting audit judgments and response to queries from the Audit Committee); quality of audit services provided, the audit firm's internal quality control procedures, relationship with internal auditors and the Company; and the independence and objectivity of the external auditors.

In line with the prevailing regulatory requirements of the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China, which has jurisdiction over CNAF, which is a state-owned enterprise of the People's Republic of China, and over the Company as CNAF's subsidiary, the same audit firm should not be retained for more than five (5) consecutive full-year audits.

During the financial year 2017, the Board, through the Audit Committee, Deloitte Touche LLP ("**Deloitte**") and internal auditors, BDO LLP ("**BDO**"), scrutinised Management's conduct of the Company's and the CAO Group's business processes and financials. Each area of the Company and the CAO Group was audited on an ongoing basis to ensure that the Company and the CAO Group maintain good corporate practices and governance and financial integrity.

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RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Commentary

The Board recognises the importance of sound internal control and risk management practices. In this regard, the Board affirms that it is responsible for the CAO Group's systems of internal control and risk management system and had established the Risk Management Committee.

The Risk Management Committee comprises three (3) members, all of whom are Non-Executive Directors:

Risk Management Committee

David Windle [1]	Chairman
Li Yongji [2]	Member
Ang Swee Tian	Member

Note:
[1] Mr David Windle was appointed as Chairman of the Risk Management Committee in place of Mr Felipe Arbelaez on 28 July 2017.
[2] Mr Li Yongji was appointed a member of the Risk Management Committee in place of Dr Zhao Shousen on 5 February 2018.

The Risk Management Committee is responsible for, among others:

(i) setting the limits for various types of risks, such as market, credit, operational, compliance and reputation risks;

(ii) approving new activities that the CAO Group plan to embark on; and

(iii) overseeing the risk management practices of the CAO Group.

The Risk Management Department of the Company ensures that the risk management activities have been executed daily. The Risk Management Department is responsible for, among others:

(i) ensuring that risk management activities have been executed daily; and

(ii) all risk-related policies, processes and limits are implemented and adhered to.

The Head of the Risk Management Department, a BP-secondee, reports directly to the Risk Management Committee. The Risk Management Committee had delegated the day-to-day management of the risks of the Company and the CAO Group to the Company Risk Meeting, which operates within the delegated authority set by the Risk Management Committee from time to time. The Company Risk Meeting comprises the Head of Risk Management, senior Management and relevant functional heads (i.e. from Trading, Operations, Finance and Legal), and meets once a month as well as on an ad hoc basis when required. The Chairman of the Company Risk Meeting, who is the Head of Risk Management, directly reports to the CEO/ED but also has an independent direct reporting line to the Risk Management Committee.

The Risk Management Report is found on page 81 of the Annual Report.

The key responsibilities of the Compliance and Internal Audit Department include inter alia:

(1) review and evaluation of compliance issues across the CAO Group;

(2) monitoring of new and existing laws and regulations as well as keeping abreast of the status of all relevant compliance activities;

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(3) acting as a channel of communication between compliance investigators and concerned parties;

(4) setting policies and periodic checks to prevent any unethical or illegal conduct within the CAO Group;

(5) responding to violation of regulations, policies, rules and standards of conduct within the CAO Group;

(6) coordination of compliance activities such as providing training to staff of the CAO Group;

(7) overseeing the annual internal audit for the CAO Group which includes preparation of internal audit schedules including short/long term audit plans, reviewing the annual/quarterly internal audit reports to the Management and the Audit Committee;

(8) integration and establishment of the CAO Group's internal control framework, policies, processes and systems across the Company, its subsidiaries and associates;

(9) facilitating and assisting the CAO Group functional heads in formulating policies, operational processes and systems. Ensure that the policies, processes and systems are efficient in implementation and aligned with regulatory requirement;

(10) establishing and maintaining the CAO Group's Business Continuity Plan (the "**BCP**");

(11) establishing and ongoing review of the CAO Group's SOP's templates to ensure proper departmental ownership of each processes and changes; and

(12) evaluating the system of internal controls for new projects and business activities and analysis on the impact of such activities on the CAO Group. Where necessary, to provide recommendation and develop programmes for improvement.

The Head of Compliance and Internal Audit reports directly to the CEO/ED. The Head of Compliance and Internal Audit may also report directly to the Audit Committee for important matters or concerns relating to the system of internal controls of the CAO Group.

As part of the CAO Group's efforts to ensure all employees of the CAO Group stay relevant and informed of the dynamic business environment and uphold core ethics and values that are essential to the long-term success of the CAO Group, the Compliance and Internal Audit Department arranged for all employees of the CAO Group to participate in the mandatory e-learning course modules relating to (1) Global Sanctions; (2) Information Security; and (3) Fraud Prevention via the Thomson Reuters' online learning portal.

In May 2017, an off-site BCP testing exercise involving participants from cross-functional departments was conducted to test and verify the effectiveness of the BCP and to identify areas for improvements in the critical business processes of the CAO Group.

With the assistance of the Audit Committee and the Risk Management Committee, the Board reviews the adequacy and integrity of those control systems from time to time. Corporate Policy on Anti-Money Laundering Measures, including the appointment of an Anti-Money Laundering Compliance Officer, together with other trading related policies such as Out-of-Office Dealing Policy, Telephone Taping/Instant Messaging/Mobile Phone Policy, Deal Entry Policy, CAO Group Trade Sanctions Policy and CAO Group Corporate Guarantee Policy had been endorsed by the Risk Management Committee and relevant departments had also been mandated with the responsibility to oversee the adoption of the aforesaid policies in their practices, processes and operations.

As discussed under Principle 13, the internal audit function of the CAO Group which is outsourced to BDO assists the Audit Committee and the Board in evaluating the internal control systems and processes, financial and accounting matters, compliance and business and financial risk management. The Audit Committee's responsibilities in the CAO Group's internal controls are complemented by the work of the outsourced Internal Auditors, BDO, the Compliance and Internal Audit department, the Risk Management department and the Legal department.

Based on the audit reports, internal control systems review report and management controls in place, the Audit Committee is satisfied that the internal control systems provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained and financial statements are reliable.

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In line with the Singapore Standards on Auditing issued in July 2015, the Company's external auditors, Deloitte, will disclose key audit matters in the auditor's reports on the financial statements which include matters that were of most significance in the audit of the financial statements for the financial year ended 31 December 2017 (the "**Key Audit Matters**").

Significant financial reporting matters (including the Audit Committee's perspectives on the Key Audit Matters) are summarised below:

Significant Matters	Audit Committee's commentary on its review of the Key Audit Matters and decisions made
Revenue recognition	
Recognition of revenue and purchases have been identified as a risk primarily due to: • complexity in the timing of recognition for trades with deliveries occurring on or around year end as a result of the extent of the CAO Group's distribution network and varying shipping terms with customers; and • risk of potential deliberate misstatement of the CAO Group's trading positions by failing to report the trades entered or failing to record the trades accurately or on a timely basis, particularly for those over-the-counter trades. The details of the CAO Group's revenue are disclosed in Notes 3.10 and 17 to the financial statements.	The Audit Committee regularly discussed with management and the external auditors on the standard operating procedures and controls in place to ensure reasonableness regarding timeliness, completeness and accuracy of accounting records and reporting. The Audit Committee together with Risk Management Committee considered the reasonableness of controls in place to prevent unauthorised trading activity. Audit Committee had considered the audit samplings performed by the external auditors and noted that no misstatements were uncovered by the external auditors.
Valuation of derivatives, trading inventories and open physical contracts	
The valuation of derivatives, trading inventories and open physical contracts requires significant management judgement in applying the appropriate valuation methodology and incorporating of any contract specific terms including the use of valid and appropriate price index. The valuation techniques and the inputs used in the fair value measurements of the financial instruments are disclosed in Note 23.	The Audit Committee and Risk Management Committee received regular briefings on the CAO Group's trading risk, controls and compliance. The internal auditors also conducted a review of the Company's system of internal controls and no significant observations were noted. The Audit Committee considered the reasonableness of the controls in place over the valuation of derivatives, trading inventories and open physical contracts. It evaluated and was satisfied that the valuation methodology and inputs used in the valuation were reasonable.

In addition, BDO which had been engaged to conduct a review of the internal control systems and processes of the CAO Group will highlight any internal control weaknesses which have come to their attention in the course of their review. Any such audit findings noted during the audit by external auditors or internal control weaknesses noted during the review by BDO, and recommendations in relation thereto, if any, by the external auditors and BDO respectively, are reported to the Audit Committee.

The CEO/ED and Chief Financial Officer at the financial year-end have provided a written assurance to the Board that:

(i) the financial records have been properly maintained and the financial statements give a true and fair view of the CAO Group's operations and finances;

(ii) the effectiveness of the CAO Group's risk management and internal control systems.

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Based on the internal controls established and maintained by the CAO Group, work performed by the internal and external auditors, and reviews performed by management and various Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the CAO Group's system of internal controls addressing financial, operational, compliance, information technology controls and risk management systems, were adequate as at 31 December 2017 to provide reasonable assurance for achieving the following objectives:

(a) effectiveness and efficiency of operations;

(b) reliability of financial reporting; and

(c) compliance with applicable laws and regulations.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the CAO Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives and goals. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Audit Committee

Principle 12

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Commentary

Composition of the Audit Committee: The Audit Committee comprises five (5) members, all of whom are Non-Executive Directors and the majority, including its Chairman, are Independent Directors:

Audit Committee

Ang Swee Tian	Chairman
Li Yongji [(1)]	Vice-Chairman
Wang Kai Yuen	Member
David Windle [(2)]	Member
Li Runsheng	Member

Note:
(1) Mr Li Yongji was appointed as Vice Chairman of the Audit Committee in place of Dr Zhao Shousen on 5 February 2018.
(2) Mr David Windle was appointed as a member of the Audit Committee in place of Mr Felipe Arbelaez on 28 July 2017.

Roles of the Audit Committee: The Audit Committee held four (4) meetings in 2017 where it met with external and internal auditors to review both the Company and the CAO Group's financials and audit reports. A key issue for discussion is the financial statements and announcements made by the Company to shareholders. The members of the Audit Committee, collectively, have expertise or experience in financial management and are qualified to discharge the Audit Committee's responsibilities.

The Audit Committee met with both the external and internal auditors at least once without the presence of the Management.

The Audit Committee reviews the quarterly and annual financial statements and the integrity of financial reporting of the Company, including the accounting principles, for recommendation to the Board for approval. The Audit Committee also reviews and approves the internal auditor's and external auditor's plans to ensure that the plans adequately cover, in particular, significant internal controls of the Company relating to financial, operational and compliance-related matters. Significant issues are discussed at Audit Committee meetings.

The Audit Committee has full authority to investigate into any matter within its terms of reference, including any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations.

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The Audit Committee has full access to and co-operation of the Management. The Audit Committee also has full discretion to invite any Director or executive officer from the Company or the CAO Group to attend its meetings. The Audit Committee has full access to both external and internal auditors. Where required, the Audit Committee is empowered to obtain external legal advice or such other independent professional advice as the Audit Committee deems necessary.

The Audit Committee monitors all interested person transactions, including transactions under the general mandate on Interested Person Transactions approved by shareholders at the AGM held in April 2017, and conflict of interest situations including transactions, procedures or actions taken which may raise issues about the Management's integrity.

The Audit Committee also evaluates the scope and results of internal audit reports as well as Management's responses to the findings of the internal audit reports. For further discussions about internal audit, please see section (D) INTERNAL CONTROLS.

The Audit Committee has also conducted an annual review of non-audit services and is satisfied that the nature and extent of such services provided by Deloitte will not prejudice their independence and objectivity before confirming their re-nomination.

The Board had proposed to re-appoint Deloitte & Touche LLP as auditors of the Company for the financial year 2018.

The Company has put in place a suitable whistle blowing policy and procedure, by which staff of the CAO Group as well as other persons such as suppliers of the CAO Group (the "**Stakeholders**") may, in confidence, raise genuine concerns about possible improprieties regarding financial reporting or other matters (the "**CAO Whistle-Blowing Policy**"). The CAO Whistle Blowing Policy provides for an anonymous channel to Stakeholders to raise any such concerns to the Company without fear of reprisal. Any such concerns raised will be investigated at the discretion of the Investigating Committee set up under the CAO Whistle-Blowing Policy.

In this regard, a summary of the CAO Whistle Blowing Policy can be accessed from the Company's external website and a dedicated email address whistle_blowing@caosco.com for persons to report concerns pertaining to any form of misconduct affecting the CAO Group, its customers, partners, suppliers and other stakeholders, had been disclosed in its website. Once an email has been received at the email address set out above, an investigating committee will be responsible for investigating the concern raised.

The Company had established and implemented the Crisis Management and Business Continuity Plan, Fraud Control Plan and an Enterprise Risk Management Framework and Process. The Crisis Management and Business Continuity Plan provides the CAO Group with a structured process for limiting the intensity or impact of negative threat or event to its employees, products, services, investments, financial stability and reputation.

The Fraud Control Plan comprises periodic fraud risk assessments on the Company which is subject to review from time to time.

