



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 Corporation
中国航空油料集团公司子公司

坚韧
奋进

**GROWTH
STRENGTH
RESILIENCE**

Annual Report 2015

2015 年年度报告

Fuel for future 为明天加油

Contents

目录

Financial Highlights	01	业绩亮点
CAO at A Glance	02	公司简介
International Reach	04	国际触角
Sustainable Business Model	06	可持续的业务模式
Vision	06	愿景
Group Structure	08	集团结构图
Growing Strength to Strength		茁壮成长
Chairman's Statement	10	董事长致辞
Board of Directors	16	董事会
Corporate Information	27	公司信息
Strengthened Through the Seasons		坚韧不拔
Chief Executive Officer's Strategic Report		首席执行官战略报告
CEO's Message	30	首席执行官致辞
Strategic Risks Review	36	战略风险回顾
Audit & Internal Control	43	审计与内部控制
Operations Review	45	经营概况
Financial Review	50	财务业绩
Investor Relations	54	投资者关系
Senior Management	58	高级管理层
Resilient Through the Times		欣欣向荣
Risk Management	64	风险管理
Human Capital	72	人力资源
Corporate Social Responsibility	75	企业社会责任
Statement of Corporate Governance	81	公司治理报告
Financial Statements	106	财务报告
Supplementary Information	168	补充信息
Statistics of Shareholdings	169	持股统计
Notice of Annual General Meeting	170	常年股东大会通知
Proxy Form		代理表格

CAO's Annual Report 2015 aims to give readers an account of the Group's integrated approach to value creation and sustainability development. Our report provides an overview of key activities, events and results in 2015, together with commentary on the Group's performance in the year and our priorities as we move forward to realise our strategic vision.

Financial Highlights

业绩亮点



GROWTH STRENGTH RESILIENCE

坚韧奋进

Strongly-rooted, upright, fast-growing, resilient. Bamboos are a picture of vitality and solidity, making them a valuable and widely-used perennial evergreen plant variety in many regions and cultures.

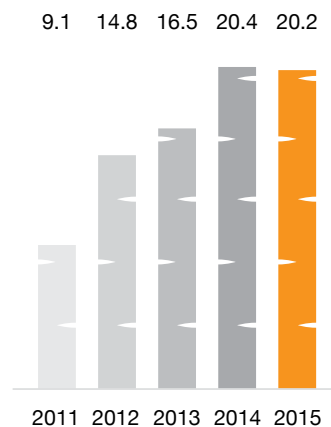
Emerging from the ground in full diameter, with a new shoot growing vertically until the whole stem reaches its full height, it then branches out, hardens, and strengthens further. Withstanding strong winds, it graciously bends and then vigorously goes back to its upright position, nimble yet not losing its ground.

These same qualities have been exhibited by China Aviation Oil over the years. A balance of adaptability and durability that enables the Group to stand and grow steadily as evidenced by its strong performance despite the harsh market conditions in 2015.

Total Supply and Trading Volume (million tonnes)

总业务量(百万吨)

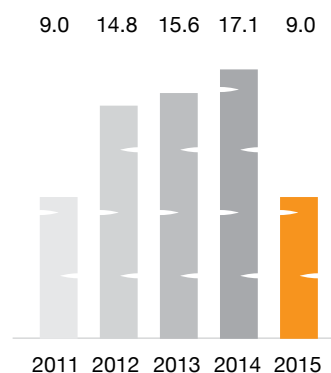
20.2
million tonnes



Revenue (US\$ billion)

营业额(十亿美元)

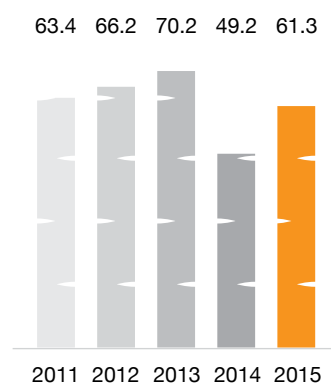
US\$9.0
billion



Net Profit (US\$ million)

净利润(百万美元)

US\$61.3
million



Return on Equity
净资产回报率

10.7%

Return on Assets
资产回报率

5.7%

Net Asset Value/Share
每股净资产值(美分)

US68.90¢

CAO at A Glance

China Aviation Oil (Singapore) Corporation Ltd (“CAO” or “the Group”), incorporated in Singapore on 26 May 1993, and listed on the mainboard of the Singapore Exchange Securities Trading Limited since 2001, is the largest physical jet fuel trader in the Asia Pacific region and the sole supplier of imported jet fuel to the civil aviation industry of the People’s Republic of China (“PRC”).

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

ASSOCIATES UNDER THE GROUP

The Group also 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. The associated companies including 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 CNAF Hong Kong Refuelling Limited (“CNAF HKR”) cover a broad spectrum of businesses and form integral parts of the Group’s integrated value chain.

OUR KEY SHAREHOLDERS

China National Aviation Fuel Group Corporation (“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 distribution, storage, transportation and refuelling services at over 190 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

CAO is the largest physical jet fuel trader in Asia Pacific and the sole importer of jet fuel into the PRC. The Group supplies jet fuel at 17 international airports across China, including major PRC gateways such as Beijing Capital International Airport, Shanghai Pudong and Hongqiao International Airports and Guangzhou Baiyun International Airport.

The Group also markets and supplies jet fuel to airline companies at 38 international airports outside the PRC, 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 growing and expanding its businesses into new markets, underpinned by robust strategies to create a strong foundation for future growth.

Trading of Other Oil Products

CAO will continue to diversify its revenue streams and expand its scale of business by building up supply and trading businesses in other oil products, which include fuel oil, gas oil and aviation gas (“avgas”). CAO has entrenched its market presence as an active trader of these oil products in the Asia Pacific market and will continue to work at building and optimising structural advantages in these products.

Investments in Oil-related Assets

CAO continuously seeks to create value and deliver long-term growth through investments and acquisitions in oil-related assets that are synergetic to its core businesses 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)
- China Aviation Oil Xinyuan Petrochemicals Co., Ltd (“Xinyuan”) - (39% equity stake)
- Oilhub Korea Yeosu Co., Ltd (“OKYC”) - (26% equity stake)
- CNAF Hong Kong Refuelling Limited (“CNAF HKR”) - (39% controlling equity stake)

公司简介

中国航油（新加坡）股份有限公司（简称“CAO”或“集团”）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是亚太地区最大的航油实货贸易商和中国独家航油进口商。

CAO及其全资子公司中国航油（香港）有限公司（“香港公司”）、北美航油有限公司（“北美公司”）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。CAO与全资子公司中国航油（欧洲）有限公司（“欧洲公司”）和北美公司进行航油和其他油品的国际贸易。

联营公司

联营公司的油品相关资产（包括储罐、管线、机场加注设备）可以为集团的供应贸易业务提供协同性，包括上海浦东国际机场航空油料有限责任公司（“浦东航油”）、中国航油集团津京管道运输有限责任公司（“管输公司”）、中国航油集团新源石化有限公司（“新源公司”）、韩国丽水枢纽油库有限公司（“OKYC”）和中国航油香港供油有限公司（“CNAF HKR”），资产遍布多个业务板块，形成集团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公司（简称“CNAF”），CNAF持有CAO全部发行股票（不包含库存股）的51.31%，是一家中国国有企业，也是中国最大的航空运输服务保障企业，为中国超过190家机场提供航空油料的分配、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

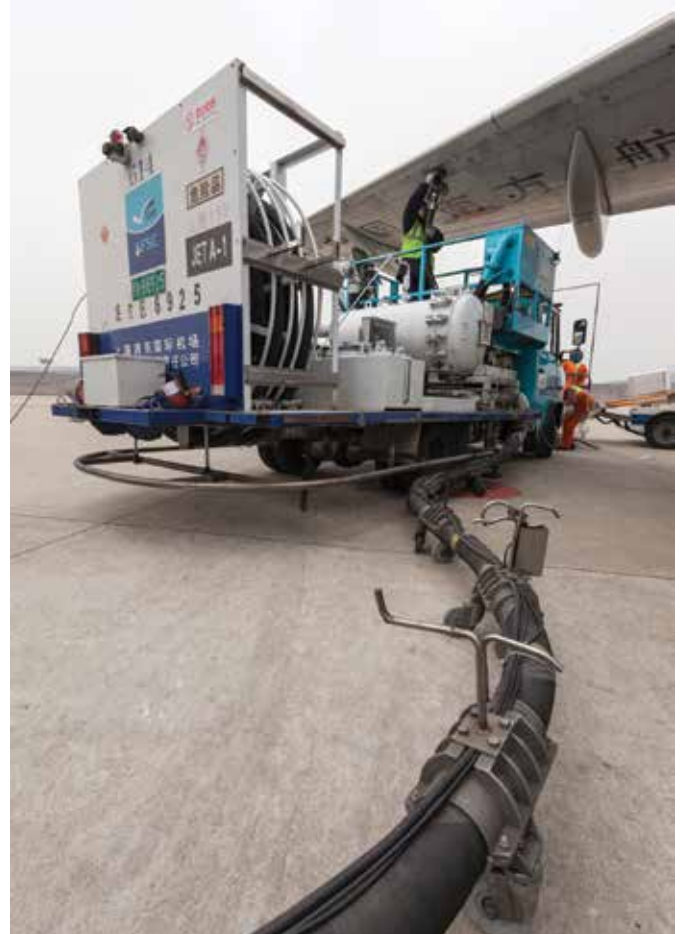
航油供应与贸易

CAO是亚太地区最大的航油实货贸易商和中国独家航油进口商。集团向分布在中国各地的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。

CAO集团也在中国大陆以外的亚太、北美、欧洲和中东的38个国际机场向航空公司营销并供应航油。在全球航空运输市场快速增长的推动下，集团会继续专注拓展和发展新市场，其稳健的战略为未来的发展打下了坚实的基础。

其他油品贸易业务

公司会继续通过多元化的供应与贸易业务拓展收入来源，提升业务规模。我们的其他贸易品种包括燃料油、柴油和航空汽油（“航汽”）。CAO已在亚太地区成为这些油品种类的活跃贸易商，也会继续优化和打造其他贸易产品的结构性优势。