The Enterprise Risk Management Framework and Process ensures that the Company has a structured approach and framework to regularly assess its enterprise-wide risks. Enterprise Risk Assessments are conducted on a regular basis to identify and deliver an inventory of key risks for the Company and to develop a list of key risk indicators that can help the Company monitor and mitigate its key risks.

In addition, other existing policies, internal guidelines and/or processes and procedures have been put in place by the Company and these include the Strategy and Investment Governance Standards & Strategy and Investment Governance Committee, IT Policy & Practice, Jet Fuel Marketing Policy and Safety, Health and Environment Policy.

The Company has put in place an employee handbook which includes a code of business conduct and ethics for employees.

Internal Audit

Principle 13

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Commentary

Both the Board and the Audit Committee agree that it is important to have a strong professional internal audit function to enhance their ability to manage risk and safeguard shareholders' interest. It has been determined that the best approach is to engage independent professional auditors to discharge this function and such, BDO has been retained as the Internal Auditors of the CAO Group.

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During the financial year, BDO reviewed the Company's processes and procedures on a continual basis to ensure compliance with the best corporate governance practices. It also reviewed interested person transactions on a quarterly basis. The Audit Committee is satisfied that BDO had adequate resources to perform its functions and had appropriate standing within the Company.

BDO had presented their internal audit plan 2018 to the Audit Committee. The Audit Committee adopted the audit plan for 2018.

As the Internal Auditors of the CAO Group, BDO had conducted its internal audits in accordance with BDO's global internal audit methodology which is aligned with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

(E) COMMUNICATION WITH SHAREHOLDERS

Principle 14

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Commentary

The Board is careful to observe regulations of the SGX-ST governing the requirements to make appropriate announcements on a timely basis. Transparency and integrity of information is also important to the Board. All material announcements are vetted by the CEO/ED, in consultation with the Chairman and/or the Deputy Chairman, as may be required, before release by the Company via SGXnet.

Principle 15

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Commentary

Investor Relations and Shareholder Communication

The CAO Group is committed to providing regular, effective and fair communication with its shareholders and the investment community.

During the financial year and in line with the CAO Investor Relations Policy, the Company, through the Investor Relations team and senior management maintained active working relationships with domestic and international brokerage firms, investment banks and the media, regardless of their views or recommendations on the CAO Group.

In order to: (i) cultivate wider investing public's familiarity with the CAO Group; (ii) increase global awareness and appreciation of CAO's business strategy, corporate developments, growth strategies and financial performance; and (iii) enhance the quantity and quality of analysts' research, CAO expanded its channels of communication with the international investment and financial community. Increased interactions were conducted through international conferences, face-to-face meetings, teleconferences, earnings briefings and corporate access events which were webcast globally across international financial markets.

The Company reviews an analyst's report for factual accuracy of information that is within the public domain but does not provide focused guidance for analysts' earnings estimates, and will not comment on their conclusions, earnings estimates, or investment recommendations.

As a matter of internal policy, the Company will not deny an analyst or investor access to information on the basis of a negative recommendation or a decision no longer to hold the Company's securities. The Company shall not attempt to influence an analyst to change his or her recommendations by exerting pressure through other business relationships.

The Investor Relations Department will publish and maintain a list on the Company website showing names of analysts and firms providing coverage.

Channels of communication with retail investors were made through email correspondence and telephone calls as well as participation in investor conferences. During the year, the Company also participated in several corporate profile seminars for both retail and institutional investors, including investor education seminar organised by SGX-ST.

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As part of our efforts to maintain regular communication with our shareholders as well as the investment community, CAO's Corporate Access Day 2017 was held on 21 September 2017 to an audience of about 100 persons on the topic "Enabling Growth through CAO's Global Integrated Value Chain". The event was also webcast internationally to overseas financial markets through CAO's corporate website. CAO aims to hold its Corporate Access Day annually to provide our shareholders and the investment community a deeper insight into key facets of CAO's businesses and corporate strategy as well as an update on CAO's roadmap as it envisions to becoming a global transportation fuels provider.

The Company also engages the media and investment community through news releases and media/analysts briefings after each announcement of the CAO Group's financial results.

To assist members of the Board to gain a current understanding of the views of institutional shareholders, the Board receives at each its scheduled quarterly meetings, (i) an investor relations and corporate communications report which cover a wide range of matters including a commentary on the perception of the Company and views expressed by the investment community, media reports, share price performance and analysis, share ownership analysis, highlights of recent investor relation activities; and (ii) a half-yearly peer companies analysis report which provides a detailed analysis and evaluation on the benchmarking exercise with identified peer companies to provide the Board with a better understanding of CAO's position within the industry as well as identify gaps and learning points.

In addition, the Board adopted the Internal Guidelines on Issuance of Profit Guidance or Profit Warning Announcements which purpose is to allow market expectations to adjust to the likelihood that the Company will either not be living up to an earlier profit guidance, and/or to avoid an earnings shock, negative impact on the share price, sell-off of the Company's shares and/or volatility of trading in the Company's shares, when the financial results are announced.

Conduct of Shareholder Meetings

Principle 16

Companies should encourage greater shareholder participation at general meetings of shareholders and allow shareholders the opportunity to communicate their views on various matters affecting the company

Commentary

The existing Constitution of the Company allows a shareholder to appoint up to two (2) proxies to attend and vote in his/her place at general meetings. Although the Company does not have a specific limit in the Constitution on the number of proxy votes for nominee companies, there is a limit for the number of proxies. Notwithstanding this, the Company allows shareholders who hold shares through nominee companies to attend the AGM as observers without being constrained by the two-proxy rule.

At each AGM, shareholders are encouraged to participate in the question and answer session. The Board of Directors, senior management, the external auditors, internal auditors and the Company Secretary are present to respond to shareholders' questions.

Where there are items of special business to be transacted at the AGM, comprehensive explanatory notes will be sent together with the notice of the AGM.

Each issue or matter requiring the approval of shareholders of the Company is submitted as a single item resolution. To ensure transparency, the Company conducts electronic poll voting for shareholders/proxies present at the meeting for all the resolutions proposed at the general meeting. Votes cast for or against and the respective percentages on each resolution will be tallied and displayed live on screen immediately at the general meeting. The total number of votes cast for or against the resolutions and the respective percentages are also announced after the general meeting via SGXnet.

The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and Management. These minutes can be accessed from the Company's external website.

Shareholders also have the opportunity to communicate their views and discuss with the Board and Management matters affecting the Company after the general meetings.

The Constitution of the Company can be accessed from the Company's external website.

Statement of Corporate Governance

Dividend Policy

The dividend policy of the Company (the "**CAO Dividend Policy**") sets out the guiding principles for dividend distribution by the Company (the "**Guiding Principles**"). The Guiding Principles included inter alia, maintaining a consistent baseline dividend payout ratio which constitutes 30 percent of the Company's annual consolidated net profits attributable to shareholders commencing from financial year 2016.

In approving or reviewing a dividend policy or making its recommendations on the timing, amount and form of any future dividends, the Board takes into consideration, among others:

(a) the expected future capital requirements and growth opportunities available to the CAO Group;

(b) net earnings of the CAO Group; and

(c) any regulatory approvals and/or where applicable, approvals required from third parties (e.g. banks and other financial institutions) as appropriate.

A summary of the CAO Dividend Policy can be accessed from the Company's external website.

DEALINGS IN THE COMPANY'S SECURITIES

In line with the recommended best practices on dealings in securities set out under Rule 1207(18) of the SGX-ST Listing Manual, the Company has issued a directive to all employees and directors not to deal in the Company's securities on short-term considerations and to abstain from dealing with the Company's securities for a period commencing two (2) weeks before the announcement of the results of the first three (3) quarters and one (1) month before the announcement of the full year results and ending on the date of the announcement of the relevant results.

INTERESTED PERSON TRANSACTIONS

Shareholders have approved the renewal of the general mandate for interested person transactions of the CAO Group on 18 April 2017 (the "**IPT Mandate**"). The IPT Mandate sets out the levels and procedures to obtain approval for such transactions. Information regarding the IPT Mandate is available on the Company's website at www.caosco.com. All business units are required to be familiar with the IPT Mandate and report any such transactions to the Finance Department. The Finance Department keeps a register of the CAO Group's interested person transactions.

Information on interested person transactions for 2017 is found under "Supplementary Information" on page 189.

REVIEW OF SYSTEM OF INTERNAL CONTROLS

As part of the Company's ongoing process of ensuring effectiveness of its system of internal controls, the established system of internal controls of the Company be subject to biennial review by an independent external reviewer with appropriate experience in corporate governance and risk management processes.

With the assistance of BDO, the Company conducted a review of the Company's system of internal controls (the "**Review of System of Internal Controls**"). Based on the findings from the Review of System of Internal Controls, the Company was generally in conformity with Committee of Sponsoring Organizations of the Treadway Commission (the "**COSO**") Internal Controls Integrated Framework. Risks identified (none of which were rated as high risk) are highlighted in the Risk Assessment section in its report. No other exceptions were noted with respect to internal controls and counter-measures reviewed in the scope of the engagement. However, BDO had recommended several areas of improvement so as to fully conform to the requirements under the COSO internal controls framework. Accordingly, Management had carefully considered these recommendations from BDO and had taken the necessary actions to implement the same as appropriate.

Statement of Corporate Governance

Appendix

(1) Charter of Lead Independent Director

The Company shall have a Lead Independent Director who shall be an independent director as defined under the 2012 Code.

Purpose

In circumstances where the Chairman of the Board of Directors is not independent, the Board of Directors of the Company considers it to be useful and appropriate to designate a Lead Independent Director to coordinate the activities of the independent directors of the Company and performing such other duties and responsibilities as the Board may determine from time to time.

Duties and Responsibilities

In addition to the duties of Board members as set forth in the 2012 Code, the specific duties and responsibilities of the Lead Independent Director shall be as follows:

Function as Principal Liaison with the Chairman and Senior Management

- Act as the principal liaison between the Independent Directors of the Company and the Chairman of the Board, and between the Independent Directors of the Company and senior management.

Call Meetings of Independent Directors

- Has the authority to convene meetings, as appropriate, among the Independent Directors of the Company and to ensure that Independent Directors have adequate opportunities to meet and discuss issues in sessions of the Independent Directors without the presence or participation of management.

Preside at Meetings

- Preside at any meetings held among the Independent Directors of the Company.

Approve Appropriate Provision of Information to the Board and the Board Committees

- Review the quality, quantity and timeliness of the information submitted to the Board and Board Committees.
- Advise and assist the Chairman on the meeting agenda items.
- Advise the Chairman and facilitate Board's approval of the number and frequency of meetings of the Board and Board Committees (including any special meetings of the Board) as well as meeting schedules to ensure that there is sufficient time for discussion of all agenda items.

Initiate Actions to Address any Concerns on Corporate Compliance Matters

- Has authority to initiate actions, for and on behalf of the Independent Directors of the Company, to address any concerns on corporate compliance matters including the engaging of external advisers and consultants, even at the displeasure of the Management or majority shareholders of the Company.

Function as Principal Liaison in Shareholder Communication

- Respond directly to the shareholders of the Company, questions and comments that are directed to the Lead Independent Director or to the Independent Directors of the Company as a group, with such consultation with the Chairman of the Board and the other Non-Independent Directors, as the Lead Independent Director may deem appropriate.

FINANCIAL STATEMENTS

CONTENTS

Directors' Statement

The Board of Directors is pleased to submit this annual report to the members of China Aviation Oil (Singapore) Corporation Ltd (the "Company") together with the audited financial statements for the financial year ended 31 December 2017.

In our opinion:

(a) the consolidated financial statements of China Aviation Oil (Singapore) Corporation Ltd and its subsidiaries (the "Group") and the statement of financial position of the Company set out on pages 135 to 188 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

Xi Zhengping	Chairman
Wang Kai Yuen	Deputy Chairman/Lead Independent Director
Meng Fanqiu	Chief Executive Officer/Executive Director
David Windle	(Appointed on 28 July 2017)
Li Yongji	(Appointed on 5 February 2018)
Wang Yanjun	(Appointed on 5 February 2018)
Ang Swee Tian	
Li Runsheng	
Bella Young Pit Lai	

* Mr Felipe Arbelaez resigned as Director of the Company on 28 July 2017
* Dr Zhao Shousen and Dr Luo Qun resigned as Directors of the Company on 5 February 2018

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors who held office at the end of the financial year had interests in shares of the Company, or of related corporations either at the beginning or at the end of the financial year except as follows:

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 1 January 2017	At 31 December 2017	At 1 January 2017	At 31 December 2017
The Company				
Wang Kai Yuen				
– Ordinary shares	57,600	57,600	120,000[1]	120,000[1]
Ang Swee Tian				
– Ordinary shares	110,000	110,000	–	–

[1] Held by Wang Kai Yuen's spouse.

Directors' Statement

DIRECTORS' INTERESTS (continued)

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2018.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, 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, except as disclosed above.

AUDIT COMMITTEE

At the date of this statement, the members of the Audit Committee are:

- Ang Swee Tian (Chairman), non-executive, independent director
- Li Yongji (Vice-Chairman), non-executive, non-independent director (Appointed on 5 February 2018)
- Wang Kai Yuen, non-executive, independent director
- Li Runsheng, non-executive, independent director
- David Windle, non-executive, non-independent director (Appointed on 28 July 2017)

The Audit Committee performed its functions specified in Section 201B(5) of the Companies Act, Chapter 50, the SGX Listing Manual, the 2012 Code of Corporate Governance and the Corporate Governance Policy of the Company.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors after holding an annual meeting with the auditors without the presence of the Company's management;

- quarterly financial information and annual financial statements of the Group and the Company and the integrity of financial reporting of the Group and the Company (including the accounting principles) prior to their submission to the directors of the Company for approval;

- internal auditors' plans to ensure that the plans adequately cover, in particular, significant internal controls of the Group and the Company relating to the financial, operational, compliance, information technology controls and risk management systems;

- external auditors' plan to ensure that the plan adequately covers the audit of the statutory financial statements of the Group and the Company; and

- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

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

The Audit Committee has recommended to the Board of Directors the appointment of Deloitte & Touche LLP as the independent auditors of the Company at the forthcoming Annual General Meeting of the Company.

Directors' Statement

INDEPENDENT AUDITORS

Deloitte & Touche LLP has expressed its willingness to accept re-appointment as the independent auditors of the Company.

In appointing the auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

On behalf of the Board of Directors

Wang Kai Yuen
Deputy Chairman & Lead Independent Director

Meng Fanqiu
Chief Executive Officer/Executive Director

14 March 2018

Independent Auditor's Report

To the Members of China Aviation Oil (Singapore) Corporation Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of China Aviation Oil (Singapore) Corporation Ltd (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 2017, the consolidated statement of profit or loss, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 135 to 188.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") 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 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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 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 opinion.

Independent Auditor's Report

To the Members of China Aviation Oil (Singapore) Corporation Ltd

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.

We identified the following key audit matters:

Key Audit Matters	Our audit performed and responses thereon
Revenue recognition Recognition of revenue and purchases have been identified as a risk primarily due to: • complexity in the timing of recognition for trades with deliveries occurring on or around year end as a result of the extent of the Group's distribution network and varying shipping terms with customers; and • risk of potential deliberate misstatement of the Group's trading positions by failing to report the trades entered or failing to record the trades accurately or on a timely basis, particularly for those over-the-counter trades. The details of the Group's revenue are disclosed in Notes 3.10 and 17 to the financial statements.	Our audit approach included both controls testing and substantive procedures as follows: • We evaluated the design and tested the operating effectiveness of the Group's controls over the recording of revenue and costs as well as the completeness and accuracy of recording the trade; • On a sample basis, we ensured that the recording of the revenue and cost for deliveries occurring on or around year end are in accordance with the shipping terms; • On a sample basis, we tested the accuracy and the completeness of over-the-counter trades by obtaining third party confirmations to confirm the validity and completeness of trade receivables and trade payables; • On a sample basis, we obtained third party confirmations to confirm the validity and completeness of open trades as at year end; and • We profiled the manual journal entries posted to revenue accounts and reviewed supporting evidence to identify any unusual items. We have not noted any significant deficiency in the design and operating effectiveness over the controls over revenue recognition and completeness and accuracy of trade capture. No exceptions were noted in the samples tested and manual journal entries related to revenue recognition.
Valuation of derivatives, trading inventories and open physical contracts The valuation of derivatives, trading inventories and open physical contracts requires significant management judgement in applying the appropriate valuation methodology and incorporating of any contract specific terms including the use of valid and appropriate price index. The valuation techniques and the inputs used in the fair value measurements of the financial instruments are disclosed in Note 23.	Our audit approach included substantive procedures as follows: • We evaluated the design and implementation of the Group's controls over the valuation of derivatives, trading inventories and open physical contracts; and • On a sample basis, we tested the valuation of derivatives, trading inventories and open physical contracts and evaluated the appropriateness of the valuation methodology and inputs used in the valuation. We have not noted any significant deficiency in the design and operating effectiveness over the controls over valuation of derivatives, trading inventories and open physical contracts. Based on our samples tested, we noted that the valuation methodology is appropriate. We are satisfied that the price index used in the valuation of derivatives, trading inventories and open physical contracts to be within a reasonable range of our audit expectations.

Independent Auditor's Report

To the Members of China Aviation Oil (Singapore) Corporation Ltd

Information other than the financial statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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 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. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair view financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include 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 auditors' 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:

- 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.

- 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.

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

- 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.

Independent Auditor's Report

To the Members of China Aviation Oil (Singapore) Corporation Ltd

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

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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 Company have been properly kept in accordance with the provisions of the Act.

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr Tay Boon Suan.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

14 March 2018

Statements of Financial Position

As at 31 December 2017

	Note	Group 2017 US$'000	Group 2016 US$'000	Company 2017 US$'000	Company 2016 US$'000
Non-current assets					
Property, plant and equipment	4	5,194	5,654	5,101	5,555
Intangible assets	5	1,525	1,580	344	399
Subsidiaries	6	–	–	43,318	37,975
Associates	7	321,171	281,010	113,070	82,625
Trade and other receivables	10	–	–	5,035	35,480
Deferred tax assets	8	6,004	7,604	6,000	7,600
		333,894	295,848	172,868	169,634
Current assets					
Inventories	9	209,613	170,733	181,587	164,809
Trade and other receivables	10	1,069,112	590,554	1,033,457	568,230
Cash and cash equivalents	11	300,042	287,286	276,781	244,164
		1,578,767	1,048,573	1,491,825	977,203
Total assets		1,912,661	1,344,421	1,664,693	1,146,837
Equity attributable to owners of the Company					
Share capital	12	215,573	215,573	215,573	215,573
Reserves	13	508,006	434,112	313,117	277,331
Total equity		723,579	649,685	528,690	492,904
Non-current liability					
Deferred tax liabilities	8	7,919	6,311	–	–
Current liabilities					
Trade and other payables	14	1,060,213	587,810	1,016,003	553,933
Loans and borrowings	15	120,000	100,000	120,000	100,000
Current tax liabilities		950	615	–	–
		1,181,163	688,425	1,136,003	653,933
Total liabilities		1,189,082	694,736	1,136,003	653,933
Total equity and liabilities		1,912,661	1,344,421	1,664,693	1,146,837

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Profit or Loss

Year ended 31 December 2017

	Note	2017 US$'000	2016 US$'000
Revenue	17	16,267,606	11,703,191
Cost of sales		(16,228,903)	(11,659,141)
Gross profit		38,703	44,050
Other income	18	3,748	1,303
Administrative expenses		(16,219)	(16,279)
Other operating expenses		(2,780)	(2,330)
Results from operating activities		23,452	26,744
Finance costs	19	(2,779)	(1,249)
Share of profit of associates (net of tax)	7	71,534	66,363
Profit before tax		92,207	91,858
Tax expense	20	(6,879)	(2,950)
Profit for the year	18	85,328	88,908
Attributable to:			
Owners of the Company		85,328	88,908
Earnings per share:			
Basic earnings per share (cents)	21	9.92	10.34
Diluted earnings per share (cents)	21	9.92	10.34

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2017

	2017 US$'000	2016 US$'000
Profit for the year	85,328	88,908
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Translation differences relating to financial statements of foreign associates	16,243	(12,613)
Other comprehensive income for the year, net of tax	16,243	(12,613)
Total comprehensive income for the year	101,571	76,295
Attributable to:		
Owners of the Company	101,571	76,295

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

	Note	Share capital US$'000	Foreign currency translation reserve US$'000	Statutory reserves US$'000	Reserve for own shares US$'000	Accumulated profits US$'000	Total equity US$'000
At 1 January 2016		215,573	17,238	18,824	(5,482)	346,488	592,641
Total comprehensive income for the year							
Profit for the year		–	–	–	–	88,908	88,908
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss:							
Translation differences relating to financial statements of foreign associates		–	(12,613)	–	–	–	(12,613)
Total other comprehensive income		–	(12,613)	–	–	–	(12,613)
Total comprehensive income for the year		–	(12,613)	–	–	88,908	76,295
Contributions by and distributions to owners							
Share of associates' accumulated profits transferred to statutory reserve	13	–	–	16,567	–	(16,567)	–
Dividends to equity holders	13	–	–	–	–	(19,251)	(19,251)
Total transactions with owners		–	–	16,567	–	(35,818)	(19,251)
At 31 December 2016		215,573	4,625	35,391	(5,482)	399,578	649,685

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

	Note	Share capital US$'000	Foreign currency translation reserve US$'000	Statutory reserves US$'000	Reserve for own shares US$'000	Accumulated profits US$'000	Total equity US$'000
At 1 January 2017		215,573	4,625	35,391	(5,482)	399,578	649,685
Total comprehensive income for the year							
Profit for the year		–	–	–	–	85,328	85,328
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss:							
Translation differences relating to financial statements of foreign associates		–	16,243	–	–	–	16,243
Total other comprehensive income		–	16,243	–	–	–	16,243
Total comprehensive income for the year		–	16,243	–	–	85,328	101,571
Contributions by and distributions to owners							
Share of associates' accumulated profits transferred to statutory reserve	13	–	–	66	–	(66)	–
Dividends to equity holders	13	–	–	–	–	(27,677)	(27,677)
Total transactions with owners		–	–	66	–	(27,743)	(27,677)
At 31 December 2017		215,573	20,868	35,457	(5,482)	457,163	723,579

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2017

	Note	2017 US$'000	2016 US$'000
Cash flows from operating activities			
Profit for the year		85,328	88,908
Adjustments for:			
Depreciation of property, plant and equipment		670	693
Amortisation of intangible assets		267	513
Reversal of impairment loss on doubtful debts – net		(543)	(556)
Fair value loss on derivative instruments		1,175	9,596
Share of profit of associates (net of tax)		(71,534)	(66,363)
Tax expense		6,879	2,950
Interest income		(3,727)	(1,575)
Interest expense		1,617	313
Unrealised exchange differences		(621)	396
		19,511	34,875
Change in inventories		(38,880)	(113,907)
Change in trade and other receivables		(457,106)	(269,103)
Change in trade and other payables		449,911	347,633
Cash used in operations		(26,564)	(502)
Tax paid		(674)	(14)
Net cash used in operating activities		(27,238)	(516)
Cash flows from investing activities			
Interest received		3,596	1,476
Acquisition of property, plant and equipment		(210)	(133)
Acquisition of intangible assets		(212)	(267)
Dividends from associates (net of withholding tax paid)		45,493	36,181
Net cash from investing activities		48,667	37,257
Cash flows from financing activities (Note 1)			
Interest paid		(1,617)	(313)
Proceeds from loans and borrowings		192,000	209,713
Repayment of loans and borrowings		(172,000)	(109,713)
Dividends paid		(27,677)	(19,251)
Net cash (used in)/from financing activities		(9,294)	80,436
Net increase in cash and cash equivalents		12,135	117,177
Cash and cash equivalents at 1 January		287,286	170,505
Effect of exchange rate fluctuations on cash held		621	(396)
Cash and cash equivalents at 31 December	11	300,042	287,286

Note 1: The cash flows make up the interest and dividends paid, and net amount of proceeds from borrowings and repayments of loans and borrowings in the consolidated statement of cash flows. There are no non-cash changes in the cash flows from financing activities.

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 March 2018.

1. DOMICILE AND ACTIVITIES

China Aviation Oil (Singapore) Corporation Ltd (the "Company") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 8 Temasek Boulevard, #31-02 Suntec Tower Three, Singapore 038988.

The financial statements of the Group as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The principal activities of the Group are those relating to trading in jet fuel and other petroleum products, and investment holding.

The immediate and ultimate holding company during the financial year was China National Aviation Fuel Group Corporation ("CNAF"), a company incorporated in the People's Republic of China ("PRC").

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Financial Reporting Standards in Singapore ("FRSs").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in United States (US) dollars, which is the Company's functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed in Note 26.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Investments in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to US dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Foreign currency (continued)

Foreign operations (continued)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment (continued)

Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

Leasehold properties	25 years
Motor vehicles	8 years
Furniture and fittings	8 years
Office equipment	4 to 8 years
Renovations	5 years
Computers	4 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and adjusted if appropriate.

3.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investees.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful life for the current and comparative years are as follows:

Software	3 years
Customer contracts	1 year

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

Offsetting arrangements

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Derivative financial instruments

The Group holds oil commodity derivatives that are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, these derivatives are measured at fair value, and changes in fair value are recognised immediately in profit or loss. These derivative financial instruments are not designated in a hedge relationship.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

3.6 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including interest in associates, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment (continued)

Non-derivative financial assets (continued)

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amounts of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment (continued)

Non-financial assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.7 Inventories

Inventories held for trading purposes are measured 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.

Inventories held by subsidiaries and associates, for sale to customers, are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Trading of oil commodity derivatives

Gains or losses on oil commodity derivatives which are classified as held for trading purposes are recognised in profit or loss on a net basis.

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

3.11 Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.12 Finance income and finance costs

Finance income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise bank charges and interest expenses on loans and borrowings. Interest expenses are recognised in profit or loss using the effective interest method.

3.13 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.14 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of 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.

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.16 New standards and interpretations not adopted

On 1 January 2017, the Group and the Company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework – Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after 1 January 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group and the Company will be adopting the new framework for the first time for financial year ending 31 December 2018 and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be applied in the first set of SFRS(I) financial statements.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 New standards and interpretations not adopted (continued)

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there are changes to the Group's and the Company's current accounting policies under FRS or material adjustments on the initial transition to the new framework.