Into-plane refuelling operations at Shanghai Pudong International Airport

在上海浦东国际机场为飞机加注

油品相关实业投资

CAO通过投资与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集团的现有投资包括：

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

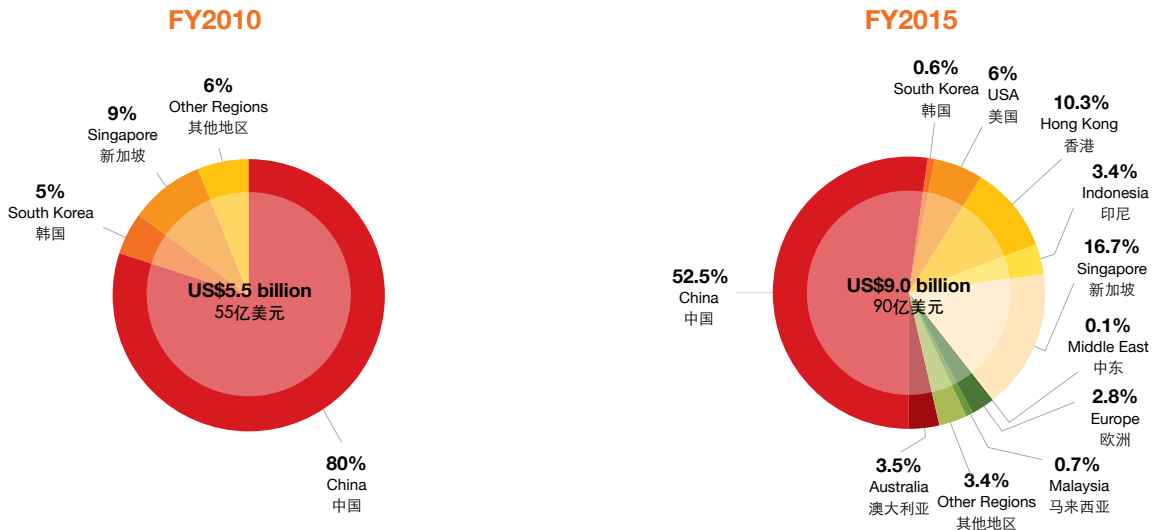
International Reach

国际触角

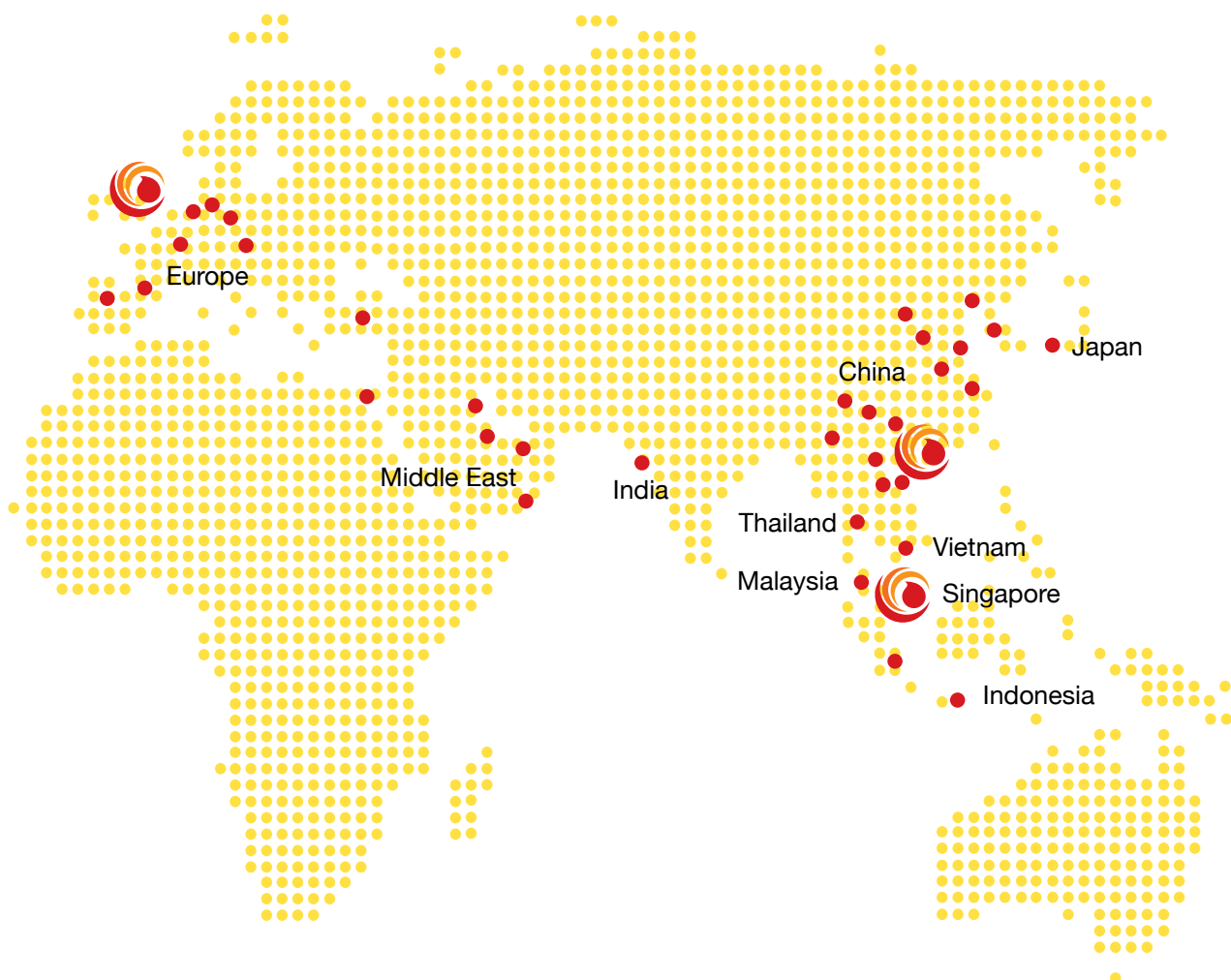


-  CAO Headquarter & Subsidiaries
CAO 总部及其子公司
-  Supply & Trading Network
供应与贸易网络

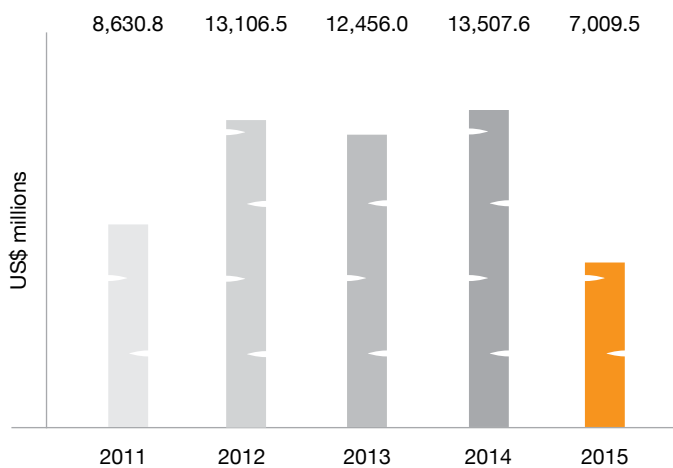
Diversified Geographic Base 地理多元化



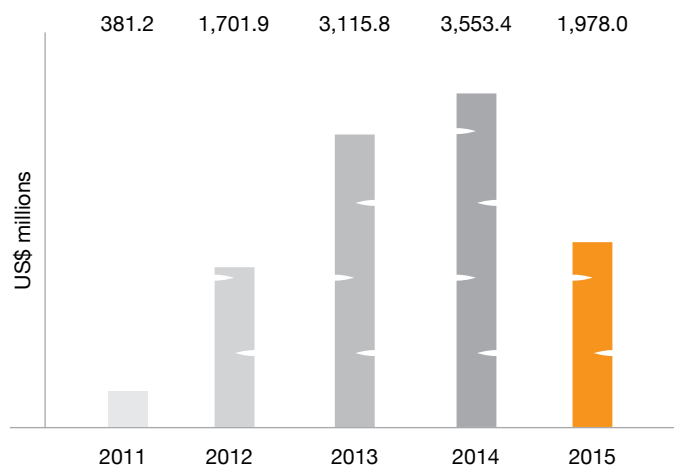
Group Revenue by Geographical Locations
总销售收入（按地区划分）



Diversified Product Base
产品多元化



Revenue - Middle Distillates
收入 - 中馏分



Revenue - Other Oil Products
收入 - 其他油品

Sustainable Business Model

可持续的业务模式

OUR VISION

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

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。

International Oil Markets
国际油品市场



Procurement
采购

Optimisation & Trading
优化与贸易



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，加强集团的盈利能力。

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

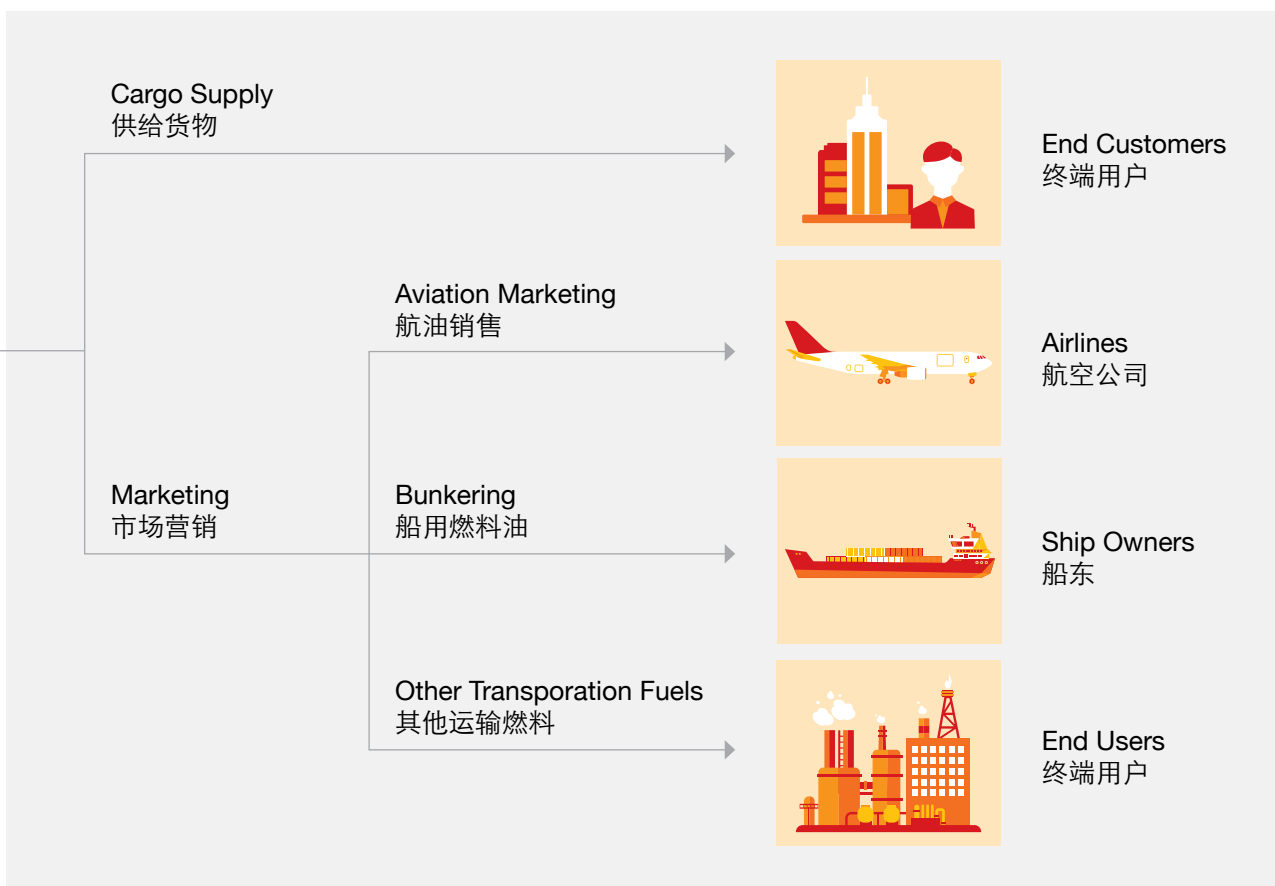


• Xinyuan
新源公司

• OKYC
韩国丽水枢纽油库有限公司

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



Create Demand 创造需求

Pipelines
管线



TSN - PEKCL
管输公司

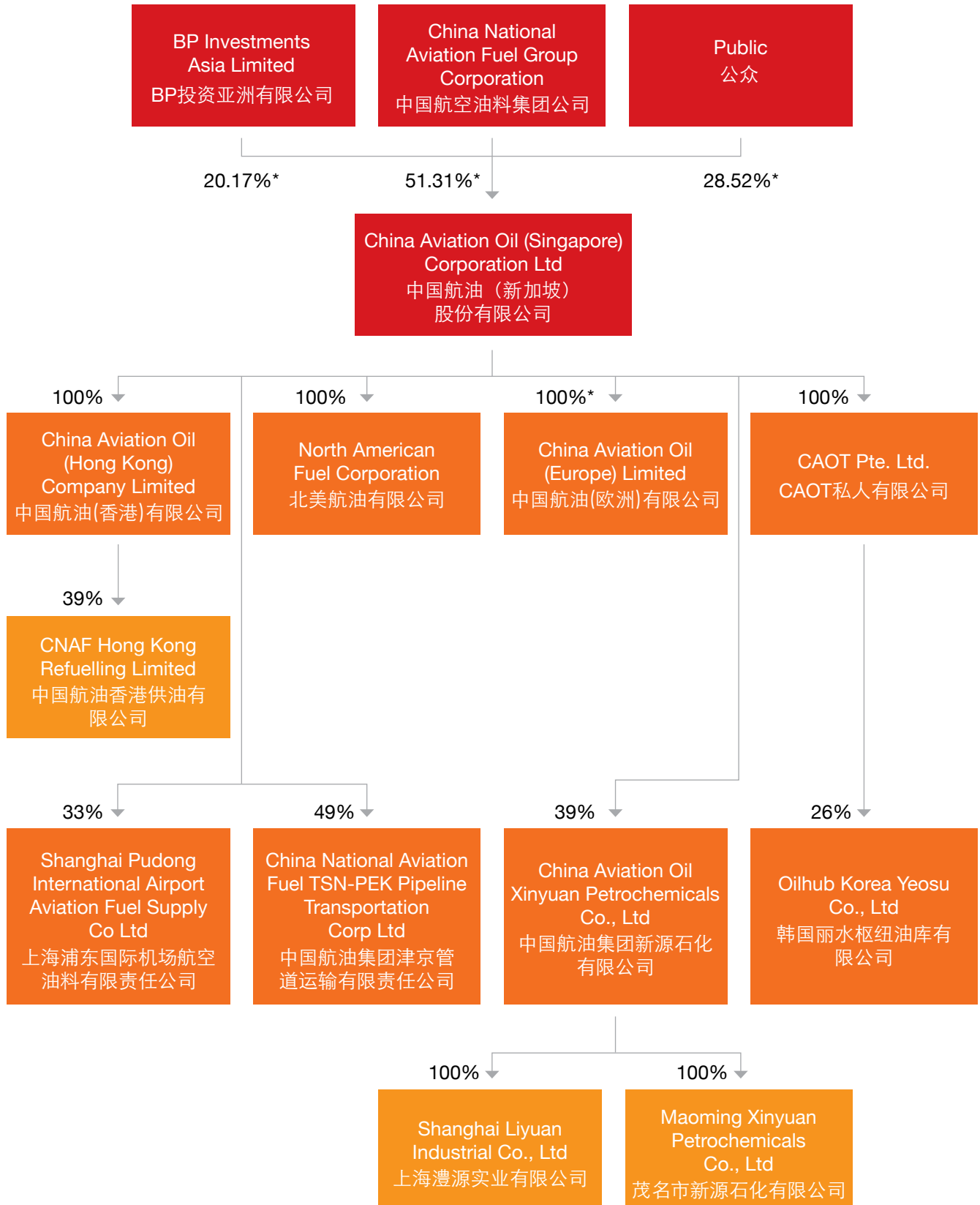
Airport Refuelling Facilities
机场加注设施



• SPIA 浦东航油
• CNAF HKR 中国航油香港供油有限公司

Group Structure (as at March 2016)

集团结构图 (截至2016年3月)



* Excluding treasury shares
不包括库存股

An illustration of bamboo stalks and shoots. The stalks are tall and segmented, with a light green to yellowish-green color. The shoots are shorter and more vibrant green, with brownish-red sheaths. The background is white with faint, light green bamboo leaves and stalks.