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at 31 December 2018, they may impact the disclosures of estimated effects described below.

The following SFRS(I) pronouncements are expected to have an impact to the Group and the Company in the periods of their initial application under the new SFRS(I) framework:

Effective for annual periods beginning on or after 1 January 2018

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Measuring investees at fair value through profit or loss on an investment-by-investment basis*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

Effective for annual periods beginning on or after 1 January 2019

- SFRS(I) 16 *Leases*
- Amendments to SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 New standards and interpretations not adopted (continued)

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms. Under SFRS(I) 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 New standards and interpretations not adopted (continued)

SFRS(I) 15 *Revenue from Contracts with Customers* (continued)

Under SFRS(I) 15, an entity 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 customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

SFRS(I) 1-28 Investments in Associates and Joint Ventures: Measuring investees at fair value through profit or loss on an investment-by-investment basis

The pronouncement clarifies that:

- the option for a venture capital organisation or other qualifying entity to measure associates and joint ventures at fair value through profit or loss (rather than equity method) is made on an investment-by-investment basis upon initial recognition of each investment.
- for an entity that is not an investment entity (IE) and that has an associate or joint venture that is an IE,
  - the entity may elect to retain the fair value measurement used by that IE associate or joint venture on their subsidiaries, when applying the equity method.
  - the choice to retain the fair value measurement above is available on an investment-by-investment basis, and the election will be made for each IE associate or joint venture at the later of:
    (i) initial recognition of the IE associate or joint venture;
    (ii) when an associate or joint venture becomes an IE; and
    (iii) when an IE associate or joint venture first becomes a parent.

SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration

The Interpretation applies to a foreign currency transaction when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income.

The Interpretation clarifies that:

- the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- if there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management does not plan to early adopt SFRS(I) 16 for financial year ending 31 December 2018.

Amendments to SFRS(I) 1-28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures

The pronouncement clarifies that SFRS(I) 9, including its impairment requirements, applies to long-term interests in associates and joint ventures to which the equity method is not applied but that form part of an entity's net investment in the investees.

Management does not plan to early adopt the amendments to SFRS(I) 1-28 for financial year ending 31 December 2018.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 New standards and interpretations not adopted (continued)

SFRS(I) INT 23 Uncertainty over Income Tax Treatments

The Interpretation provides guidance on determining the accounting tax position when there is uncertainty over income tax treatments.

The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a Group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - if probable, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - if not probable, the entity should reflect the effect of uncertainty in determining its accounting tax position.

Management does not plan to early adopt SFRS(I) INT 23 for financial year ending 31 December 2018.

Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The pronouncement addresses the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In a transaction involving an associate or a joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

When an entity sells or contributes assets that constitute a business to a joint venture or associate, or loses control of a subsidiary that contains a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised in full.

When an entity sells or contributes assets that do not constitute a business to a joint venture or associate, or loses control of a subsidiary that does not contain a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised only to the extent of the unrelated investors' interests in the joint venture or associate, i.e. the entity's share of the gain or loss is eliminated.

Management does not plan to early adopt the amendments to SFRS(I) 10 and SFRS(I) 1-28 for financial year ending 31 December 2018.

Impact assessment

(a) Management has performed a detailed analysis of those new pronouncements relevant to the Group and the Company, which are effective from financial year ending 31 December 2018, and determined that there will be no material adjustments expected from the initial application, other than additional enhanced disclosures, changes to recognition and measurement policies and change in basis of recognising impairment losses for financial assets.

(b) Management has performed a preliminary analysis of those relevant pronouncements which are effective from annual periods beginning on or after 1 January 2019, and does not expect material adjustments to arise other than:

- Change in the accounting for leases as a lessee under SFRS(I) 16

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 New standards and interpretations not adopted (continued)

Impact assessment (continued)

Impact of adoption of SFRS(I) 1 and SFRS(I) 9

The following table provides an estimate of the expected impacts on initial application of SFRS(I) 1 and SFRS(I) 9 on the Group's financial position as at 31 December 2017 and 1 January 2017 and the Group's profit or loss and other comprehensive income for the year ended 31 December 2017.

Estimable effects on the statement of financial position as at 1 January 2017 (date of transition to SFRS(I))

	As currently reported under FRS US$'000	Transition to SFRS(I) 1 US$'000	Initial application of SFRS(I) 9 US$'000	As adjusted under SFRS(I) US$'000
Trade and other receivables	**590,554**	–	(2,450)	**588,104**
Reserves				
– Foreign currency translation reserve	**4,625**	(4,625)	–	**–**
– Statutory reserves	**35,391**	–	–	**35,391**
– Reserve for own shares	**(5,482)**	–	–	**(5,482)**
– Accumulated profits	**399,578**	4,625	(2,450)	**401,753**

Estimable effects on the statement of financial position as at 31 December 2017 (end of last period reported under FRS)

	As currently reported under FRS US$'000	Initial application of SFRS(I) 9 US$'000	As adjusted under SFRS(I) US$'000
Inventories	**209,613**	–	**209,613**
Trade and other receivables	**1,069,112**	(2,850)	**1,066,262**
Reserves			
– Foreign currency translation reserve	**20,868**	–	**20,868**
– Statutory reserves	**35,457**	–	**35,457**
– Reserve for own shares	**(5,482)**	–	**(5,482)**
– Accumulated profits	**457,163**	(2,850)	**454,313**
Trade and other payables	**1,060,213**	–	**1,060,213**

Estimable effects on the consolidated statement of profit or loss for the year ended 31 December 2017 (last financial year reported under FRS)

	As currently reported under FRS US$'000	Initial application of SFRS(I) 9 US$'000	As adjusted under SFRS(I) US$'000
Revenue	**16,267,606**	–	**16,267,606**
Cost of sales	**(16,228,903)**	–	**(16,228,903)**
Other operating expenses	**(2,780)**	(400)	**(3,180)**
Profit before tax	**92,207**	(400)	**91,807**
Income tax expenses	**(6,879)**	–	**(6,879)**
Profit for the year	**85,328**	(400)	**84,928**

Notes to the Financial Statements

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties US$'000	Motor vehicles US$'000	Furniture and fittings US$'000	Office equipment US$'000	Renovations US$'000	Computers US$'000	Total US$'000
Group							
Cost							
At 1 January 2016	9,205	285	69	514	940	1,100	12,113
Additions	–	–	9	82	–	42	133
Written off	–	–	–	–	–	(3)	(3)
At 31 December 2016	9,205	285	78	596	940	1,139	12,243
Additions	–	10	7	25	–	168	210
At 31 December 2017	9,205	295	85	621	940	1,307	12,453
Accumulated depreciation							
At 1 January 2016	3,736	197	23	366	831	746	5,899
Depreciation for the year	449	33	7	60	12	132	693
Written off	–	–	–	–	–	(3)	(3)
At 31 December 2016	4,185	230	30	426	843	875	6,589
Depreciation for the year	449	39	8	59	12	103	670
At 31 December 2017	4,634	269	38	485	855	978	7,259
Carrying amounts							
At 1 January 2016	5,469	88	46	148	109	354	6,214
At 31 December 2016	5,020	55	48	170	97	264	5,654
At 31 December 2017	4,571	26	47	136	85	329	5,194
Company							
Cost							
At 1 January 2016	9,205	232	21	516	939	1,057	11,970
Additions	–	–	–	82	–	28	110
At 31 December 2016	9,205	232	21	598	939	1,085	12,080
Additions	–	–	–	25	–	165	190
At 31 December 2017	9,205	232	21	623	939	1,250	12,270
Accumulated depreciation							
At 1 January 2016	3,736	161	16	370	830	743	5,856
Depreciation for the year	449	29	1	59	12	119	669
At 31 December 2016	4,185	190	17	429	842	862	6,525
Depreciation for the year	449	29	1	59	12	94	644
At 31 December 2017	4,634	219	18	488	854	956	7,169
Carrying amounts							
At 1 January 2016	5,469	71	5	146	109	314	6,114
At 31 December 2016	5,020	42	4	169	97	223	5,555
At 31 December 2017	4,571	13	3	135	85	294	5,101

Notes to the Financial Statements

4 PROPERTY, PLANT AND EQUIPMENT (continued)

The following are properties held by the Group and Company:

Location	Description/ Uses of property	Land area/ Built-up area (square metres)	Leasehold term
8 Temasek Boulevard #31-01 Suntec Tower Three Singapore 038988	Office	324	99 years from 1 March 1989
8 Temasek Boulevard #31-02 Suntec Tower Three Singapore 038988	Office	440	99 years from 1 March 1989

5 INTANGIBLE ASSETS

	Goodwill on consolidation US$'000	Customer contracts US$'000	Software US$'000	Total US$'000
Group				
Cost				
At 1 January 2016	1,181	634	2,940	4,755
Additions	–	–	267	267
At 31 December 2016	1,181	634	3,207	5,022
Additions	–	–	212	212
At 31 December 2017	1,181	634	3,419	5,234
Accumulated amortisation				
At 1 January 2016	–	634	2,295	2,929
Amortisation for the year	–	–	513	513
At 31 December 2016	–	634	2,808	3,442
Amortisation for the year	–	–	267	267
At 31 December 2017	–	634	3,075	3,709
Carrying amounts				
At 1 January 2016	1,181	–	645	1,826
At 31 December 2016	1,181	–	399	1,580
At 31 December 2017	1,181	–	344	1,525

The amortisation of software is included in 'administrative expenses'.

Notes to the Financial Statements

5 INTANGIBLE ASSETS (continued)

Impairment testing of goodwill

Goodwill on consolidation has been allocated to the Group's cash generating units ("CGUs") for impairment testing as follows:

	2017 US$'000	2016 US$'000
Group		
China Aviation Oil (Hong Kong) Company Limited ("CAOHK")	268	268
North American Fuel Corporation ("NAFCO")	913	913
	1,181	1,181

The recoverable amounts of the above CGUs were determined based on its value-in-use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGUs. In the current year, management assessed that the carrying amount of the CGUs were determined to be higher than its recoverable amount.

Key assumptions used in the estimation of value-in-use were as follows:

	2017		2016	
	CAOHK %	NAFCO %	CAOHK %	NAFCO %
Discount rate (pre-tax)	7	7	7	7
Long-term growth rate	1	2	1	2
Forecasted earnings before interest, tax, depreciation and amortisation ("EBITDA") growth rate (average of next five years)	1	36	1	26

The discount rate used is estimated based on past experience and industry weighted average cost of capital.

The long-term growth rate has been determined based on the long-term compound annual growth rate estimated by management with reference to the nominal GDP growth rate for the countries in which the CGU is based.

The forecasted EBITDA growth rates are estimated based on management's past experience of managing the CGUs and their expectations of the CGUs forecasted performances.

As at 31 December 2017, any reasonably possible changes to the key assumptions applied will not likely cause the recoverable amounts to be below the carrying amount of the CGUs.

Notes to the Financial Statements

5 INTANGIBLE ASSETS (continued)

	Software US$'000
Company	
Cost	
At 1 January 2016	2,940
Additions	267
At 31 December 2016	3,207
Additions	212
At 31 December 2017	3,419
Accumulated amortisation	
At 1 January 2016	2,295
Amortisation for the year	513
At 31 December 2016	2,808
Amortisation for the year	267
At 31 December 2017	3,075
Carrying amounts	
At 1 January 2016	645
At 31 December 2016	399
At 31 December 2017	344

6 SUBSIDIARIES

	Company 2017 US$'000	Company 2016 US$'000
Unquoted equity investment, at cost	43,318	37,975

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership 2017 %	Ownership 2016 %
CAOT Pte Ltd ("CAOT")*	Singapore	100	100
China Aviation Oil (Hong Kong) Company Limited ("CAOHK")	Hong Kong SAR	100	100
North American Fuel Corporation ("NAFCO")	United States of America	100	100
China Aviation Oil (Europe) Limited ("CAO Europe")	United Kingdom	100	100

* CAOT was placed under members' voluntary liquidation on 22 December 2017.

The Company issued additional financial guarantees to a bank and its trading counterparties on behalf of its subsidiary. The fair value of the additional financial guarantees issued amounted to US$5,343,000 (2016: US$327,000) and is accounted for as additional investment in the subsidiary.

Notes to the Financial Statements

6 SUBSIDIARIES (continued)

The fair value of the financial guarantees issued to the bank and the trading counterparties are included in the Company's loans and borrowings and the Company's trade and other payables respectively.

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under these guarantees.

The subsidiaries are not considered significant subsidiaries of the Group. For this purpose, a subsidiary is considered significant, as defined under the Singapore Exchange Limited Listing Manual, if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profit accounts for 20% or more of the Group's consolidated pre-tax profit.

7 ASSOCIATES

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Investments in associates	321,171	281,010	113,070	82,625

Associates

The Group has two (2016: two) associates that are material and three (2016: three) other associates that are individually immaterial to the Group. All are equity accounted. The followings are details of the material associates:

	Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA")#	China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")@
Nature of business	Exclusive supplier of jet fuel at Shanghai Pudong International Airport	Jet fuel transporter to Beijing Capital International Airport and Tianjin Binhai International Airport
Principle place of business/Country of incorporation	People's Republic of China	People's Republic of China
Ownership interest/Voting rights held	33% (2016: 33%)	49% (2016: 49%)
Fair value of ownership interest (if listed)	Not applicable	Not applicable

Audited by Ruihua Certified Public Accountants (Special General Partner), Shanghai Branch, a member of the Chinese Institute of Certified Public Accountants, for statutory audit purposes. Audited by an overseas member firm of Deloitte Touche Tohmatsu Limited for consolidation purpose.

@ Not considered a significant associate of the Group. For this purpose, an associate is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profit accounts for 20% or more of the Group's consolidated pre-tax profit.

Notes to the Financial Statements

7 ASSOCIATES (continued)

The following summarises the financial information of each of the Group's material associates based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of profit and other comprehensive income of the remaining individually immaterial associates.

	SPIA US$'000	TSN-PEKCL US$'000	Immaterial associates US$'000	Total US$'000
2017				
Revenue	2,665,471	18,409		2,683,880
Profit from continuing operations/ Total comprehensive income	194,458	5,322		199,780
Non-current assets	46,617	12,980		59,597
Current assets	822,047	32,170		854,217
Non-current liabilities	–	–		–
Current liabilities	(245,378)	(3,201)		(248,579)
Net assets	623,286	41,949		665,235
Group's interest in net assets of investee at beginning of the year	175,249	40,084	42,868	258,201
Group's share of profit from continuing operations/ Total comprehensive income	64,171	2,608	4,755	71,534
Dividend received during the year	(44,836)	(3,051)	–	(47,887)
Translation differences for the year	10,441	1,263	4,744	16,448
Goodwill	21,709	984	182	22,875
Carrying amount of interest in investee at end of the year	226,734	41,888	52,549	321,171
2016				
Revenue	2,054,728	20,199		2,074,927
Profit from continuing operations/ Total comprehensive income	183,752	4,445		188,197
Non-current assets	38,635	14,890		53,525
Current assets	740,320	26,369		766,689
Non-current liabilities	–	–		–
Current liabilities	(258,997)	(2,544)		(261,541)
Net assets	519,958	38,715		558,673
Group's interest in net assets of investee at beginning of the year	159,743	42,192	40,811	242,746
Group's share of profit from continuing operations/ Total comprehensive income	60,638	2,178	3,547	66,363
Dividend received during the year	(34,848)	(2,986)	(251)	(38,085)
Translation differences for the year	(10,285)	(1,300)	(1,238)	(12,823)
Goodwill	21,709	918	182	22,809
Carrying amount of interest in investee at end of the year	196,957	41,002	43,051	281,010

Notes to the Financial Statements

7 ASSOCIATES (continued)

In 2017, dividends declared by associates amounting to US$47,887,000 (2016: US$38,085,000) were received during the financial year.

Details of immaterial associates are as follows:

Name of associate	Country of incorporation	Ownership 2017 %	Ownership 2016 %
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	People's Republic of China	39	39
Oilhub Korea Yeosu Co., Ltd. ("OKYC")	Republic of Korea	26	26
CNAF Hong Kong Refuelling Limited ("CNAF HKR")	Hong Kong SAR	39	39

8 DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group 2017 US$'000	Group 2016 US$'000	Company 2017 US$'000	Company 2016 US$'000
Deferred tax assets				
Tax losses carry-forward	6,004	7,604	6,000	7,600
Deferred tax liabilities				
Investments in associates	(7,919)	(6,311)	–	–

Movements in temporary differences during the year are as follows:

	At 1 January 2016 US$'000	Recognised in profit or loss US$'000	At 31 December 2016 US$'000	Recognised in profit or loss US$'000	At 31 December 2017 US$'000
Group					
Tax losses carry-forward	7,604	–	7,604	(1,600)	6,004
Investments in associates	(6,164)	(147)	(6,311)	(1,608)	(7,919)
	1,440	(147)	1,293	(3,208)	(1,915)
Company					
Tax losses carry-forward	7,583	17	7,600	(1,600)	6,000

Notes to the Financial Statements

8 DEFERRED TAX ASSETS AND LIABILITIES (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Deductible temporary differences	6,783	3,046	6,783	3,046

The tax losses carry-forward relate to losses arising from prior years during which the Company was granted concessionary rate of tax under the Global Trader Programme ("GTP"). In accordance with Section 37B of the Income Tax Act, the utilisation of these tax losses is adjusted after considering the tax rate applicable for the Company's chargeable income prior to set-off.

Tax losses and other temporary differences do not expire under current tax legislations. Deferred tax assets have not been recognised in respect of these items due to the uncertainty of the availability of future taxable profit against which the Group can utilise the benefits therefrom.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised are insignificant.

9 INVENTORIES

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Trading inventories at fair value less costs to sell	181,587	164,809	181,587	164,809
Inventories at the lower of cost and net realisable value	28,026	5,924	–	–
	209,613	170,733	181,587	164,809

Trading inventories recognised in cost of sales amounted to US$15,933,656,000 (2016: US$11,540,923,000) for the Group and the Company.

Notes to the Financial Statements

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Trade receivables	608,470	318,026	544,553	251,557
Other receivables	12,612	14,834	11,839	11,561
Deposits	19,052	36,432	16,744	35,087
Amounts due from:				
– subsidiary (trade)	–	–	79,185	21,696
– related corporations (trade)	370,736	175,814	316,355	168,788
– holding company (non-trade)	215	–	215	–
– subsidiaries (non-trade)	–	–	22,424	80,633
	370,951	175,814	418,179	271,117
Loan to subsidiaries	–	–	5,035	5,035
	1,011,085	545,106	996,350	574,357
Allowance for impairment loss on doubtful debts – trade receivables	(4,253)	(4,873)	(4,253)	(4,253)
Loans and receivables	1,006,832	540,233	992,097	570,104
Derivative financial assets – oil commodity derivatives	45,005	24,227	44,579	24,110
	1,051,837	564,460	1,036,676	594,214
Prepayments	17,275	26,094	1,816	9,496
	1,069,112	590,554	1,038,492	603,710
Current	1,069,112	590,554	1,033,457	568,230
Non-current	–	–	5,035	35,480
	1,069,112	590,554	1,038,492	603,710

Transactions with subsidiaries and related corporations are priced on terms agreed between the parties. Outstanding balances with subsidiaries and related corporations are unsecured and there is no allowance for impairment loss arising from these outstanding balances.

The non-trade amounts due from subsidiaries and the loan to subsidiaries are unsecured, interest-free and repayable on demand.

The Group's and the Company's primary exposure to credit risk arises through its trade receivables. The Group's and the Company's trade receivables are due mainly from customers in the jet fuel industry, which are located in People's Republic of China and Hong Kong SAR.

The Group's and the Company's exposure to credit and currency risks, and impairment loss related to trade and other receivables, are disclosed in Note 16.

Notes to the Financial Statements

11 CASH AND CASH EQUIVALENTS

	Group 2017 US$'000	Group 2016 US$'000	Company 2017 US$'000	Company 2016 US$'000
Cash at bank and in hand				
– Interest-bearing	22,756	18,040	22,756	18,040
– Non-interest bearing	24,001	32,246	16,980	14,124
Interest-bearing fixed deposits with financial institutions	253,285	237,000	237,045	212,000
Cash and cash equivalents in the statement of cash flows	300,042	287,286	276,781	244,164

As at 31 December 2017, interest-bearing fixed deposits of US$247,152,000 (2016: US$230,000,000) were placed with a related corporation, China National Fuel Finance Co., Ltd. The related corporation is a financial institution approved by the China Banking Regulatory Commission and is based in People's Republic of China ("PRC").

The weighted average effective interest rates per annum relating to interest-bearing deposits with banks and financial institutions at the reporting date are as disclosed below (interest rates reprice at intervals of one, three or six months):

	2017 Interest rate %	2017 Carrying amount US$'000	2016 Interest rate %	2016 Carrying amount US$'000
Group				
Cash at bank	0.2	22,756	0.2	18,040
US$ fixed deposits	2.3	252,152	1.7	237,000
RMB fixed deposits	1.1	1,133	–	–
		276,041		255,040
Company				
Cash at bank	0.2	22,756	0.2	18,040
US$ fixed deposits	2.5	237,045	1.7	212,000
		259,801		230,040

The Group's and the Company's exposure to foreign currency and interest rate risks are disclosed in Note 16.

12 SHARE CAPITAL

	Company 2017 Number of shares ('000)	Company 2016 Number of shares ('000)
Fully paid ordinary shares, with no par value:		
In issue at 1 January and 31 December	866,184	866,184

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

All rights attached to the ordinary shares are suspended for the Company's own shares bought back and held by the Group. Such rights are reinstated when these shares are reissued.

Notes to the Financial Statements

12 SHARE CAPITAL (continued)

Capital management

The Company defines capital as share capital and reserves. The consolidated share capital and reserves amount to US$723,579,000 (2016: US$649,685,000). The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends declared to ordinary shareholders.

From time to time, the Group may purchase its own shares in the market; the timing of these purchases depends on market prices. The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for the shares is determined by the Directors or such authorised personnel as appointed by the Board of Directors for the purposes of effecting purchases or acquisitions of shares by the Company under the Share Purchase Mandate.

There were no changes in the Group's approach to capital management during the year.

13 RESERVES

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Foreign currency translation reserve	20,868	4,625	–	–
Statutory reserves	35,457	35,391	–	–
Reserve for own shares	(5,482)	(5,482)	(5,482)	(5,482)
Accumulated profits	457,163	399,578	318,599	282,813
	508,006	434,112	313,117	277,331

(a) The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

(b) The associates of the Group ("PRC Associates") established in the People's Republic of China ("PRC") follow the accounting principles and relevant financial regulations of the PRC applicable to enterprises established in the PRC (PRC GAAP) in the preparation of the accounting records and its financial statements. Under the relevant PRC regulations, the PRC Associates transferred a portion of their accumulated profits to statutory reserve for the following purposes:

Statutory surplus reserve

Pursuant to accounting regulations for foreign-invested PRC enterprises and the PRC Company Law, the associates are required to appropriate 10% of the profit arrived at in accordance with PRC GAAP for each year to a statutory reserve. The profit arrived at must be used to set off against any accumulated losses. The appropriation to statutory reserve, after offsetting against any accumulated losses, must be made before the distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends. During the current and immediate preceding financial year, SPIA did not appropriate any profit to the statutory reserve as the statutory reserve of SPIA has reached 50% of its registered capital.

(c) The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2017, the Group held 6,000,000 (2016: 6,000,000) of the Company's shares.

Notes to the Financial Statements

13 RESERVES (continued)

(d) The following (one-tier tax exempt) dividends were declared and paid by the Group and Company:

	Group and Company 2017 US$'000	Group and Company 2016 US$'000
Final exempt dividends paid in respect of the previous financial year of S$0.045 (2016: S$0.03) per share	27,677	19,251

(e) After the respective reporting date, the Directors have proposed a final (one-tier tax exempt) ordinary dividend of S$0.045 (2016: S$0.045) per share, amounting to US$28,954,000 (2016: US$26,747,000). The dividends have not been provided for.

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Trade payables	882,907	426,744	834,681	404,935
Accrued operating expenses	37,538	42,102	37,529	42,095
Other payables	3,208	15,000	2,187	14,013
Advance receipts from customers	7,349	4,593	–	–
Amounts due to:				
– immediate and ultimate holding company (non-trade)	10,118	10,333	–	231
– subsidiaries (non-trade)	–	–	861	2,956
– subsidiary (trade)	–	–	24,777	–
– related corporation (trade)	3,003	25,538	–	25,401
– related corporation of a corporate shareholder (trade)	50,788	20,151	50,788	20,151
Derivative financial liabilities:				
– oil commodity derivatives	65,302	43,349	64,937	43,337
Intra-group financial guarantee	–	–	243	814
	1,060,213	587,810	1,016,003	553,933

Amounts due to immediate and ultimate holding company, subsidiaries and related corporations are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposures to foreign currency and liquidity risks are disclosed in Note 16.

The Company issued financial guarantees to its trading counterparties on behalf of its subsidiary for credit terms extended by the trading counterparties to the subsidiary. The financial guarantees issued to trading counterparties expire on 31 December 2018 (2016: 31 December 2017).

Notes to the Financial Statements

15 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 16.