GROWING
STRENGTH TO STRENGTH

茁壯成長

Chairman's Statement

Dear Shareholders,

I am deeply honoured to be appointed Chairman and Director of the CAO Group with effect from 11 August 2015, following the retirement of Mr Sun Li as Chairman of CNAF.

The cumulative efforts of CAO's Board of Directors, past and present, its management team and all staff of CAO, have honed CAO into the international corporation that it is today. Collectively, we have realised the internationalisation of CAO, building the Group's integrated value chain which today spans across the Asia Pacific, Europe and USA. With the support of its shareholders, Board of Directors and the management, CAO has also resolved major issues from the past, leading CAO to the forefront of development as a Singapore-listed company. Today, CAO supplies to more than 30 international airports outside mainland China and is the largest physical trader of jet fuel in Asia Pacific.

In recent years, CAO has gained several corporate honours such as the Singapore International 100 ranking in 2014 and 2015, achieving No 3 ranking in Overseas Turnover Excellence; winning Securities Investors Association Singapore's ("SIAS") "Most Transparent Company" award for six consecutive years and more recently in 2015, winning Best Investor Relations (Gold) at Singapore Corporate Awards. CAO has also been named as one of the most valuable companies in the world in the Forbes Global 2000 ranking for three consecutive years. These many achievements of CAO were the outcome of management's dedication, effective control and operational effectiveness as well as the hard work of all employees led by CEO Mr Meng Fanqiu.

CAO's increasingly solid corporate standing further attests to the support its parent company CNAF and strategic partner BP had put in to hone management expertise and leadership to spearhead, optimise and strengthen the Group's strategy and core competencies. Today, CAO boasts a strong balance sheet, robust enterprise risk management processes, a strong management team and heightened corporate governance practices which set the foundation for its sustainable growth going forward. These key corporate strengths developed over the years have heightened the Group's resilience to overcome the challenges ahead as our industry goes through difficult times and are the very building blocks which will ensure the continued success of CAO even as the Group becomes more proactive in creating value for itself as well as its stakeholders, ready to seize any opportunities that may arise and invest prudently, to take CAO to the next level.

2015 PERFORMANCE

Despite 2015 being a tumultuous year for the oil industry as a whole, CAO's performance in 2015 was creditable as the Group navigated across the dramatic changes of the global oil market structure during the year, and took advantage of market trends. In 2015, the Group continued to progress on the back of its global expansion strategy and while revenues declined from a year ago as a result of the depressed oil prices, profitability grew 24.7% over 2014.

The macroeconomic environment in 2015 was extremely challenging with increased turbulence in global oil markets causing the oil trading environment to be very difficult. The Group swiftly responded to the changing oil market dynamics by fine-tuning its strategy, adjusted its business structure and focused on its core jet fuel supply and trading business. Total revenue of the Group for the 12 months ended 31 December 2015 ("FY2015") was US\$9.0 billion, a decrease of 47.4% from a year ago due to the depressed oil prices even as total supply and trading volumes for jet fuel and other oil products remained relatively stable at 20.2 million tonnes for the year. Net profit attributable to shareholders grew 24.7% from FY2014 to US\$61.3 million. Earnings per share were 7.12 US cents for FY2015 with a return on equity of 10.7% compared to 5.72 US cents and a return on equity of 9.1% a year ago.

DIVIDEND POLICY

In November 2015, the Board approved the adoption of a dividend policy based on a growth-based dividend payout formula in keeping with its corporate objective to enhance returns to shareholders. With effect from financial year 2015, CAO will declare dividends 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 and enhance shareholder value. Given the financial results achieved for FY2015, the Board of Directors has therefore recommended that shareholders receive a first and final (one-tier, tax exempt) dividend of S\$0.03 per share, compared to FY2014 dividend of S\$0.02 per share.

OUTLOOK

CAO's competitive advantage in the Chinese civil aviation market is deeply entrenched and bodes us well. While China's economic growth may be growing at a slower pace, its civil aviation industry is expected to



LIN WANLI
Chairman

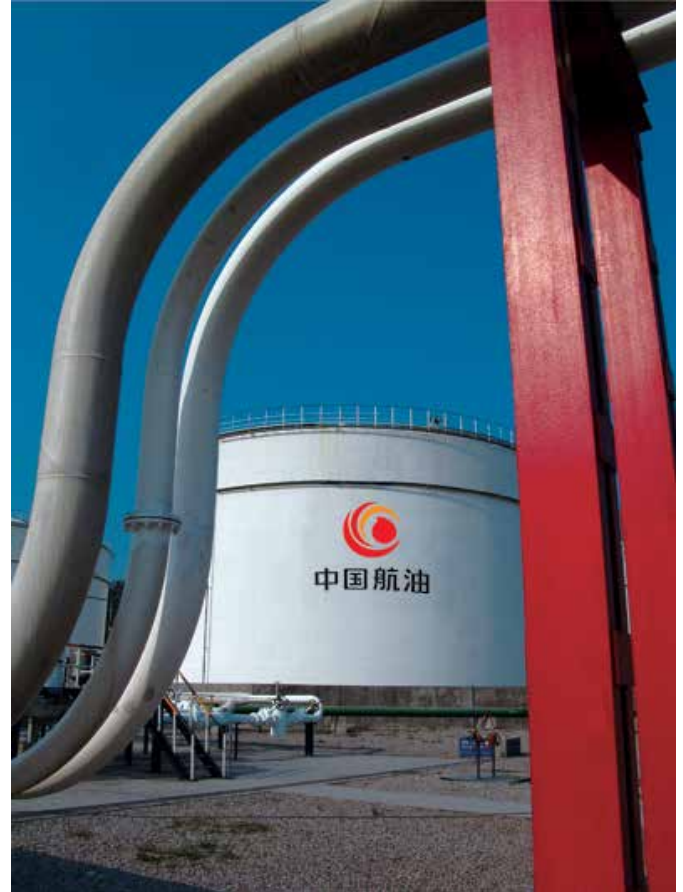
林万里
董事长

Chairman's Statement

continue its rapid growth momentum through to 2030, with total turnover projected to reach 170 billion tonne-kilometres by 2020 according to industry sources. Air passenger throughput in the PRC reached 400 million in 2015, an increase of about 11% year-on-year whilst total air transportation turnover volume for the same period reached 77.7 billion tonne-kilometres, an increase of 13.7% over 2014. China is set to be the world's largest civil aviation market by the 2030s and this burgeoning demand for jet fuel in China coupled with the dominant position of CAO's parent company, CNAF, in the Chinese civil aviation market will ensure that CAO's jet fuel business remains a key component of our Group's growth trajectory.

Apart from the organic growth of our business in China, the Group's global supply and trading network comprising CAOHK, NAFCO, CAOE and the Group's associate companies across China and South Korea further strengthens CAO's market positioning as a leading jet fuel supplier and trader globally, on top of being the sole importer of jet fuel into China. This international network is the platform for CAO's expanded growth. CAO has leveraged on its parent company's competitive strengths in China to expand its international business outside of mainland China through its internationalisation and diversification strategies. These efforts have yielded commendable results for to date, the proportion of revenue from outside mainland China contributes 47.5% of the Group's revenue compared to 20% in 2010.

As the PRC embarks on its development strategy of "One Belt, One Road", connectivity and cooperation among countries will see the development of infrastructure projects such as roads, railways, ports and airports across the Silk Road Economic Belt and the 21st Century Maritime Silk Road which together spans across three continents in Eurasia. CAO is well positioned to capture the impending opportunities and maintain a leading position in Asia Pacific through these new markets. By leveraging the consolidated scale of its international supply and trading network, CAO will also be able to increase its supply locations and volumes through partnership with airlines which will be supported by the burgeoning growth of the aviation industry in these emerging markets. At the same time, as the sole importer of jet fuel to the PRC, CAO has an important role to fulfil for the world's second largest aviation market which today consumes some 23.6 million metric tonnes of jet fuel annually. Jet fuel consumption in the PRC is set to sustain its double-digit growth and hit 39 million tonnes by 2020. This strong growth in the PRC aviation market is further expected to continue over the next two decades and will continue to augment CAO's business. Chinese



Oil storage facilities at CNAF
CNAF 储罐设施

passenger traffic has more than quadrupled over the last 10 years and by the 2030s, the Chinese market is set to be the world's largest in terms of both domestic and outbound passenger traffic. With presence in more international airports outside China today, the Group is poised to benefit from this impending growth as well.

BUILT ON FIRM FOUNDATIONS

Corporate Governance has been the cornerstone of CAO's foundation and as the Group continues to globalise its operations, becomes ever more critical in its strategic and investment decisions. Having implemented and put in place robust risk management systems and internal control processes incorporating the key principles of corporate governance across all its global platforms, the trying business climate this past year only validates the importance of robust risk management and corporate governance practices across the Group. As the realities of the world economy unfold, the Group will grow its business buttressed by the necessary financial resources to meet the challenges ahead and be strengthened in the process. Indeed, the Group



Into-plane refuelling services at a PRC airport
在中国机场的航油加注服务

is in good stead to continue its international business agenda in line with China's development strategy of "One Belt, One Road", riding on its firm foundations of sound corporate governance, robust risk management and a long-term corporate strategy. These business strategies, together with our deeply ingrained values of fairness, integrity, innovation and transparency, are the foundation to realise our vision to be an innovative, global top-tier, integrated transportation fuels provider.

ACKNOWLEDGEMENTS AND APPRECIATION

Even as 2016 looks increasingly set to be a year of subdued demand and lacklustre prospects, I am confident that CAO, led by its strong management team and armed with its robust balance sheet and sound principles of corporate governance, will successfully navigate through these tumultuous times. Today, CAO has grown into a multi-national enterprise with a multi-talented team less than 10 years after the Group's restructuring. Together with the support of CNAF, our parent company and majority shareholder, CAO management team is ready to bring CAO to the next level as a reputable international oil supplier and trader with an integrated value chain.

As I take over the helm from Mr Sun Li, I will endeavour to continue his good works and seek even greater development and success for CAO, furthering the Group's globalisation strategy. It is my wish to see the staff and management of CAO implement the strategic plans of the Board, further improve management capabilities, effective risk management, and achieve

sustainable growth. CAO is CNAF's platform for international growth which will be even more prevalent as CNAF embarks on China's development strategy of "One Belt, One Road". I would also like to express my heartfelt and sincere thanks to Mr Sun Li, CAO Board of Directors and all CAO employees for their efforts and contributions over the years!

As we march onward to shape CAO's future with the combined efforts of all at CAO, under the leadership of its Board of Directors, I am confident that CAO will achieve even greater success as a global leading transportation fuels supply and trading company, fulfilling its role as the international arm of CNAF and playing a significant part in the growth and development of CNAF as well.

On behalf of the Board and management, I wish to express my appreciation to all shareholders, business partners, investors and other stakeholders for your continued support and confidence in CAO as well as to the government agencies in China and Singapore for their counsel and guidance. With your continued support, I am confident that CAO will transform into a truly international enterprise and realise its 2020 vision to become a constantly innovating global top-tier integrated transportation fuels provider.