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Current liabilities				
Unsecured bank loans	120,000	100,000	120,000	100,000

The financial guarantees were given by the Company to a bank on behalf of its subsidiary for banking facilities amounting to US$55,000,000 (2016: US$20,000,000). It is a continuing guarantee and will extend to the ultimate balance of sums payable by the subsidiary.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	Face value US$'000	Carrying amount US$'000
Group					
2017					
Short-term loan	USD	1.905	2018	120,000	120,000
2016					
Short-term loan	USD	1.247	2017	100,000	100,000

16 FINANCIAL INSTRUMENTS

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Loans and receivables	1,051,837	564,460	1,036,676	594,214
Cash and cash equivalents	300,042	287,286	276,781	244,164
	1,351,879	851,746	1,313,457	838,378

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Impairment losses

The ageing of trade and other receivables (excluding derivative financial assets and prepayments) at the reporting date is:

	2017 Gross US$'000	2017 Impairment losses US$'000	2016 Gross US$'000	2016 Impairment losses US$'000
Group				
Not past due	889,518	–	507,127	–
1 to 30 days	105,858	–	25,248	–
31 to 90 days	9,997	–	2,902	–
Over 90 days	5,712	(4,253)	9,829	(4,873)
	1,011,085	(4,253)	545,106	(4,873)
Company				
Not past due	895,064	–	544,196	–
1 to 30 days	85,749	–	20,171	–
31 to 90 days	9,997	–	772	–
Over 90 days	5,540	(4,253)	9,218	(4,253)
	996,350	(4,253)	574,357	(4,253)

The Group and the Company establish an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The movements in the allowance for impairment in respect of trade and other receivables during the year are as follows:

	2017 US$'000	2016 US$'000
Group		
At 1 January	4,873	5,429
Impairment loss recognised	–	620
Impairment loss written back	(620)	(1,176)
At 31 December	4,253	4,873
Company		
At 1 January	4,253	5,429
Impairment loss written back	–	(1,176)
At 31 December	4,253	4,253

The impairment losses recognised/written back are included in 'Other operating expenses'.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Liquidity risk

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting arrangements:

	Cash flows	
	Contractual cash flows US$'000	Within 1 year US$'000
Group		
2017		
Non-derivative financial liabilities		
Trade and other payables[i]	(987,562)	(987,562)
Loans and borrowings	(120,000)	(120,000)
Oil commodity derivatives		
Gross outflows[ii]		
– Oil physical derivative instruments purchase contracts	(1,821,354)	(1,821,354)
Net outflows		
– Oil paper derivative instruments	(10,458)	(10,458)
	(2,939,374)	(2,939,374)
2016		
Non-derivative financial liabilities		
Trade and other payables[i]	(539,868)	(539,868)
Loans and borrowings	(100,000)	(100,000)
Oil commodity derivatives		
Gross outflows[ii]		
– Oil physical derivative instruments purchase contracts	(1,225,842)	(1,225,842)
Net outflows		
– Oil paper derivative instruments	(22,873)	(22,873)
	(1,888,583)	(1,888,583)

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

	Cash flows Contractual cash flows US$'000	Within 1 year US$'000
Company		
2017		
Non-derivative financial liabilities		
Trade and other payables[i]	(950,823)	(950,823)
Loans and borrowings	(120,000)	(120,000)
Oil commodity derivatives		
Gross outflows[ii]		
– Oil physical derivative instruments purchase contracts	(1,819,377)	(1,819,377)
Net outflows		
– Oil paper derivative instruments	(10,149)	(10,149)
	(2,900,349)	(2,900,349)
2016		
Non-derivative financial liabilities		
Trade and other payables[i]	(509,782)	(509,782)
Loans and borrowings	(100,000)	(100,000)
Oil commodity derivatives		
Gross outflows[ii]		
– Oil physical derivative instruments purchase contracts	(1,225,842)	(1,225,842)
Net outflows		
– Oil paper derivative instruments	(22,861)	(22,861)
	(1,858,485)	(1,858,485)

[i] Excludes derivative financial liabilities, advance receipts and intra-group financial guarantees.
[ii] The gross outflows represents the undiscounted cash outflows of the outstanding long oil physical derivative instruments.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Currency risk

Exposure to currency risk

The Group's and Company's exposures to foreign currency risk were as follows based on notional amounts:

	Singapore dollar US$'000	Renminbi US$'000	Hong Kong dollar US$'000	British pound US$'000
Group				
2017				
Trade and other receivables	315	213	–	33
Cash and cash equivalents	39	1,174	95	124
Trade and other payables	(5,154)	(285)	–	(32)
	(4,800)	1,102	95	125
2016				
Trade and other receivables	176	2,233	–	26
Cash and cash equivalents	3,142	1,090	1,494	190
Trade and other payables	(4,041)	(494)	–	–
	(723)	2,829	1,494	216

	Singapore dollar US$'000	Renminbi US$'000
Company		
2017		
Trade and other receivables	315	213
Cash and cash equivalents	34	23
Trade and other payables	(5,144)	(282)
	(4,795)	(46)
2016		
Trade and other receivables	176	2,233
Cash and cash equivalents	3,138	48
Trade and other payables	(4,034)	(494)
	(720)	1,787

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Sensitivity analysis

At the reporting date, a 10% strengthening of the US dollar against the following currencies would increase/(decrease) profit/(loss) before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group Profit/(loss) before tax		Company Profit/(loss) before tax	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Singapore dollar	480	72	480	72
Renminbi	(110)	(283)	5	(179)
Hong Kong dollar	(10)	(149)	–	–
British pound	(13)	(22)	–	–

A 10% weakening of the US dollar against the above currencies would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Financial assets	276,041	255,040	259,801	230,040

Interest rate sensitivity analysis

Management does not expect a change in interest rate will have significant impact to the Group's and Company's profit or loss.

Fair values

Fair values versus carrying amounts

At the reporting date, the carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost approximate their fair values because of the short period to maturity.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- 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);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
31 December 2017				
Derivative financial assets	–	45,005	–	45,005
Derivative financial liabilities	–	(65,302)	–	(65,302)
	–	(20,297)	–	(20,297)
31 December 2016				
Derivative financial assets	–	24,227	–	24,227
Derivative financial liabilities	–	(43,349)	–	(43,349)
	–	(19,122)	–	(19,122)
Company				
31 December 2017				
Derivative financial assets	–	44,579	–	44,579
Derivative financial liabilities	–	(64,937)	–	(64,937)
	–	(20,358)	–	(20,358)
31 December 2016				
Derivative financial assets	–	24,110	–	24,110
Derivative financial liabilities	–	(43,337)	–	(43,337)
	–	(19,227)	–	(19,227)

The valuation techniques and the inputs used in the fair value measurements of the financial instruments are disclosed in Note 23.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting agreement or similar agreement.

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) 2002 Master Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other.

In certain circumstances – for example, when a credit event such as a default occurs, the right of set-off are set aside and the amounts settled gross unless the non-defaulting party chooses to continue the set-off arrangement. As such, the above master netting agreements do not meet the criteria for offsetting in the statement of financial position.

	Gross amounts of recognised financial instruments included in the statement of financial position US$'000	Related amounts that are not offset US$'000	Net amounts US$'000
Group			
31 December 2017			
Financial assets			
Oil physical derivative instruments	39,141	–	39,141
Oil paper derivative instruments	5,864	(2,131)	3,733
Total	45,005	(2,131)	42,874
Financial liabilities			
Oil physical derivative instruments	54,844	–	54,844
Oil paper derivative instruments	10,458	(2,131)	8,327
Total	65,302	(2,131)	63,171
31 December 2016			
Financial assets			
Oil physical derivative instruments	19,098	–	19,098
Oil paper derivative instruments	5,129	(3,449)	1,680
Total	24,227	(3,449)	20,778
Financial liabilities			
Oil physical derivative instruments	20,476	–	20,476
Oil paper derivative instruments	22,873	(3,449)	19,424
Total	43,349	(3,449)	39,900

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Offsetting financial assets and financial liabilities (continued)

	Gross amounts of recognised financial instruments included in the statement of financial position US$'000	Related amounts that are not offset US$'000	Net amounts US$'000
Company			
31 December 2017			
Financial assets			
Oil physical derivative instruments	39,029	–	39,029
Oil paper derivative instruments	5,550	(2,131)	3,419
Total	44,579	(2,131)	42,448
Financial liabilities			
Oil physical derivative instruments	54,788	–	54,788
Oil paper derivative instruments	10,149	(2,131)	8,018
Total	64,937	(2,131)	62,806
31 December 2016			
Financial assets			
Oil physical derivative instruments	19,098	–	19,098
Oil paper derivative instruments	5,012	(3,449)	1,563
Total	24,110	(3,449)	20,661
Financial liabilities			
Oil physical derivative instruments	20,476	–	20,476
Oil paper derivative instruments	22,861	(3,449)	19,412
Total	43,337	(3,449)	39,888

17 REVENUE

	Group 2017 US$'000	Group 2016 US$'000
Revenue from middle distillates	10,233,209	7,754,112
Revenue from other oil products	6,034,397	3,949,079
	16,267,606	11,703,191

Included in revenue is net loss of US$27,226,000 (2016: US$40,341,000) recognised in relation to derivative financial instruments. The Group holds derivative financial instruments to hedge the changes in oil commodity prices. The gain or loss on remeasurement of these instruments at fair value is recognised in the consolidated statement of profit or loss as revenue.

Notes to the Financial Statements

18 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Group	
	2017 US$'000	2016 US$'000
Other income		
Interest income	3,727	1,575
Foreign exchange loss – net	(31)	(333)
Others	52	61
	3,748	1,303
Audit fees paid and payable to:		
– auditor of the Company	(202)	(194)
– other auditors	(80)	(66)
Non-audit fees paid and payable to auditor of the Company	(148)	(239)
Reversal of impairment loss on doubtful debts – net	543	556
Depreciation of property, plant and equipment	(670)	(693)
Amortisation of intangible assets	(267)	(513)
Operating lease expense	(34,039)	(45,635)
Staff costs	(14,250)	(14,388)
Contributions to defined contribution plans, included in staff costs	(1,222)	(708)

19 FINANCE COSTS

	Group	
	2017 US$'000	2016 US$'000
Bank charges	1,162	936
Interest expenses	1,617	313
	2,779	1,249

Notes to the Financial Statements

20 TAX EXPENSE

	Group 2017 US$'000	Group 2016 US$'000
Current tax expense		
Current year	1,408	624
Deferred tax expense		
Origination and reversal of temporary differences	1,337	1,767
Utilisation of previously unused tax losses	1,600	–
Recognition of previously unrecognised tax losses	–	(1,345)
	2,937	422
Withholding tax expense	2,534	1,904
Total tax expense	6,879	2,950
Reconciliation of effective tax rate		
Profit before tax	92,207	91,858
Tax using Singapore tax rate of 17% (2016: 17%)	15,675	15,616
Effects of tax rates in foreign jurisdictions	52	53
Tax effects of revenue at concessionary tax rate	(2,473)	(2,391)
Effects of results of associates presented net of tax	(12,161)	(11,282)
Effect of expenses not deductible for tax purposes	579	395
Effect of utilisation of previously unused tax losses	1,600	–
Effect of recognition of previously unrecognised tax losses	–	(1,345)
Effect of tax incurred on transfer of shares	539	–
Effect of recognition of deferred tax liabilities	534	–
Withholding tax expense	2,534	1,904
	6,879	2,950

The Company was granted concessionary rate of tax under the Global Trader Programme ("GTP"), which was renewed for a period of 5 years from 1 August 2010 to 31 July 2015. The GTP incentive had been extended for a period of 5 years from 1 August 2015. Under the GTP, income derived from qualifying trading transactions of approved products by the Company is taxed at the concessionary rate of 5% instead of the normal statutory rate of 17%. This incentive is granted subject to the achievement of certain business volume and other terms and conditions.

Notes to the Financial Statements

21 EARNINGS PER SHARE

Basic earnings per share

At the reporting date, the calculation of basic earnings per share was based on the profit attributable to ordinary shareholders of US$85,328,000 (2016: US$88,908,000), and a weighted average number of ordinary shares outstanding of 860,184,000 (2016: 860,184,000).

Profit attributable to ordinary shareholders

	2017 US$'000	2016 US$'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	85,328	88,908

Weighted average number of ordinary shares (diluted)

	2017 Number of shares ('000)	2016 Number of shares ('000)
Issued ordinary shares at 1 January and 31 December*	860,184	860,184

* Excludes 6,000,000 ordinary shares held as treasury shares.

22 OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units, the Group's CEO (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Middle distillates: Jet fuel and gas oil supply and trading.
- Other oil products: Fuel oil, crude oil, gasoline and aviation gasoline supply and trading.
- Investments in oil-related assets: Investments in oil-related assets through the Group's holdings in associates.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Notes to the Financial Statements

22 OPERATING SEGMENTS (continued)

	Middle distillates US$'000	Other oil products US$'000	Investment in oil-related assets US$'000	Total US$'000
2017				
Revenue	10,233,209	6,034,397	–	16,267,606
Gross profit	35,787	2,916	–	38,703
Other administrative/operating expenses	(13,421)	(998)	(3,643)	(18,062)
Depreciation and amortisation	(937)	–	–	(937)
Foreign exchange loss	(31)	–	–	(31)
Interest income	3,727	–	–	3,727
Other income	52	–	–	52
Finance costs	(1,520)	(1,259)	–	(2,779)
Share of profits of associates (net of tax)	–	–	71,534	71,534
Tax expense	(2,604)	–	(4,275)	(6,879)
Reportable segment profit after tax	21,053	659	63,616	85,328
Reportable segment total assets	1,421,171	169,340	322,150	1,912,661
2016				
Revenue	7,754,112	3,949,079	–	11,703,191
Gross profit	41,652	2,398	–	44,050
Other administrative/operating expenses	(13,019)	(804)	(3,580)	(17,403)
Depreciation and amortisation	(1,206)	–	–	(1,206)
Foreign exchange loss	(333)	–	–	(333)
Interest income	1,575	–	–	1,575
Other income	61	–	–	61
Finance costs	(1,002)	(247)	–	(1,249)
Share of profits of associates (net of tax)	–	–	66,363	66,363
Tax expense	(626)	–	(2,324)	(2,950)
Reportable segment profit after tax	27,102	1,347	60,459	88,908
Reportable segment total assets	963,755	98,678	281,988	1,344,421

Notes to the Financial Statements

22 OPERATING SEGMENTS (continued)

Geographical segments

The People's Republic of China is a major market for trading in jet fuel and petroleum products. The Group also operates in other regions including Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the revenue transacted. Segment assets are based on the geographical location of the assets.