LIN WANLI
Chairman

董事长致辞

各位股东，

2015年8月11日起，我接替孙立先生，担任CAO集团董事长和董事，对此我深表荣幸。

CAO今日得以成为国际化企业要归功于CAO往届及本届董事会、管理层和全体员工的努力。我们携手初步实现了CAO的全球化发展，努力打造覆盖亚太、欧洲和美国的一体化价值链。在股东的支持下，CAO董事会和管理层一同解决了重大历史遗留问题，将CAO打造成为新加坡领先的上市企业。如今，CAO供应中国大陆以外超过30个国际机场，是亚太区最大的航油实货贸易商。

近些年来，CAO获得了多个荣誉奖项，如2014年入榜新加坡100家国际企业，2015年即成为该榜单排名第3的公司；连续六年获得新加坡证券投资者协会“最透明公司奖”，2015年更是获得新加坡企业奖的“最佳投资者关系”金奖，并连续3年跻身“福布斯上市公司2000强”。CAO获得的这些认可来源于管理层的付出、有效的控制、高效运营，以及在首席执行官孟繁秋先生领导下的所有员工的辛勤工作。

CAO声誉的提高，证明了在母公司中国航空油料集团公司和大股东BP给予的支持下，管理层磨砺经验和领导力，带领员工优化、强化CAO的战略和核心竞争力。如今的CAO有着健康的资产负债表、稳健的企业风险管理框架、经验丰富的管理团队和高水准的公司治理实践，这些都为未来的可持续发展打下良好基础。这些年打造的核心优势使得公司可以更灵活应对行业困境，保持行业领先地位。集团也积极为自身和相关各方创造价值，把握有利时机，进行明智投资，取得跨越式发展。

2015年经营业绩

虽然2015年油品行业不甚乐观，但CAO顺利应对全球油品市场结构的重大变化，成功把握了市场走势，财务业绩可圈可点。2015年，CAO在全球业务拓展战略的指导下继续发展，虽然由于油价走弱，收入同比有所降低，但利润同比增长24.7%。

2015年的宏观经济环境挑战重重，油品市场波动增加，油品贸易尤其艰难。面对油品市场的变化，集团反应迅速，完善策略，进行业务结构调整，强化核心主业——航油供应与贸易业务。截止2015年12月31日的2015财年（“2015财年”），由于油价持续低迷，尽管航油和其他油品供应与贸易量稳定保持在2020万吨，但集团收入同比降低47.4%至90亿美元。可分配给股东的净利润同比增长24.7%至6130万美元。2015财年每股盈利为7.12美分，净资产回报率为10.7%，2014财年每股盈利为5.72美分，净资产回报率为9.1%。

股息政策

2015年11月，董事会批准了与增长挂钩的股息政策，提高股东回报。从2015年起，CAO会将年度合并净利润的30%作为股息派发(单层免税，四舍五入至0.01新元)，让股东参与CAO的成长，增强股东价值。基于2015财年的业绩，董事会提议向股东发放每股0.03新元股息(2014年股息为每股0.02新元)。



CAO was awarded “Most Transparent Company” (Runner-up in Oil & Gas Category) at SIAS Investors’ Choice Award 2015
CAO获颁2015年SIAS投资者选择奖“最透明企业”（油气组别第二名）



Into-plane refuelling at a Chinese airport
在中国机场加注航油

展望

CAO在中国民航市场的竞争优势根深蒂固，为CAO的发展带来有利条件。虽然中国经济增速可能在放缓，但预计民航业会继续保持增长势头直到2030年，总周转量预计将在2020年达到1700亿吨公里。2015年中国客运吞吐量达到4亿人次，同比增加约11%；航空运输周转量达到777亿吨公里，同比增加13.7%。中国预计会在2030年前成为世界最大的民航市场，中国对航油的旺盛需求以及CNAF（CAO的母公司）在中国民航市场的主导性地位决定了CAO的核心发展板块是航油业务。

除了在中国的自然增长，集团全球供应与贸易网络(包括香港公司、北美公司、欧洲公司和CAO在中国及韩国的联营公司)进一步加强了CAO的市场地位，即领先的全球航油供应与贸易商，中国独家航油进口商；CAO依托全球网络拓展业务，利用在中国的竞争优势拓展中国以外的全球业务，以及通过全球化和多元化战略，寻找中国地区以外的增长点。在这方面，公司已经取得了喜人的成绩，截至今日中国以外的收入占集团总收入的47.5%，而2010年这一数字仅为20%。

随着中国政府“一带一路”发展战略的制定，国家间的连接和合作将日益密切，尤其是基础设施项目，如道路、铁路、港口和机场项目。丝绸之路经济带和21世纪海上丝绸之路覆盖欧亚非大陆三大洲。CAO有能力把握机遇，通过开拓新市场，保持在亚太区的领先地位。这些新兴市场民航业发展蓬勃，CAO可以借助全球供应与贸易网络，通过与航空公司的合作，增加供应点和供应量。同时，中国如今是世界第二大航空市场，航油消耗量为每年2360万吨，作为中国唯一航油进口商，CAO责任重大。预计中国将在2020年前保持双位数增速，并在2020年达到3900万吨。未来20年，预计中国民航业都将保持强劲增长，这对CAO的发展是一个利好消息。中国客运市场在过去10年翻了四倍多，中国将在2030年前成

为世界最大的国内及国际客运市场。CAO在中国以外有更多的全球机场供应点，也会极大受益于这部分增长。

稳中求进

公司治理是CAO发展的基础，随着集团业务全球化发展，公司治理在CAO的战略和投资决策中起着尤为重要的作用。公司制定实施了稳健的风险管理系统和内控流程，在各区域的运作平台上秉持高标准的公司治理，去年颇具挑战的商业环境更证明了公司治理和风险管理的重要性。随着全球经济的持续发展，集团会坚持稳扎稳打，储备足够资本应对挑战。集团会响应中国“一带一路”发展战略，继续打造全球业务，而高水准的公司治理、稳健的风险管理和严格的公司战略将会是进一步发展的基础和保障。这些可持续的发展战略是公司发展的支柱，将与公司“公平、诚信、创新和透明”的价值观一同，继续支持我们实现愿景，即成为具有创新精神的全球一流的运输燃料一体化方案供应商。

致意与感谢

虽然2016年的油品需求和行业前景不甚乐观，但我有信心，在优秀的管理团队的带领下，凭借健康的资产负债表和严格的公司治理，CAO一定会成功渡过难关。重组完成十年后的CAO已经成长为拥有多领域专业团队的跨国企业。在母公司及大股东CNAF的支持下，新加坡管理团队将带领CAO发展为一体化产业链的国际知名的油品供应与贸易商。

从孙立先生手中接棒后，我会竭尽所能，为CAO带来更大的发展，深化执行集团的全球化战略。我希望看到CAO的员工和管理层继续实施董事会的战略计划，加强管理能力，进一步提高公司治理，获得更大的发展。CAO是CNAF全球发展的平台，随着CNAF执行中国“一带一路”发展战略，CAO的重要地位会更加凸显。我衷心感谢孙立先生、CAO董事会和所有CAO员工这些年来的努力和贡献！

我相信在董事会的领导下，我们会齐心协力，创造更好的成绩，CAO将成为全球领先的运输燃料供应与贸易公司，发挥CNAF海外发展平台的作用，为CNAF的发展做出显著贡献。我代表董事会和管理层，感谢所有股东、商业伙伴、投资者和其他相关方的持续支持和对CAO的信心，感谢中新两国政府机构的指导。在各方的支持下，我相信CAO会成为一家真正的国际化企业，实现2020年愿景，成为具有创新精神的全球一流运输燃料一体化方案提供商。

林万里
董事长

Board of Directors

董事会





SEATED FROM LEFT
前排左至右

Wang Kai Yuen
王家園

Lin Wanli
林万里

Meng Fanqiu
孟繁秋

STANDING FROM LEFT
后排左至右

Luo Qun
罗群

Felipe Arbelaez

Li Runsheng
李润生

Bella Young
楊必麗

Zhao Shousen
赵寿森

Ang Swee Tian
汪瑞典

Board of Directors

董事会



LIN WANLI, 55
Non-Executive and
Non-Independent
Chairman

Date of first
appointment as a
director:
11 August 2015

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

Length of service as
director:
4 months
(as at 31 December
2015)

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

Academic and Professional Qualification(s):

- Bachelor of Arts in Political Science and Economics, Shandong University, Jinan
- Master of Business Administration, Tsinghua University, Beijing

Present Directorships:
(as at 31 December 2015)

Listed Companies:
Nil

Other Principal Directorships:

- China National Aviation Fuel Group Corporation (Director)

**Major Appointments
(other than directorships):**
Nil

**Past Directorships held over the preceding
3 years
(from 1 January 2013 to 31 December 2015):**

- Former Chairman of China Railway Materials Company Limited
- Former Director of China CNR Corporation Limited

Others:

- Former Deputy Chairman of the China Railway Tunnel Group Co, Ltd
- Former General Manager of China Railway Materials Group Corporation

林万里, 55岁
非执行、非独立董事长

首次当选董事日期:
2015年8月11日

上次董事轮选日期:
不适用

供职董事年限:
4个月
(截至2015年12月31日)

供职董事委员会:
无

学术和专业资历:

- 山东大学, 政治经济学专业, 经济学士
- 清华大学, 经济管理学院, 工商管理硕士

现任董事席位:
(截至2015年12月31日)

上市公司:
无

其他主要董事席位:
中国航空油料集团公司 (董事)

**主要任职
(除董事职位外):**
无

**过去三年曾任董事席位
(2013年1月1日至2015年12月31日):**

- 曾任中国铁路物资股份有限公司董事长
- 曾任中国北车股份有限公司董事

其他:

- 曾任中铁隧道集团有限公司副董事长
- 曾任中国铁路物资总公司总经理



WANG KAI YUEN, 68
Deputy Chairman and
Lead Independent
Director

Date of first
appointment as a
director:
28 April 2008

Date of last re-election
as a director:
24 April 2014

Length of service as
director:
7 years 8 months
(as at 31 December
2015)

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 2015)

Listed Companies:

- A-Sonic Aerospace Ltd (Director)
- ComfortDelGro Corporation Ltd (Director)
- COSCO Corporation (Singapore) Limited (Director)
- Emas Offshore Ltd (Director)
- Ezion Holdings Ltd (Director)
- HLH Group Ltd (Chairman)
- Matex International Ltd (Director)

Other Principal Directorships:

Nil

**Major Appointments
(other than directorships):**

Nil

**Past Directorships held over the preceding
3 years**

(from 1 January 2013 to 31 December 2015):

- Asian Micro Holdings Ltd
- Xpress Holdings Ltd
- SuperBowl Holdings Ltd

Others:

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

王家園, 68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:
2014年4月24日

供职董事年限:
7年零8个月
(截至2015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2015年12月31日)

上市公司:

- A-Sonic Aerospace有限公司 (董事)
- 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 Offshore 有限公司(董事)
- 毅之安控股有限公司 (董事)

- 蓬莱发集团 (董事长)
- 万得国际有限公司(董事)

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

(2013年1月1日至2015年12月31日):

- 亚威控股有限公司
- Xpress 控股有限公司
- SuperBowl 控股有限公司

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, 48
Chief Executive Officer/
Executive Director

Date of first
appointment as a
director:
28 March 2006

Date of last re-election
as a director:
25 April 2013

Length of service as
director:
9 years 9 months
(as at 31 December
2015)

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 2015)

Listed Companies:
Nil

Other Principal Directorships:

- China Aviation Oil (Hong Kong) Company Limited (Chairman/Director)
- North American Fuel Corporation (Chairman/Director)
- Shanghai Pudong International Airport Aviation Fuel Supply Corporation Ltd (Deputy Chairman)
- China Aviation Oil Xinyuan Petrochemicals Co., Ltd (Deputy Chairman)
- China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd (Director)

- Oilhub Korea Yeosu Co., Ltd (Chairman/Director)
- CAOT Pte. Ltd. (Director)
- China Aviation Oil (Europe) Limited (Director)
- Investor Relations Professionals Association (Singapore) 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 2013 to 31 December 2015):
Nil

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 Corporation
- Former Member of Corporate Governance Assessment Committee which was constituted during the restructuring of CAO

孟繁秋, 48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:
2013年4月25日

供职董事年限:
9年零9个月
(截至2015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2015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)
- 北美航油有限公司 (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)

- 中国航油集团津京管道运输有限责任公司 (董事)
- 韩国丽水枢纽油库有限公司(董事长/董事)
- CAOT有限公司 (董事)
- 中国航油(欧洲)有限公司 (董事)
- 投资者关系专业协会 (新加坡) (董事)

主要任职 (除董事职位外):

- 中资企业(新加坡)协会会长
- 新加坡工商联合会总会中国工商组副主席

过去三年曾任董事席位 (2013年1月1日至2015年12月31日):
无

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



ZHAO SHOUSEN, 52
Non-Executive Director
and Non-Independent
Director

Date of first
appointment as a
director:
28 March 2006

Date of last re-election
as a director:
25 April 2013

Length of service as
director:
9 years 9 months
(as at 31 December
2015)

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

Academic and Professional Qualification(s):

- Bachelor of Management in Financial Accounting, Shandong Economic Institute, Shandong
- Philosophy of Doctor in Industrial Economics, Beijing Jiaotong University, Beijing

Present Directorships:
(as at 31 December 2015)

Listed Companies:
Nil

Other Principal Directorships:

- China National Aviation Fuel Supply Corporation Ltd (Director)
- China National Aviation Fuel Group Finance Company Ltd (Chairman)

**Major Appointments
(other than directorships):**
Chief Accountant of China National Aviation Fuel Group Corporation

**Past Directorships held over the preceding 3 years
(from 1 January 2013 to 31 December 2015):**
Nil

Others:

- Former Director of the Department of Financial Assets of Shengli Petroleum Administration
- Former Director, Vice President and Chief Accountant of Sinopec Shengli Oil Field Co Ltd
- Entitled to Special Government Allowance from the State Council of the PRC

赵寿森, 52岁
非执行、非独立董事

首次当选董事日期:
2006年3月28日

上次董事轮选日期:
2013年4月25日

供职董事年限:
9年零9个月
(截至2015年12月31日)

供职董事委员会:
审计委员会 (副主席)
风险管理委员会 (成员)

学术和专业资历:

- 山东财经学院财会专业管理学士学位
- 北京交通大学产业经济学博士学位

现任董事席位:
(截至2015年12月31日)

上市公司:
无

其他主要董事席位:

- 中国航空油料有限责任公司 (董事)
- 中国航油集团财务有限公司 (董事长)

**主要任职
(除董事职位外):**
中国航空油料集团公司总会计师

**过去三年曾任董事席位
(2013年1月1日至2015年12月31日):**
无

其他:

- 胜利石油管理局前财务资产部主任
- 中国石化胜利油田有限公司前董事、副总经理、总会计师
- 享受中国国务院政府特殊津贴

Board of Directors

董事会



LI RUNSHENG, 63
Non-Executive and
Independent Director

Date of first
appointment as a
director:
24 April 2014

Date of last re-election
as a director:
22 April 2015

Length of service as
director:
1 year 8 months
(as at 31 December
2015)

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 2015)

Listed Companies:
Nil

Other Principal Directorships:
Nil

**Major Appointments
(other than directorships):**
• Vice Chairman of China Petroleum and
Chemical Industry Association

**Past Directorships held over the preceding
3 years
(from 1 January 2013 to 31 December 2015):**
Nil

Others:

- Member of Standing Committee of National Committee of China Energy and Chemical Trade Union
- Member of National Technical Committee of Brand Value and Value Assessment Standardisation
- Distinguished Professor of China University of Petroleum, Beijing
- Chairman of China Controlled Chemicals Association
- Former Assistant to President of China National Petroleum Corporation
- Former Vice Chairman and Executive Member of China Petroleum Enterprise Management Association
- Former Director of PetroChina Marketing Company Limited
- Former Vice President of PetroChina Company Limited, Refining & Marketing Branch

李润生, 63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:
2015年4月22日

供职董事年限:
1年零8个月
(截至2015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2015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副会长

**过去三年曾任董事席位
(2013年1月1日至2015年12月31日):**
无

其他:

- 中国能源化学工会全国委员会常委
- 全国品牌价值及价值测算标准化技术委员会委员
- 中国石油大学 (北京) 特聘教授
- 中国监控化学品协会理事长
- 前中国石油天然气集团公司总经理助理
- 前中国石油企业管理协会副理事长、常务理事
- 前中石油销售有限责任公司董事
- 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



FELIPE ARBELAEZ, 46
Non-Executive and
Non-Independent
Director

Date of first
appointment as a
director:
30 July 2015

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

Length of service as
director:
5 months (as at 31
December 2015)

Board Committee(s) served on:

Risk Management Committee (Chairman)
Audit Committee (Member)

Academic and Professional Qualification(s):

- Bachelor in Mechanical Engineering, University of Illinois, United States/ Universidad de los Andes, Colombia
- Master of Science in Mechanical Engineering, University of Colorado, United States
- Masters in Finance, Universidad de los Andes, Colombia

Present Directorships:

(as at 31 December 2015)

Listed Companies:

Nil

Other Principal Directorships:

- BP Gas Marketing Limited (Director)
- BP Ghana Limited (Director)
- Guangdong Dapeng LNG Company Ltd (Vice Chairman)

Major Appointments

(other than directorships):

Nil

Past Directorships held over the preceding 3 years

(from 1 January 2013 to 31 December 2015):

- BP Global West Africa Ltd, Nigeria (Director)
- Nigermid Petroleum S.A., Panama (Director)

Others:

- Former Head of Crude Trading for Europe, Russia & Africa, BP Plc
- Former Head of Marketing & Origination for Europe, Russia & Africa, BP Plc
- Former Chief Commercial Officer of Integrated Supply & Trading, BP Plc

傅安赫, 46岁
非执行、非独立董事

首次当选董事日期:
2015年7月30日

上次董事轮选日期:
不适用

供职董事年限:
5个月
(截至2015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:

- 美国伊利诺伊大学/哥伦比亚安第斯大学, 机械工程学士
- 美国科罗拉多大学, 机械工程硕士
- 哥伦比亚安第斯大学, 金融学硕士

现任董事席位:

(截至2015年12月31日)

上市公司:

无

其他主要董事席位:

- BP Gas Marketing Limited (董事)
- BP Ghana Limited (董事)
- 广东大鹏液化天然气有限公司 (副主席)

主要任职

(除董事职位外):

无

过去三年曾任董事席位

(2013年1月1日至2015年12月31日):

- BP Global West Africa Ltd (尼日利亚)(董事)
- Nigermid Petroleum S.A. (巴拿马)(董事)

其他:

- 曾任英国石油公司欧洲、俄罗斯和非洲原油贸易主管
- 曾任英国石油公司欧洲、俄罗斯和非洲营销与开发主管
- 曾任英国石油公司综合供应与贸易首席商务官

Board of Directors

董事会



BELLA YOUNG, 51
Non-Executive and
Non-Independent
Director

Date of first
appointment as a
director:
22 April 2015

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

Length of service as
director:
8 months
(as at 31 December
2015)

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 2015)

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 2013 to 31 December 2015):**
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

楊必麗, 51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:
不适用

供职董事年限:
8个月
(截至2015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2015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
(2013年1月1日至2015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



ANG SWEE TIAN, 67
Non-Executive and
Independent Director

Date of first
appointment as a
director:
14 November 2008

Date of last re-election
as a director:
24 April 2014

Length of service as
director:
7 years 1 month
(as at 31 December
2015)

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 2015)

Listed Companies:

COSCO Corporation Singapore Limited
(Independent Director)

Other Principal Directorships:

- ICE Futures Singapore Pte Ltd (Non-Executive Chairman)
- Tuas Power Ltd (Non-Executive Director)

Major Appointments

(other than directorships):

Nil

Past Directorships held over the preceding 3 years

(from 1 January 2013 to 31 December 2015):

Nil

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, 67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:
2014年4月24日

供职董事年限:
7年零1个月
(截至2015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2015年12月31日)

上市公司:

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 (非执行董事长)
- 大士能源有限公司 (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

(2013年1月1日至2015年12月31日):

无

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



LUO QUN, 53
Non-Executive and
Non-Independent
Director

Date of first
appointment as a
director:
26 February 2010

Date of last re-election
as a director:
22 April 2015

Length of service as
director:
5 years 10 months
(as at 31 December
2015)

Board Committee(s) served on:
Nominating Committee (Vice Chairman)
Remuneration Committee (Vice Chairman)

Academic and Professional Qualification(s):

- Executive Master of Business Administration, National University of Singapore, Singapore
- Doctor of Philosophy in Management, South China University of Technology, Guangdong
- Certified Senior Professional Manager and Certified Senior Risk Manager
- Qualified Senior Engineer (Professor Level), China

Present Directorships:
(as at 31 December 2015)

Listed Companies:
Nil

Other Principal Directorships:
Nil

**Major Appointments
(other than directorships):**
Vice President of China National Aviation Fuel
Group Corporation

**Past Directorships held over the preceding
3 years
(from 1 January 2013 to 31 December 2015):**
Nil

Others:

- Former Assistant to the President of China National Aviation Fuel Group Corporation
- Former President of China National Aviation Fuel Logistics Co., Ltd
- Former Project Leader for the construction of new jet fuel supply facilities at Guangzhou Baiyun International Airport
- Former Executive Director of China National Aviation South China Bluesky Corporation
- Former Chairman of China Aviation Oil (Hong Kong) Company Limited
- Former Chairman of North American Fuel Corporation

罗群, 53岁
非执行、非独立董事

首次当选董事日期:
2010年2月26日

上次董事轮选日期:
2015年4月22日

供职董事年限:
5年零10个月
(截至2015年12月31日)

供职董事委员会:
提名委员会 (副主席)
薪酬委员会 (副主席)

学术和专业资历:

- 新加坡国立大学高层管理人员工商管理硕士学位
- 中国华南理工大学管理学博士学位
- 注册高级职业经理人和高级风险管理师
- 中国教授级高级工程师

现任董事席位:
(截至2015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):**
中国航空油料集团公司副总经理

**过去三年曾任董事席位
(2013年1月1日至2015年12月31日):**
无

其他:

- 中国航空油料集团公司前总经理助理
- 中国航油集团物流有限公司前总经理
- 广州新白云国际机场迁建供油工程指挥部前指挥长
- 华南蓝天航空油料有限公司前执行董事
- 中国航油(香港)有限公司前董事长
- 北美航油有限公司前董事长

Corporate Information (as at March 2016)

DIRECTORS

Lin Wanli

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

Wang Kai Yuen

(Deputy Chairman,
Lead Independent Director)

Meng Fanqiu

(Chief Executive Officer / Executive Director)

Ang Swee Tian

(Independent Director)

Bella Young

(Non-Independent, Non-Executive Director)

Felipe Arbelaez

(Non-Independent, Non-Executive Director)

Li Runsheng

(Independent Director)

Luo Qun

(Non-Independent, Non-Executive Director)

Zhao Shousen

(Non-Independent, Non-Executive Director)

AUDIT COMMITTEE

Ang Swee Tian (Chairman)

Zhao Shousen (Vice Chairman)

Wang Kai Yuen

Li Runsheng

Felipe Arbelaez

REMUNERATION COMMITTEE

Wang Kai Yuen (Chairman)

Luo Qun (Vice Chairman)

Li Runsheng

Bella Young

Ang Swee Tian

NOMINATING COMMITTEE

Li Runsheng (Chairman)

Luo Qun (Vice Chairman)

Wang Kai Yuen

Bella Young

Ang Swee Tian

RISK MANAGEMENT COMMITTEE

Felipe Arbelaez (Chairman)

Zhao Shousen

Ang Swee Tian

COMPANY SECRETARY

Doreen Nah

AUDITORS

KPMG LLP

Public Accountants and Chartered
Accountants

(Appointed on 28 April 2006)

Partner in charge: Ang Fung Fung

(Since financial year 2011)

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place #32-01

Singapore Land Tower

Singapore 048623

PRINCIPAL BANKERS

ABN AMRO Bank, N.V.