Geographical information	Revenue US$'000	Non-current assets** US$'000
2017		
People's Republic of China	7,702,145	275,387
South Korea	435,880	43,511
United States of America	896,497	981
Hong Kong SAR	1,302,969	2,566
Malaysia	473,574	–
Japan	336,683	–
United Arab Emirates	962,371	–
Singapore	2,186,364	5,445
Philippines	452,425	–
The Republic of China	419,068	–
Other countries	1,099,630	–
	16,267,606	327,890
2016		
People's Republic of China	5,981,235	243,705
South Korea	71,448	34,236
United States of America	976,004	994
Hong Kong SAR	934,567	3,356
Japan	285,311	–
Singapore	1,780,271	5,953
Philippines	373,937	–
The Republic of China	272,425	–
Other countries	1,027,993	–
	11,703,191	288,244

** Excludes deferred tax assets

Major customers

Revenue from two customers (2016: two customers) of the middle distillates segment for the supply of jet fuel amounting to approximately US$4,683,794,000 (2016: US$3,425,059,000), represents 29% (2016: 29%) of the Group's total revenue.

Notes to the Financial Statements

23 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk
- market risk
- commodity price risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risk. Additional quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment which all employees understand their roles and obligations.

The Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from its customers and financial assets. The Group has procedures in place to manage credit risk and exposure to such risk is monitored on an ongoing basis. The Group and the Company have purchased credit insurance for certain customers during the year.

Trade and other receivables

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance is a specific loss component that relates to individually significant exposures. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At 31 December 2017, there was no significant concentration of credit risk except for amounts receivable due from 3 (2016: 3) major customers amounting to US$295,327,000 (2016: US$121,773,000) which accounted for 49% (2016: 39%) of the Group's gross trade receivables. At 31 December 2017, the Company has significant concentration of credit risk with subsidiaries and related corporations which accounted for 42% (2016: 48%) of the Company's gross trade receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Notes to the Financial Statements

23 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Guarantees

The maximum exposure of the Company in respect of the intra-group financial guarantee (see Notes 14 and 15) at the end of the reporting period is if the subsidiary defaulted on the utilised facilities extended by the bank and trading counterparties amounting to US$4,835,000 (2016: US$884,000) at 31 December 2017.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

The Group monitors its 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. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group manages its liquidity risk by maintaining adequate lines of credit.

Interest rate risk

It is the Group's policy to obtain the most favourable interest rates available without increasing its foreign currency exposure. Surplus funds are placed with reputable banks to earn interest income.

As the Group's interest bearing financial assets and liabilities are short term in nature, any future variations in interest rates will not have a material impact on the results of the Group.

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this foreign currency risk are primarily the Singapore dollar, the Chinese renminbi and Hong Kong dollar. Currently, the Group does not hedge its foreign currency exposure.

The Group monitors its foreign currency exposures on an on-going basis and ensures that the net exposure is kept to an acceptable level. The Group is also exposed to currency translation risk on its net investments in foreign operations. Such exposures are reviewed and monitored on a regular basis.

Commodity price risk

The Group manages its costs of purchase and sales of oil commodities, using commodity paper derivative instruments. Management manages its commodity price risk using a suite of risk management tools which include marginal value at risk limits and hypothetical stress-tests of various scenarios. These risk management tools were designed by management, reviewed by the Risk Management Committee, and approved by the Board of Directors.

The Group enters into commodity paper derivative instruments, in which it agrees to exchange the difference between the fixed and floating prices, calculated by reference to an agreed-upon principal quantity, with its counterparties. The commodity paper derivative instruments entered into commit the Group to settle these instruments at various settlement dates.

Notes to the Financial Statements

23 FINANCIAL RISK MANAGEMENT (continued)

Commodity price risk (continued)

Sensitivity analysis

A change of 10% in oil forward price at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as the financial year ended 31 December 2017.

	Profit or loss	
	10% increase US$'000	10% decrease US$'000
2017		
Oil physical and paper derivative instruments	(24,457)	24,457
2016		
Oil physical and paper derivative instruments	(20,634)	20,634

The Group considers holding oil inventory as part of their overall trading strategy. An increase of 10% in the fair value of oil inventory would have increased profit or loss by US$17,989,000 (2016 : US$16,481,000). A 10% weakening of the fair value of oil inventory would have an equal but opposite effect on profit or loss.

The above sensitivity analysis is hypothetical and should not be predictive of the Group's future performance as the physical inventory volume and derivative positions change daily and are not static.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and the Company.

Derivative financial instruments

The fair values of oil physical and paper derivative instruments were determined based on price indices after adjusting for contract specific factors.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Notes to the Financial Statements

24 OPERATING LEASES

Leases as lessee

At the reporting date, non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Within one year	5,928	18,182	5,726	17,734
Between one and five years	469	776	292	402
	6,397	18,958	6,018	18,136

The Company leases an office under operating lease. The lease typically runs for a period of 5 years, with an option to renew the lease after that date. Lease payments are increased every 3 years to reflect market rentals based on changes in a local price index. In addition, the Company leases storage facilities and time charter oil vessels for periods ranging from 3 months to 3 years, with options to renew the leases at the end of the respective lease term.

Subsidiaries lease office premises under operating leases. The average lease term is approximately one year, with options to renew the leases after that date.

25 RELATED PARTIES

Key management personnel compensation

Key management personnel compensation comprises:

	Group	
	2017 US$'000	2016 US$'000
Directors' fees	242	484
Directors' remuneration	550	500
Key executive officers' remuneration	1,580	1,622
	2,372	2,606

The key management personnel compensation for the financial years ended 31 December 2017 and 2016 were made up of short-term employee benefits.

The immediate and ultimate holding company, CNAF, is a state-owned enterprise established in the PRC. In accordance with FRS 24 *Related Party Disclosures*, government-related entities and their subsidiaries, apart from entities under CNAF, which the PRC government has control, joint control or significant influence over are also considered as related parties of the Group. For the purpose of the related party transactions disclosures, the Group applies the exemption on disclosure of related parties transactions as allowed under FRS 24.

The Group assessed that these transactions with government-related entities were carried out based on market terms in the ordinary course of business. The Group's transactions with government-related entities include sales and purchases of oil commodities, banking fees and operating lease expenses.

For the financial year ended 31 December 2017, the Group's sales and purchases of oil commodities with government-related entities account for approximately 37% (2016: 36%) of the Group's total sales and 48% (2016: 44%) of the Group's total purchases. During the year, approximately 10% (2016: 17%) of the Group's banking fees and 6% (2016: 7%) of the Group's operating expenses were transacted with government-related entities.

Notes to the Financial Statements

25 RELATED PARTIES (continued)

Other than those as disclosed elsewhere in the financial statements, the Group had the following significant transactions with related parties:

	Group	
	2017 US$'000	2016 US$'000
Related corporation of a corporate shareholder:		
Sale of jet fuel	18,835	–
Purchase of jet fuel	(150,862)	(330,076)
Purchase of gas oil	(1,713)	–
Purchase of fuel oil	(6,935)	–
Related parties under CNAF:		
Related corporations		
Sale of jet fuel	2,854,814	1,998,494
Sale of aviation gasoline	–	320
Purchase of jet fuel	(1,652,759)	(1,159,758)
Associate		
Sale of jet fuel	1,828,980	1,426,564
Purchase of jet fuel	(61,990)	(45,360)
Other related party:		
Associate		
Storage tank rental expense	(16,664)	(18,761)

26 ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates 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.

The Group believes the following critical accounting policies involved the most significant judgements and estimates used in the preparation of the financial statements.

Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Valuation of trade receivables

At each reporting date, the Group evaluates whether there is any objective evidence that trade receivables are impaired and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Notes to the Financial Statements

26 ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (continued)

Valuation of investment in associates

The Group evaluates whether there are any indicators of impairment in the investment in associates at each reporting date. If there are indicators of impairment, management performs an evaluation of the investment's recoverable amount. The recoverable amount is based on the higher of value-in-use or fair value less cost to sell.

Value-in-use is estimated based on management's forecast of future cash flows discounted to present value using the pre-tax discount rate. The fair value less cost to sell requires an estimate of the market value of the investments. Significant estimates and assumptions are made in determining value-in-use and fair value less cost to sell.

Taxes

Significant judgement is required in determining the capital allowances, taxability of certain income and deductibility of certain expenses during the estimation of the provision for taxes and deferred tax liabilities.

The Company exercises significant judgement to determine the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Fair value of derivative financial instruments and open physical contracts

The Company holds derivative financial instruments and open physical contracts to hedge the changes in oil commodity prices. The Company has not applied hedge accounting to derivative financial instruments and open physical contracts that economically hedge the exposure of the changes in oil commodity prices. All outstanding derivative financial instruments and open physical contracts are recognised initially at fair value. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of profit or loss as revenue.

The fair value of the derivative financial instruments and open physical contracts are based on the price index, Platts, after adjusting for contract specific factors. The use of a different price index may impact the Company's estimate of the fair value of its derivative financial instruments and open physical contracts.

Critical judgement made in applying accounting policies

Classification of investment in associates

Based on the terms and conditions of the shareholder's agreement entered for each of its investments in associates, the Group has significant influence over its investees by virtual of its board representation on the respective investees and the Group's rights and obligations arising from board reserve matters as agreed with the other shareholders.

Supplementary Information

INTERESTED PERSON TRANSACTIONS

	Aggregate value of interested person transactions excluding transactions conducted under shareholders mandate pursuant to Rule 920 of the SGX Listing Manual		Aggregate value of interested person transactions conducted under shareholders mandate pursuant to Rule 920 of the SGX Listing Manual	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Sales revenue from related corporations	–	–	2,942,634	2,195,029
Sales revenue from related corporation of a corporate shareholder	–	–	99,048	–
Purchases from related corporations	–	–	1,986,552	1,428,192
Purchases from related corporation of a corporate shareholder	–	–	158,725	348,619
Services rendered from related corporation of a corporate shareholder	–	–	492	493
Supply chain services rendered from related corporation	–	–	17,052	4,077
Transportation revenue earned by associate from related corporations	–	–	9,021	9,866
Loan granted to related corporation	–	–	1,441	7,649
Principal deposited with related corporations	–	–	262,050	256,715
Interest income earned from principal deposited with related corporations	–	–	6,609	294
Interest income by associate from loan granted to related corporations	–	–	220	327
Interest paid to related corporation	–	–	–	2
Loan granted to associate	–	–	–	6,290
Interest earned on loan granted to associate	–	–	69	39
Purchases from associate	–	–	107	111

Statistics of Shareholdings

As at 1 March 2018

Number of Issued Shares	:	866,183,628
Number of Issued Shares (excluding Treasury Shares)	:	860,183,628 ordinary shares
Number/Percentage of Treasury Shares	:	6,000,000 (0.69%)
Number/Percentage of Subsidiary Holdings+	:	0 (0%)
Class of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares and Subsidiary Holdings)	:	1 vote per share

Based on information available to the Company as at 1 March 2018, 28.52%(1) of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

Note: (1) Percentage is calculated based on the total number of 860,183,628 issued shares excluding treasury shares.
+ Subsidiary Holdings is defined in the Listing Manual of SGX-ST to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	562	4.21	28,358	0.00
100 - 1,000	2,021	15.15	1,209,526	0.14
1,001 - 10,000	7,357	55.16	31,890,416	3.71
10,001 - 1,000,000	3,380	25.34	122,307,409	14.22
1,000,001 and above	18	0.14	704,747,919	81.93
Total	**13,338**	**100.00**	**860,183,628**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	DBS Vickers Securities (Singapore) Pte Ltd	442,516,216	51.44
2	BP Investments Asia Limited	173,476,942	20.17
3	DBS Nominees (Private) Limited	31,896,720	3.71
4	Citibank Nominees Singapore Pte Ltd	11,773,868	1.37
5	HSBC (Singapore) Nominees Pte Ltd	7,768,720	0.90
6	DB Nominees (Singapore) Pte Ltd	5,817,142	0.68
7	United Overseas Bank Nominees (Private) Limited	4,883,084	0.57
8	UOB Kay Hian Private Limited	4,733,411	0.55
9	DBSN Services Pte. Ltd.	3,685,106	0.43
10	Lee Fook Choy	3,200,000	0.37
11	Raffles Nominees (Pte) Limited	3,093,937	0.36
12	Phillip Securities Pte Ltd	2,442,297	0.28
13	OCBC Nominees Singapore Private Limited	2,260,735	0.26
14	CGS-CIMB Securities (Singapore) Pte. Ltd.	1,671,263	0.19
15	OCBC Securities Private Limited	1,594,052	0.19
16	Maybank Kim Eng Securities Pte. Ltd.	1,555,626	0.18
17	Kang Hian Soon or Keh Siu Kim	1,265,000	0.15
18	Lam Yew Chong	1,113,800	0.13
19	Waterworth Pte Ltd	1,000,000	0.12
20	Heng Siew Eng	847,500	0.10
	Total	**706,595,419**	**82.15**

SUBSTANTIAL ORDINARY SHAREHOLDERS

(As shown in the Register of Substantial Shareholdings as at 1 March 2018)

		No. of Shares		
No.	Name	Direct Interest	Indirect Interest	%
1	China National Aviation Fuel Group Limited	–	441,332,912*	51.31
2	BP Investments Asia Limited	173,476,942	–	20.17

* China National Aviation Fuel Group Limited is deemed to have an interest in 441,332,912 shares in the Company held by DBS Vickers Securities (Singapore) Pte Ltd.

Notice of Annual General Meeting

CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
Incorporated in the Republic of Singapore
Company Registration No.199303293Z

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of the Company will be held at NTUC Centre, 1 Marina Boulevard, Level 7, Auditorium, Singapore 018989 on Wednesday, 25 April 2018 at 3:00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' statement and the audited financial statements for the financial year ended 31 December 2017 together with the auditors' report thereon.
(Resolution 1)

2. To declare a first and final (one-tier, tax exempt) dividend of S$0.045 per ordinary share for the year ended 31 December 2017.
(Resolution 2)

3. To approve Directors' fees of S$ 326,553 for the financial year ended 31 December 2017 (2016: S$689,390). **(Resolution 3)**

4. To re-elect the following Directors, each of whom will retire by rotation pursuant to Article 91 of the Constitution of the Company and who, being eligible, will offer themselves for re-election:

   Mr Meng Fanqiu **(Resolution 4)**
   Ms Bella Young Pit Lai **(Resolution 5)**

5. To re-elect the following Directors, each of whom will cease to hold office in accordance with Article 97 of the Constitution of the Company and who, being eligible, will offer themselves for re-election:

   Mr David Windle **(Resolution 6)**
   Mr Li Yongji **(Resolution 7)**
   Mr Wang Yanjun **(Resolution 8)**

6. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorize the Directors to fix their remuneration.
(Resolution 9)

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions, of which Resolutions 10, 11 and 12 will be proposed as Ordinary Resolutions and Resolution 13 will be proposed as a Special Resolution:

7. That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") authority be and is hereby given to the Directors of the Company to:

   (a) (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 (collectively, "**Instruments**") that might 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,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance to any Instrument made or granted by the Directors while this Resolution was in force,

Notice of Annual General Meeting

Provided that:

(1) 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 issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued 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 15% of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of 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 (1) above, the percentage of issued share capital shall be based on the issued shares (excluding treasury shares and subsidiary holdings) in the capital 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 or share options or vesting of share awards which are outstanding at the time of the passing of this Resolution; and

(b) any subsequent bonus issue or consolidation or subdivision of shares;

and, in sub-paragraph (1) above and this sub-paragraph (2), “subsidiary holdings” has the meaning given to it in the Listing Manual of the SGX-ST;

(3) 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 Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 10)

8. That:

(a) approval be and is hereby given for the renewal of, and amendments to, the shareholders’ general mandate (which was last renewed at the annual general meeting of the Company held on 18 April 2017) for the Company, its subsidiaries and associated companies which fall within the definition of entities at risk under Chapter 9 of the Listing Manual or any of them to enter into any of the transactions falling within the categories of interested person transactions set out in Annex II to the Company’s Letter to Shareholders dated 27 March 2018 (the “**Letter**”), with any party who is of the class or classes of interested persons described in Annex II to the Letter, provided that such transactions are made on normal commercial terms and are not prejudicial to the Company and its minority shareholders, and are entered into in accordance with the review procedures for interested person transactions as set out in Annex II to the Letter (the “**IPT Mandate**”);

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or until the date on which the next annual general meeting of the Company is required by law to be held, whichever is the earlier;

(c) the audit committee of the Company (comprising Independent Directors, Mr Ang Swee Tian, Dr Wang Kai Yuen and Mr Li Runsheng, and Non-Independent, Non-Executive Directors, Mr Li Yongji and Mr David Windle as at the date of the Letter) be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and

(d) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the IPT Mandate.

(Resolution 11)

Notice of Annual General Meeting

9. That:

(a) for the purposes of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire fully paid issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchase(s) on the SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted (the "**Other Exchange**"); and/or

(ii) off-market purchase(s) if effected otherwise than on the SGX-ST or, as the case may be, the Other Exchange in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, the Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held; and

(ii) the date by which the next annual general meeting of the Company is required by law to be held; and

(c) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the Share Purchase Mandate.

For the purposes of this Resolution:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares on the SGX-ST were recorded, before the day on which a market purchase was made by the Company or, as the case may be, the date of the announcement of the offer pursuant to an off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant period of five (5) market days;

"**Maximum Limit**" means that number of issued Shares representing ten per cent. (10%) of the total number of Shares (excluding treasury shares and subsidiary holdings) as at the last annual general meeting or as at the date of the passing of this Resolution (whichever is the higher); and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of an on-market purchase of a Share, one hundred and five per cent. (105%) of the Average Closing Price of the Shares; and

(b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, one hundred and ten per cent. (110%) of the Average Closing Price of the Shares.

(Resolution 12)

Notice of Annual General Meeting

10. That the regulations contained in the new Constitution of the Company as set out in Annex VI of the Letter in relation to the proposed adoption of the new Constitution of the Company, as circulated to Shareholders on 27 March 2018 and submitted to this Meeting, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution of the Company.

(Resolution 13)

11. To transact any other ordinary business which may properly be transacted at an annual general meeting.

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary

Singapore
27 March 2018

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 8 Temasek Boulevard, #31-02, Suntec Tower Three, Singapore 038988 not less than 48 hours before the time fixed for holding the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 24th Annual General Meeting of the Company (the "**24thAGM**") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the 24th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 24th AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member 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 or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member 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.

Notice of Annual General Meeting

Explanatory Notes:

Resolution 4 Mr Meng Fanqiu, will upon re-election, continue as Chief Executive Officer/Executive Director of the Company.

Resolution 5 Ms Bella Young Pit Lai, will upon re-election, continue as a member of the Remuneration Committee and the Nominating Committee. She is considered a Non-Executive, Non-Independent Director.

Resolution 6 Mr David Windle will upon re-appointment, continue as Chairman of the Risk Management Committee and a member of the Audit Committee. He is considered a Non-Executive, Non-Independent Director.

Resolution 7 Mr Li Yongji, will upon re-appointment, continue as Vice Chairman of the Audit Committee, the Remuneration Committee and the Nominating Committee and a member of the Risk Management Committee. He is considered a Non-Executive, Non-Independent Director.

Resolution 8 Mr Wang Yanjun, will upon re-appointment, continue as Executive Director/Vice President of the Company.

Resolution 10 Ordinary Resolution 10 is to authorise the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting, to issue shares in the Company. The aggregate number of shares which the Directors may issue under this Resolution shall not exceed fifty per cent (50%) of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders shall not exceed fifteen per cent. (15%) of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company. The percentage of issued share capital is based on the Company's issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this proposed Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion of convertible securities or share options on issue at the time this proposed Ordinary Resolution is passed; and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Resolution 11 Ordinary Resolution 11 is to approve the renewal of, and amendments to, the mandate to permit the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST), or any of them, to enter into certain types of interested person transactions with certain classes of interested persons as described in the Letter.

Resolution 12 Ordinary Resolution 12 is to renew the mandate to permit the Company to purchase or acquire issued ordinary shares in the capital of the Company on the terms and subject to the conditions of the Resolution.

The Company may use internal sources of funds, or a combination of internal resources and external borrowings, to finance the purchase or acquisition of its ordinary shares. The amount of funding required for the Company to purchase or acquire its ordinary shares and the impact on the Company's financial position cannot be ascertained as at the date of this Notice of Annual General Meeting as these will depend on the number of ordinary shares purchased or acquired and the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled. The Company will not rely on external borrowings to finance purchases or acquisitions of its ordinary shares to such extent that it would materially affect the financial position, working capital requirements or investment ability of the CAO Group.

Resolution 13 Special Resolution 13, if passed, will approve the adoption of a new Constitution following the wide-ranging changes to the Companies Act, Chapter 50 of Singapore (the "Companies Act") introduced pursuant to the Companies (Amendment) Act 2014 and the Companies (Amendment) Act 2017 (collectively the "Amendment Acts"). The new Constitution will replace the memorandum and articles of association of the Company and incorporate amendments to (inter alia) take into account the changes to the Companies Act introduced pursuant to the Amendment Acts. Please refer to the Letter for more details.

Notice of Annual General Meeting

Article 91 of the Constitution of the Company

Every Director shall retire from office once every three (3) years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation.

Article 97 of the Constitution of the Company

The Company may by ordinary resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Without prejudice thereto, the Directors shall have power at any time so to do, but so that the total number of Directors shall not thereby exceed the maximum number (if any) fixed by or in accordance with these presents. Any person so appointed by the Directors shall hold office until the next annual general meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

NOTICE OF BOOKS CLOSURE DATE AND PAYMENT DATE FOR FIRST AND FINAL DIVIDEND (ONE-TIER, TAX- EXEMPT) ("DIVIDEND")

The Company gives notice that, subject to the approval of the shareholders being obtained for the Dividend at the 24th Annual General Meeting of the Company to be held on 25 April 2018, the Register of Members and the Transfer Books of the Company will be closed on 7 May 2018 for the preparation of dividend warrants. The Register of Members and the Transfer Books will re-open on 8 May 2018. Duly completed registered transfers of ordinary shares in the capital of the Company received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623 before 5.00 p.m. on 4 May 2018, will be registered in the Register of Members and the Transfer Books of the Company to determine shareholders' entitlements to the Dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("**CDP**"), the Dividend will be paid by the Company to CDP which will, in turn, distribute the entitlements to the Dividend to CDP account-holders in accordance with its normal practice.

The Dividend, if approved by shareholders, will be paid on 15 May 2018.

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CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
Incorporated in the Republic of Singapore
Company Registration No.199303293Z

IMPORTANT:
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment of proxies.

Personal Data Privacy:
By submitting an instrument appointing a proxy/proxies and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 March 2018.

Refreshments after Annual General Meeting:
Coffee, tea and water will be served after the Annual General Meeting.

PROXY FORM

I/We, ______________________________ (Name) ______________ (NRIC/Passport/Co. Reg. No.)

of ____ (Address)
being *a member/members of China Aviation Oil (Singapore) Corporation Ltd (the "**Company**"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing *him/her/them, the Chairman of the Annual General Meeting (the "**Meeting**") as *my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Meeting of the Company, to be held at NTUC Centre, 1 Marina Boulevard, Level 7, Auditorium, Singapore 018989 on Wednesday, 25 April 2018 at 3:00 p.m., and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/her/they will on any other matter arising at the Meeting.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	To adopt Directors' Statement and Audited Financial Statements and Auditors' Report thereon		
2	To declare a First and Final (One-Tier, Tax Exempt) Dividend		
3	To approve Directors' fees for the financial year ended 31 December 2017		
4	To re-elect Mr Meng Fanqiu as a Director pursuant to Article 91		
5	To re-elect Ms Bella Young Pit Lai as a Director pursuant to Article 91		
6	To re-elect Mr David Windle as a Director pursuant to Article 97		
7	To re-elect Mr Li Yongji as a Director pursuant to Article 97		
8	To re-elect Mr Wang Yanjun as a Director pursuant to Article 97		
9	To re-appoint the Auditors and authorise the Directors to fix their remuneration		
	Special Business		
10	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited		
11	To approve the Proposed Renewal of, and Amendments to, the General Mandate for Interested Person Transactions		
12	To approve the Proposed Renewal of the Share Purchase Mandate		
13	To approve the Proposed Adoption of the New Constitution		

Dated this __________ day of ______________________ 2018

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s) or
Common Seal of Corporate Shareholder

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM

Notes:

1. If the member has shares entered against his/her name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members (maintained by or on behalf of the Company), he/she should insert that number of shares. If the member has shares entered against his/her name in the Depository Register and shares registered in his/her name in the Register of Members, he/she should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Temasek Boulevard, #31- 02, Suntec Tower Three, Singapore 038988 not less than 48 hours before the time appointed for the Meeting.

First fold. Glue all sides firmly. Stapling and spot sealing are disallowed.

Affix
Postage
Stamp

The Company Secretary
CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
8 Temasek Boulevard #31-02
Suntec Tower Three
Singapore 038988

Second fold. Glue all sides firmly. Stapling and spot sealing are disallowed.

5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

China Aviation Oil (Singapore) Corporation Ltd
中国航油（新加坡）股份有限公司

A subsidiary of China National Aviation Fuel Group Limited
中国航空油料集团有限公司子公司

8 Temasek Boulevard
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Singapore 038988
Tel : (65) 6334 8979
Fax : (65) 6333 5283
Website: www.caosco.com

Company Registration No.199303293Z