Agricultural Bank of China

ANZ Bank

Bank of China Limited

Bank of Communications Co., Ltd

China Construction Bank, Singapore Branch

Crédit Agricole CIB, Singapore Branch

DBS Bank Ltd

Industrial and Commercial Bank of China,

Singapore Branch

ING Bank N.V., Singapore Branch

JP Morgan

OCBC Bank

Société Générale, Singapore Branch

The Hongkong and Shanghai Banking

Corporation Limited

United Overseas Bank Limited

Westpac Banking Corporation, Singapore

Branch

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2016年3月)

董事

林万里

(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)

汪瑞典

(独立董事)

楊必麗

(非独立、非执行董事)

Felipe Arbelaez

(非独立、非执行董事)

李润生

(独立董事)

罗群

(非独立、非执行董事)

赵寿森

(非独立、非执行董事)

审计委员会

汪瑞典 (主席)

赵寿森 (副主席)

王家園

李润生

Felipe Arbelaez

薪酬委员会

王家園 (主席)

罗群 (副主席)

李润生

楊必麗

汪瑞典

提名委员会

李润生 (主席)

罗群 (副主席)

王家園

楊必麗

汪瑞典

风险管理委员会

Felipe Arbelaez (主席)

赵寿森

汪瑞典

公司秘书

蓝肖蝶

外部审计师

KPMG LLP

Public Accountants and Chartered

Accountants

(受聘于2006年4月28日)

负责合伙人:

洪芳芳(从2011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

ABN AMRO Bank, N.V.

Agricultural Bank of China

ANZ Bank

Bank of China Limited

Bank of Communications Co., Ltd

China Construction Bank, Singapore Branch

Crédit Agricole CIB, Singapore Branch

DBS Bank Ltd

Industrial and Commercial Bank of China,

Singapore Branch

ING Bank N.V., Singapore Branch

JP Morgan

OCBC Bank

Société Générale, Singapore Branch

The Hongkong and Shanghai Banking

Corporation Limited

United Overseas Bank Limited

Westpac Banking Corporation, Singapore

Branch

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



STRENGTHENED
BY THE SEASONS

坚韧不拔



Chief Executive Officer's Strategic Report

A Message from Meng Fanqiu

Dear Shareholders,

In 2015, the Company faced unprecedented challenges as a result of increased uncertainty over a recovery in the global economy. China's slower rate of growth had a significant impact on the macroeconomic environment, further exacerbating the oversupply situation in global oil markets as demand in the world's largest consumer market slowed. Coupled with geopolitical uncertainties, regional wars, armed conflicts and terrorism as well as other macroeconomic factors, this led to increased volatility in global oil markets and oil prices fell sharply to hit its lowest since 2004 during the year.

GROWTH

Faced with a difficult external environment and the collapse in oil prices reflecting the weak state of demand in the world economy, the Group responded swiftly to the changing market dynamics and fine-tuned its business strategies, leveraging on its core competencies in jet fuel supply and trading as well as its global supply and trading network. To mitigate the difficult operating environment, CAO adjusted its business plans and adopted a cautious trading strategy as well as suspended its petrochemical business even as the Group continued to work at developing structural advantages in its fuel oil business. With the combined teamwork and perseverance of all employees, CAO achieved commendable operating results and FY2015 net profit grew 24.7% to US\$61.3 million, reflecting the Group's single-minded focus to excel despite the times.

Due to the low oil prices, total revenue of the Group for FY2015 was US\$9.0 billion, a decrease of 47.4% from a year ago even as total supply and trading volumes for jet fuel and other oil products remained relatively stable

FY2015

Net Profit

US\$61.3m

Return on Equity

10.7%

at 20.2 million tonnes for the year. Earnings per share were 7.12 US cents for FY2015 with a return on equity of 10.7% compared to 5.72 US cents and a return on equity of 9.1% a year ago.

Despite the challenges in 2015, the Group continued to grow and expand its global supply and trading network as well as integrated value chain. Validating the improved efficacy and operational effectiveness of CAO's integrated global supply chain, CAO together with its subsidiaries NAFCO and CAO E collectively ran independent supply shipments from Asia to North America, successfully paving a smooth physical supply channel across the continents. This was a historic breakthrough for CAO's integrated business model; validating the Group's integrated value chain which today spans Asia, the United States and Europe.

STRENGTHENED

Indeed, CAO's globalisation strategy made historic breakthroughs in 2015, as seen in the Group's maiden independent cargoes from Asia to North America; the commencement of our operations in Hong Kong as Hong Kong International Airport's ("HKIA") third licensed refueller as well as the Group's progress in avgas and aviation marketing. Supplying to 38 international airports outside mainland China today, our aviation marketing business volumes has increased 32% with an enlarged customer base which includes reputable international airlines such as Emirates and Lufthansa in addition to the three major Chinese airlines. CAO is on track in the establishment of its brand name internationally as a specialised jet fuel company.

We have also significantly rebuilt the reputation of CAO to be a Company of sound corporate standing and repute amongst listed companies in Singapore. In terms of accolades, 2015 saw the Group being ranked as one of the most valuable companies in the world in the Forbes Global 2000 for the third consecutive year. In July 2015, CAO was awarded Best Investor Relations (Gold) at the Singapore Corporate Awards 2015, the only Chinese state-owned enterprise to have won the award since the commencement of the award 10 years ago. Also, CAO ranked 34th in the 100 Asian Corporate Governance Excellence Award, making CAO the top-ranking Chinese company listed on the Singapore Exchange in 2015 and in October 2015, CAO was awarded the "Most Transparent Company" by SIAS for the sixth consecutive year.



MENG FANQIU
*Chief Executive Officer/
Executive Director*

孟繁秋
首席执行官/执行董事

Chief Executive Officer's Strategic Report

A Message from Meng Fanqiu

RESILIENCE

Over the years, as CAO's good name continues to ascend, the Group has made significant progress in corporate standing which further attests to the support its parent company CNAF and strategic partner BP had put in to hone management expertise and leadership to spearhead, optimise and strengthen the Group's strategy and core competencies. Today, CAO boasts a strong balance sheet, robust enterprise risk management processes, a strong management team and heightened corporate governance practices which sets the foundation for its sustainable growth going forward. These key corporate strengths developed over the years have heightened the Group's resilience to overcome the challenges ahead as our industry goes through difficult times and are the very building blocks which will ensure the continued success of CAO even as the Group becomes more proactive in creating value for itself as well as its stakeholders, ready to seize any opportunities that may arise and invest prudently, to take CAO to the next level.

With the ongoing macroeconomic uncertainty, 2016 looks set to be a difficult year as global economies continue to be saddled with downside risks such as an oversupply of oil, depressed oil prices, volatilities in financial markets and geopolitical uncertainties. We therefore expect the oil trading environment to continue to be challenging in the year ahead; for which our efforts to shore up our resilience these past years will bode us well as we continue to seize growth opportunities for sustainable development.

Opportunities Amid the Headwinds

Whilst the global economy remains uncertain, the civil aviation industry bears huge potential for growth and development. China's economy will maintain growth rates of 6.5% to 7% and China's civil aviation industry is set to continue to maintain its double-digit growth rates. Regional imbalance in the oil markets will continue to create trade opportunities for CAO and structural changes in the oil industry will provide merger and acquisition opportunities.

One Belt, One Road

China's development strategy of "One Belt, One Road" has brought CAO new opportunities for development, which will also be supported by the burgeoning growth of the aviation industry in the resultant emerging markets. As a Singapore-listed entity with deeply entrenched Chinese state-owned enterprise parentage, CAO is poised to be at the forefront of China's "One Belt, One Road" development strategy. In line with its globalisation strategy, the Group will enter into new airports along the "One Belt, One Road" itineraries and continue to increase its supply locations and business volumes whilst seizing opportunities to invest in assets synergistic to its jet fuel supply and trading business. The Group is therefore set to capture the impending opportunities in the global arena and maintain a leading position through penetrating new markets.



CAO ranked 3rd in 2015 Singapore International 100 Ranking in Overseas Sales/Turnover Excellence category

CAO跻身“2015新加坡国际100强”（企业海外销售额/营业额），名列第三



CAO was awarded Best Investor Relations (Gold) at Singapore Corporate Awards 2015
CAO 获颁2015年新加坡企业大奖的“最佳投资者关系”金奖

APPRECIATION

Indeed, 2016 is set to be a key development milestone for CAO. Notwithstanding the difficult operating environment, with the lower oil prices, under the ambit of CAO's 2020 strategy, the Group will further fine-tune and adjust its strategic plans in line with market dynamics to strengthen its strategic initiatives as the sole importer of jet fuel into China. We see opportunities to further realise values through the Group's integrated global supply chain. The Group will continue to focus on building a global jet fuel supply and trading network so as to expand and grow its jet fuel supply and trading business globally, including expanding its aviation marketing business into more airports outside mainland China. With prudent risk management practices and controls, the Group will also continue to pursue its diversification strategies in other oil products, particularly in building structural advantages for its fuel oil business in line with market trends.

The Group will focus on pursuing its long-term strategy to ensure a steady and sustainable growth trajectory and procure the stable development of its businesses going forward while actively seeking opportunities to expand its investments in synergetic and strategic oil-related assets, with synergetic businesses to grow exponentially by way of mergers and acquisitions even as we continue to work single-mindedly toward the fulfillment of the Group's vision, mission and strategic objectives to be a constantly innovating global top-tier integrated transportation fuels provider.

On behalf of the management team and all CAO employees, I wish to thank our parent company, CNAF, and major shareholder BP, for their continuous support. I would also like to thank all our shareholders for their understanding and support.

I would also like to express my gratitude to our sister company, China National Aviation Fuel Corporation Ltd, our suppliers, trading counterparties, aviation clients, ship owners and other business partners for their support. We look forward to more mutually beneficial and deeper cooperation in the future.

A sincere thank you to our associated companies - SPIA, TSN-PEKCL, Xinyuan and OKYC. I would also like to thank all employees at CAO and its subsidiaries as well as CNAF HKR. CAO would not have overcome the numerous challenges we faced nor rebuilt itself if not for your commitment and perseverance through the years.

Lastly, my appreciation to all other stakeholders for their support. We look forward to your continued support in the future. I am excited over our prospects and firmly believe that with the continued support of our shareholders under the sterling leadership of our Board of Directors, if we all work together with persistence and resilience amid challenging times, we are poised to seize opportunities and achieve robust development and together bring CAO to a new level of growth!

MENG FANQIU

Chief Executive Officer/Executive Director

首席执行官战略报告

孟繁秋致辞

尊敬的各位股东，

2015年，全球经济复苏不确定性加剧，公司面临前所未有的挑战。作为全球最大的消费市场，中国经济放缓对全球经济产生重大影响，油品供应过剩的情况日益严重。伴随地缘政治的不确定性、区域战争、武装冲突和恐怖主义以及其他宏观经济因素，全球油品市场波动增加，油价也在2015年狂跌至2004年以来的最低点。

发展稳中求进

面对恶劣的外部环境、狂跌的油价和疲软的全球需求，集团反应迅速，完善业务战略，确定了以航油供应和贸易业务为核心优势，继续打造全球供应与贸易网络。为了应对艰难的运营环境，CAO调整了业务计划，采取了谨慎的贸易战略，暂停化工品业务，同时继续打造燃料油业务的结构性优势。在全体员工的共同努力下，CAO在2015年迎难而上，取得了不俗的成绩，净利润增长24.7%至6130万美元。

由于油价低迷，2015年集团收入同比下滑47.4%至90亿美元，但航油和其他油品供应与贸易总量保持在相对稳定的2020万吨。2015年每股盈利是7.12美分，净资产收益率为10.7%。2014年每股盈利是5.72美分，净资产收益率为9.1%。

尽管2015年遇到种种挑战，集团继续拓展全球供应与贸易网络和一体化供应链。CAO与北美子公司和欧洲子公司一起，将亚洲货物自主运作运往北美销售，证明了全球一体化供应链的有效性和运营效率。这对CAO的全球业务有重大意义，覆盖亚洲、美国和欧洲的一体化价值链彰显成效。

声誉显著提高

CAO的全球化战略在2015年取得了历史性的突破。除了首次打通亚洲到北美的货物运输渠道，我们也拿到香港国际机场第三张加注牌照，并开始运营。我们在中国海外供油的机场已经达到38个，业务量同比增加32%。阿联酋航空、汉莎航空等世界知名航空公司都成为我们的航空客户。CAO作为专业航油公司的海外品牌已经逐渐确立。

CAO的公司形象也得到显著改善，成为一家有着良好声誉的新加坡上市公司。2015年集团连续第三年位列福布斯2000强公司榜单，代表CAO被列为世界最有价值公司之一。2015年7月，CAO获得新加坡企业大奖“最佳投资者关系”金奖，也是该奖项设立十年以来获得该奖项的唯一一家中国国企。除此之外，CAO在亚洲公司治理卓越奖中排名第34，也是2015年新交所上市公



CNAF's into-plane refuelling services at a PRC airport

CNAF在中国机场的航油加注服务

2015 财年

净利润 **6130万美元**

净资产收益率 **10.7%**

司中排名第一的中国公司。2015年10月，CAO连续第六年获得新加坡证券投资者协会颁发的“最透明公司”奖。

机敏应对环境

这些年，CAO的声誉不断加强，证明了在母公司CNAF和战略伙伴BP的支持下，管理层磨砺经验和领导力，带领员工优化、强化CAO集团的战略和核心竞争力。如今的CAO有着健康的资产负债表、稳健的企业风险管理框架、经验丰富的管理团队和高水准的公司治理实践，这些都为未来的可持续发展打下良好基础。几年来打造的核心优势使得公司可以更灵活应对行业困境，保持行业领先地位。集团也积极为自身和相关各方创造价值，把握有利时机，进行明智投资，进入下一阶段的发展。

2016年，全球宏观经济的不确定性犹存，下行风险包括油品供应过剩、油价低迷、金融市场波动、地缘政治的不确定性。我们预计油品贸易环境在2016年依然充满挑战。经过几年的发展，CAO已经有能力机敏应对环境，抓住机遇，持续发展。

机遇与挑战共存

虽然全球经济依然充满变数，但民航业充满了巨大发展潜力。中国经济还会继续保持6.5%至7%的增长速度，中国的民航业也将保持两位数的增长。油品市场区域间的不平衡会为CAO带来贸易机会，油品市场的结构性变化也会带来并购机遇。

一带一路

“一带一路”战略为CAO发展带来了新机遇，新兴经济体民航业的蓬勃发展也势必会带动CAO的发展。作为有国企背景的新加坡上市公司，CAO处在执行中国“一带一路”战略的最前沿。集团将结合实施全球化发展战略，开拓“一带一路”国家机场供应点和增加供应量，并投资与航油供应与贸易具有协同性的资产。以此把握全球发展机遇，通过进入新市场保持领先地位。

2016年对CAO的发展将是关键性的一年。尽管运营环境困难，油价低迷，作为中国唯一航油进口商，在2020年战略的指导下，集团会继续根据市场变化适时调整完善战略规划，加强业务战略。全球一体化供应链可以帮助CAO把握机会，创造价值。集团会继续打造全球航油供应与贸易网络，拓展航油供应与贸易业务，包括在中国大陆以外更多机场拓展航空市场营销业务。在稳健的风险管理实践和控制下，集团会继续执行其他油品的多元化战略，尤其是顺应市场趋势，为燃料油业务打造结构性优势。

集团会专注于长期战略，确保稳定可持续的增长。CAO也会积极寻找机会投资有协同性的战略油品资产或业务板块，以并购的方式，实现跨越式发展，推动实现公司的愿景、使命和战略目标，成为全球一流的运输燃料一体化方案提供商。

致谢

我谨代表管理层和全体员工，感谢母公司CNAF和大股东BP长期以来的支持，也诚挚感谢所有股东的理解和信任。

感谢兄弟单位中国航空油料有限责任公司、供应商、贸易伙伴、航空客户、船东，以及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。

感谢浦东航油、管输公司、新源公司和OKYC的贡献。感谢CAO和子公司以及香港加注公司的所有员工，如果没有你们的付出和坚持，CAO无法成功应对各种挑战，取得今天的业绩。

最后，感谢所有关心和支持CAO的各界朋友，也希望可以继续得到你们的支持。我对公司的前景充满信心。我相信在股东的持续支持和董事会的卓越领导下，我们会齐心协力，知难而进，稳中求进，机敏应对，把握发展机遇，使CAO再上一个新台阶！

孟繁秋
首席执行官/执行董事

Chief Executive Officer's Strategic Report

Strategic Risks Review

CAO recognises that effective risk management is key to the Group's continued growth and success as the sole importer of jet fuel to the civil aviation industry of China and the largest physical jet fuel trader in the Asia Pacific region. We have a risk management model designed to assist the Group in achieving its strategic objectives infusing risk recognition, evaluation and treatment into decision-making, thereby enhancing shareholder value through risk-adjusted business decisions. At CAO, we have embedded strategic risk management into our critical decision-making processes and management decisions with regards to business strategy, investments and operations, noting that strategic risks may be near or long-term in nature and in some cases, be reflective of CAO's material sustainability issues.

The following tables set out the key strategic risks over the long-term and near-term, details mitigation plans for CAO's sustainability development and how the respective risks link to our corporate strategy.

STRATEGIC RISKS - HOW WE MANAGE LONG-TERM RISKS

Risk	Context	Mitigation	Link to strategy
Strategic Growth			
Core competitive advantage in jet fuel supply and trading	Jet fuel supply and trading remains our dominant business. As the sole importer of jet fuel to the civil aviation industry of China, the Group is susceptible to changing demand and supply dynamics in China.	CAO is building jet fuel supply and trading network globally to diversify its geographic base and extend its global presence and value chain with synergistic businesses such as aviation marketing. CAO has also diversified into other oil products and while the bottomline contribution of other oil products may currently be limited and volatile, total supply and trading volume of the Group reached new highs with its diversification strategy. The Group continues to build structural advantages for its businesses by building an integrated value chain.	CAO's vision is to be a constantly innovating global top-tier integrated transportation fuels provider, and its 2020 strategy toward sustainable growth is based on the following objectives: <ul style="list-style-type: none"> - A global leader in international aviation oil supply and trading, a strong competitor in global supply and trading of other oil products, with a focus on transportation fuels. - An important player in international aviation fuel services - A niche market player in future clean transport fuels.
Exclusive importer of jet fuel to China	CAO's exclusive import rights into China provides the Group competitive advantages, loss of it through market liberalisation or regulatory changes could materially impact CAO's market share and financial performance.	CAO has increased its portfolio strengths through both geographic and product diversification. Extending its jet fuel trading activities and international aviation marketing business beyond China through its global supply and trading network, revenues from ex-China markets have increased from 20% in 2010 to 47.5% in 2015. CAO will further develop and optimise its trading structure for new markets.	These are underpinned by strategic imperatives of establishing a global aviation fuel supply and trading network, developing structural advantages for other oil products and clean energy, as well as asset investments to create end-demand, optimise logistics and secure resources.

Risk	Context	Mitigation	Link to strategy
Human Resources			
<p>Management expertise and trading capabilities may need further enhancement to manage increasingly international operations</p>	<p>To develop trading capabilities to meet our growth ambitions as an international company, CAO needs to recruit and retain qualified traders and mid/back office support personnel as well as seasoned managers to originate and execute major projects.</p>	<p>The development of management and trading capabilities within CAO is an integral part of our human resources strategy. CAO's learning strategy balances standardised curriculum-based learning with on-the-job application to achieve a culture of life-long learning. We also attract and retain talents by offering short-term and long-term incentive packages and personalised career development plans.</p>	<p>One of CAO's corporate missions:</p> <ul style="list-style-type: none"> - Create a people-oriented corporate culture of Fairness, Integrity, Innovation and Transparency where our people can grow and develop together with the Company
Operational			
<p>A major safety, health or environmental ("SHE") incident or liability</p>	<p>As a global oil products supplier and trader, our facilities and their respective operations are subject to various risks including fires, explosions, leaks and other industry-related incidents. We remain committed to safe operations with zero harm to people and the environment being a responsible and accountable corporate citizen.</p>	<p>We have strict operations manual and performance targets, and adhere to global and local industrial SHE standards wherever our business is conducted. We regularly update and train our staff on key SHE requirements and carry out internal and external audits to ensure compliance.</p>	<p>One of CAO's corporate missions:</p> <ul style="list-style-type: none"> - Operate in a safe, reliable, efficient and environmentally sound environment, maintaining high SHE standards
<p>Supply disruption</p>	<p>Our aviation fuel delivery to end-receivers in China and various overseas airports is subject to supply continuity risks (safety, quality, on-time delivery).</p>	<p>We have strict performance targets to ensure security of supply:</p> <ul style="list-style-type: none"> - We strategically deploy storage sites and time charters close to our demand centres to enhance supply continuity. - We proactively maintain close working relationships with our end users and customers to better cope with any of their short-notice requirement changes. - We have contingency back-up plans in the event of any supply emergencies. <p>With our global trading network, we continue to build a diverse supplier base to mitigate any shortfall in any single supplier.</p>	

Chief Executive Officer's Strategic Report

Strategic Risks Review

Risk	Context	Mitigation	Link to strategy
Regulatory			
Non-compliance with applicable laws, regulations and standards	<p>Authorities globally are intensifying efforts to enforce compliance with laws, and are focused on anti-competitive behavior in particular. Various jurisdictions have specialised legislation aimed at combating corruption and companies found guilty of contraventions face fines and damage to their reputations. Tax laws are also becoming increasingly complex, as are sanctions against certain jurisdictions.</p> <p>As the Group continues to globalise its operations and investments across multiple jurisdictions, it faces risk of failure to comply with local, national and regional laws and regulations</p>	<p>We have centralised risk management and governance structure with systems and processes in place to ensure compliance with legal and regulatory matters wherever we operate. We also set up legal and compliance as two independent departments.</p> <p>We also focus on identifying changes in the regulatory landscape that pose implications for the Group, ensuring that we are prepared to respond to these changes.</p> <p>CAO has taken various measures to comply with sanctions legislation.</p>	Compliance is an integral part of our corporate strategy. CAO will consistently uphold high levels of corporate governance and undertake strategic initiatives to further enhance compliance and governance across its businesses.
Financial			
CAO's business sustainability and strategy has been developed to mitigate macro-economic risks	<p>China's economic slowdown and domestic refining capacity may have an impact on aviation fuel import requirements, resulting in reduced imports of jet fuel into China for the Group.</p> <p>Our aviation marketing and airport supply to airlines as well as other oil products trading are sensitive to global economic performance.</p> <p>Oil price fluctuation has implications on the profitability of our main associates and the development of clean energy in the short-term.</p>	<p>CAO focuses on expanding its global supply and trading network to capture more trading opportunities from global oil trade flows. Structural shift in global oil markets present opportunities which CAO is poised to seize via its international operations even as it looks to asset investments to enhance the Group's structural advantages.</p> <p>We focus on providing high quality integrated fuel services to our airline customers and help associate companies develop core competencies to better respond to oil price volatility. We have developed plans for clean energy to gain a first movers' advantage to grow our business in the long-term.</p> <p>Our diversification strategy has resulted in a diversified product base, a diversified customer base, a diversified supply base as well as geographic diversification which generates multiple sources of income.</p>	<p>As part of developing CAO's long-term strategy, we review long-term macroeconomic and supply and demand dynamics on an ongoing basis, as well as the competitive landscape likely to influence our markets in the future, to ensure that our business strategies take them into account.</p> <p>Globalisation, integration, and diversification are business strategies paramount to CAO's overarching strategy which is reviewed and fine-tuned on an ongoing basis according to market dynamics.</p>

STRATEGIC RISKS - HOW WE MANAGE NEAR-TERM RISKS

CAO enhanced its near-term risk management process in FY2015, which seeks to address matters of immediate concern likely to impact the Group's common objectives, strategy and growth targets during the year. In identifying these near-term issues, we ensure that pertinent implications of policy and regulatory changes as well as socio-economic and reputational drivers are properly understood. CAO seeks to take proactive steps to limit the possibility that a particular issue becomes a long-term risk or material sustainability issue for the Group.

Top issues impacting our business	
CAO's response to the changes in the fuel landscape	<p>New/clean energy will become increasingly relevant in the long run. CAO's long-term strategy therefore covers future clean transportation fuels</p> <ul style="list-style-type: none"> - Long-term: A niche market player in future clean transportation fuels - Short/Medium-term: Develop plan and trial operations for specific clean transportation fuels.
Heavy reliance on aviation fuel	<ul style="list-style-type: none"> - Long-term: A strong competitor in global supply and trading of other oil products, with a focus on transport. Maintain our global leading position in aviation fuel. - Short/Medium-term: Trading and Business Development teams exploring and building structural advantages for non-jet fuel products. Develop other aviation related services to better meet our aviation customers' needs. - Product diversification strategy has been implemented. Today, CAO has abilities to trade and participate in other oil products such as fuel oil and avgas.



CAO trading bench
CAO 贸易团队

首席执行官战略报告

战略风险回顾

作为中国独家航油供应商和亚太地区最大航油实货供应商，CAO认为有效的风险管理是集团持续发展和成功的关键。我们的风险管理系统可以协助公司在进行决策时，识别、评估风险，进而规避风险，实现战略目标，提高股东价值。我们在进行有关业务战略、投资和运作的决策中，实施战略风险管理，因为战略风险可能是短期或长期风险，某些时候反映出CAO的重大可持续性问题。

下表列出了CAO在追求可持续发展过程中所面对的长期与短期战略风险、应对措施以及它们与公司战略的关系。

战略风险 —— 我们如何管理长期风险

风险	说明	应对措施	和战略的联系
战略发展			
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。作为中国独家航油进口商，集团受到中国供需关系变化的影响。	CAO打造航油供应与贸易的全球业务网络，在全球多个地区发展业务，增强国际影响力，并延伸供应链，如开展航空市场营销业务，实现协同价值，同时开展其他油品业务。虽然现在其他油品的利润贡献可能有限且不稳定，集团的供应与贸易总量在多元化战略的指导下达到新高。集团将继续打造一体化价值链和结构性优势。	CAO的2020年战略确定公司的愿景是： <ul style="list-style-type: none"> - 成为有创新精神的全球一流的运输燃料一体化方案提供商 战略目标包括以下几个方面： <ul style="list-style-type: none"> - 全球领先的国际航油供应和贸易商，全球知名的其他油品供应与贸易商，专注于运输燃料 - 重要的国际机场供油服务商 - 具有独特优势的未來清洁能源运输燃料的市场参与者
中国独家航油供应商	中国的独家进口权为CAO提供了竞争优势，如果国内市场开放或政策改变导致CAO丧失中国独家进口权，CAO的市场份额以及盈利能力将受到严重影响。	CAO已经通过地理拓展和产品多元化战略增强了业务能力。在中国以外地区，借助全球网络，开展航油贸易业务和航油营销业务，中国以外地区贡献的收入比例从2010年的20%增至2015年的47.5%。 我们将进一步优化新市场的贸易结构和国际贸易网络。	为了实现公司愿景和达成上述目标，需要建立全球航油供应与贸易网络、打造其他油品与清洁能源的结构性优势，通过实业投资创造需求、优化物流、保障资源。
人力资源			
需要进一步提升管理与贸易能力，管理日渐全球化的运作	为了成长为一家全球性企业，需要增强贸易能力，招聘并留住有能力的贸易员、中/后台员工和经验丰富的经理来发起和执行重大项目。	CAO管理与贸易能力的发展是人力资源战略的重要部分。CAO的持续学习战略包括标准课程项目和在职培训。我们还通过短期和长期激励措施和个性化职业发展规划来吸引和留住员工。	CAO的企业使命之一是以人为本，培育以公平、诚信、创新、透明为核心的企业文化，使员工与公司共同发展。

风险	说明	应对措施	和战略的联系
运作			
重大的安全、健康或环境 (“SHE”) 事故或责任	作为全球油品供应与贸易商，我们的设施与相应运作可能会引起火灾、爆炸、泄露和其他事故。我们致力于安全的运作，不对人和环境造成任何损害，成为负责任的企业公民。	我们有严格的运作手册和业绩目标，在开展业务的各地坚守国际与本地的行业SHE标准。我们定期向员工通报关键的SHE要求和更新，通过内审和外审确保合规。	公司使命之一是确保运营环境安全、可靠、高效、环保，坚持SHE高标准。
供应中断	向中国用户和海外机场的航油供应可能会面临供应中断风险（安全、质量、船期）	我们为供应安全设置了严格的绩效目标。 我们在需求中心附近有储罐资产，期租油船，确保供应。 我们与用户保持密切的关系，更好处理需求的临时变化。 我们也有应急计划应对供应危机。 在全球贸易网络的支持下，我们会与多个供应商保持合作关系，规避单个供应商的潜在风险。	
法律法规			
违反适用法律、法规与标准的风险	全球各地在加强法律管制，尤其是反竞争行为。不同地区有打击腐败的专门立法，违法企业将面临罚款和声誉危机。不同地区的税务法律和制裁也更加复杂。 随着业务与投资活动的全球化，面临更多当地法律、国家法律和地区法律法规的合规风险。	我们具备集中的风险管理和治理框架，分别建立了法律和合规部门。其中的系统和流程可以确保公司在各个业务地区遵守法律和法规。 我们还重视识别对集团产生影响的法规变化并合理应对。 CAO已经采取多种措施确保遵守制裁法律。	合法合规是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。
财务业绩			
CAO已经制定了业务持续和发展战略，应对宏观经济风险	中国经济放缓和国内产能可能会影响航油进口需求，减少集团向中国进口航油的机会。 我们的航油营销、机场供应、其他油品贸易受全球经济的影响。 油价波动影响联营公司的盈利和清洁能源在短期的发展。	CAO专注于打造全球供应与贸易链，从全球贸易流中把握贸易机会。全球油品市场的结构变化给CAO带来了机遇，CAO也将通过资产投资加强结构性优势。 我们致力于向航空公司客户提供高质量的一体化服务，帮助联营公司打造核心竞争力，更好应对油价波动。我们已经制定了清洁能源的发展计划，为业务的长期发展提前做好准备。 在多元化战略的指导下，CAO已经实现了产品多元化、客户多元化、供应多元化和地理多元化，带来多元化收入来源。	作为CAO长期战略的一部分，我们会持续回顾未来可能会影响我们的因素，确保我们的战略考虑了长期宏观经济、供需关系、竞争格局。 全球化、一体化和多元化战略是CAO整体战略至关重要的一部分，我们会根据市场情况持续回顾与完善。

首席执行官战略报告

战略风险回顾

战略风险——我们如何管理短期风险

2015年，CAO强化了短期风险管理流程，以此应对可能会影响集团一般目标、战略与增长目标的短期问题。在此过程中，我们确保正确理解了政策法规的变化、社会经济以及声誉情况。CAO将努力避免某个问题成为长期风险，对集团的可持续发展产生严重影响。

影响业务的主要问题

CAO应对油品格局变化的能力	<p>长期来看，新能源/清洁能源的重要性会不断增加。CAO的长期战略包括未来清洁能源。</p> <ul style="list-style-type: none"> - 长期：成为具有独特优势的未来清洁能源供应与贸易商 - 中短期：制定特定清洁能源的发展计划和试行方式
CAO对航油的严重依赖	<ul style="list-style-type: none"> - 长期：全球其他油品(专注运输燃料)供应与贸易的强有力竞争者。保持航油的全球领先地位 - 中短期：贸易与业务发展团队为非航油产品打造结构性优势。发展其他航油相关服务，更好满足客户需求 - 实施了产品多元化战略。如今CAO有能力进行其他油品贸易(如燃料油和航汽)
CAO应对油品市场波动和艰难的贸易环境的能力	<ul style="list-style-type: none"> - 继续优化现有结构，创造需求中心，通过航空市场营销和资产投资，在动荡的贸易环境中优化航煤与其他油品的贸易结构 - 寻找有稳定回报的资产投资机会，进一步拓展收入来源 - 加强CAO全球化和一体化价值链，开展新业务，进入新市场



Jet fuel discharging from vessel at port

港口卸油

Chief Executive Officer's Strategic Report

Audit and Internal Control

Internal controls provide assurance that business processes operate effectively and efficiently and help to manage corresponding business and strategic risks. At CAO, an overarching internal controls assurance framework has been established to guide operations at CAO and its subsidiaries, promoting the following key areas to oversee the effective design and operations of internal controls, management assurance and internal audit.

MANAGEMENT ASSURANCE

An integrated organisational model is adopted whereby the Board determines the overall strategic direction of the Group while the CEO is responsible for implementing the Group's strategy which is collectively supported by the employees.

Detailed reports on operations are submitted to the Board and Board committees on a regular basis for evaluation and assessment to highlight key performance results and trends that may affect the operations of the Group as well as enforce corporate governance practices to ensure compliance and protect the interests of minority shareholders. Clear job descriptions focusing on qualifications and capabilities of staff have been established to better ensure that roles are filled by appropriate staff with the right skill sets. Reporting lines for functional departments have also been designed to require strong and ongoing check and balances such as independent risk management and internal audit functions.

A comprehensive set of Standard Operating Procedures ("SOPs") has also been established to ensure governance of all business activities and processes within the organisation. As key management tools used to promote quality through consistent implementation of a process or procedure within the organisation, SOPs are periodically reviewed by auditors for compliance with organisational and regulatory requirements where appropriate.

The Group recognises the potential strategic, operational, financial and reputational risks associated with business interruptions and the importance of maintaining viable capability to continue the company's business processes with minimum impact in the event of an emergency.

A Business Continuity Policy ("BCP") has been adopted to define the principles and framework necessary to ensure effective emergency response, resumption and recovery of business functions and processing resources in a timely manner coupled with well-defined

communication channels among key management and staff to address emergency response during any business interruption event. The BCP exercise is conducted at a disaster recovery site on an annual basis with any significant shortcomings identified, communicated and improved upon in subsequent exercises.

Quarterly written assurances on the proper functioning of respective operating processes are provided by management including highlights of any significant deficiencies, for immediate attention.

INTERNAL AUDIT

Reporting directly to the CEO, the Head of Audit and Internal Control ("AIC") may also report directly to the Audit Committee for important matters. Assisted by a team of qualified professionals from an international auditing firm, the AIC Head adopts a risk-based approach in formulating the audit plan that aligns its activities to the key risks across the Group's business. This plan is annually reviewed and approved by the Audit Committee.

The AIC department assists the Audit Committee and the Board by conducting periodic evaluations on the Group's internal controls, financial and accounting matters, compliance and business policies and procedures to ensure that internal controls are adequate to meet the Group's requirements and are consistent with the best corporate governance practices. It also reviews interested person transactions for compliance on a quarterly basis and prepares audit reports and recommendations for improvement following each audit and ensures that appropriate measures are then taken to implement such recommendations. Status reports on management's action plans are presented to the Audit Committee regularly to track for timely implementation and audit closure.

CAO commissions a biennial review by an independent external reviewer using the Committee of Sponsoring Organisations ("COSO") framework to assess the proper functioning of the overall internal control system. Serving as a reference, the review focuses on the key elements of the internal control system such as risk management processes, board practices and accounting and reporting systems. CAO's ongoing conformance to the COSO internal control framework further strengthens CAO's internal control objectives for its globalised operations.

首席执行官战略报告

审计与内部控制

内部控制可以确保业务流程高效及有效运作，帮助管理相应的业务和战略风险。CAO制定了内部控制框架，指导CAO与各子公司的运营，重点关注以下几个关键领域，监督内部控制的有效设计与运营、管理保障和内部审计。

管理保障

CAO采纳了一体化的业务模式，董事会确定集团整体战略方向，CEO带领全体员工实施集团战略。

董事会和董事委员会将定期审阅和评估经营报告，其中包括主要经营业绩、影响公司运营的趋势和公司治理情况，确保合规，避免损害小股东利益。职位描述对员工的资历和能力做出清楚要求，确保员工发挥所长，各尽其用。我们也会持续检查不同部门的汇报途径，如风险管理部和内部审计部。

CAO建立了一系列标准操作流程 (“SOPs”)，指导公司内所有的业务活动与流程。SOPs是重要的管理工具，在集团内部实施一致的流程或程序可以帮助提高业务质量。审计师会定期回顾SOPs，确保符合公司规定和相关法规。

集团认识到业务中断会带来潜在的战略、运作、财务和声誉风险，也了解公司在紧急情况下保持稳定运作的重要性。公司制定了业务持续计划 (“BCP”)，确定了原则和框架，确保有效应对紧急情况，及时恢复业务运转，及时利用资源，同时保证管理层和员工的有效沟通，尽量

减少紧急情况对业务流程的干扰。CAO每年在设有临时备份的应急地点进行业务持续计划演习，总结与通报显著缺陷，在下一轮演习中进行改善。

每季度，管理层还会为操作流程的有效运行提供书面确认，包括通报明显的缺陷，立即引起重视。

内部审计

审计与内部控制部 (“AIC”) 主管直接向CEO汇报，如有重要事项，也可以直接汇报审计委员会。在国际审计公司经验丰富的团队的协助下，AIC主管会基于集团业务风险，制定内审方案，每年由审计委员会审阅批准。

AIC部门协助审计委员会和董事会，定期审查公司的内控、财务和会计事宜、合规、业务政策与流程，确保现有的政策满足公司需求，符合业内最佳的公司治理实践。AIC部门还会每季度审查关联交易是否符合合规，制定审计报告和改进建议，确保改进建议得到实施，实施进度也会定期呈交给审计委员会，检查完成进度。

半年度内控系统全面回顾

CAO聘请独立外部顾问，参照全美反舞弊性财务报告委员会发起组织 (“COSO”) 框架，对整体内控系统的运行有效性进行半年回顾。回顾重点为风险管理流程、董事会流程和会计报告系统。此举将进一步强化CAO全球业务的内部控制。



TSN-PEKCL Pipeline's control room operations
天津管输公司监控室运作

Chief Executive Officer's Strategic Report

Operations Review

MIDDLE DISTILLATES – JET FUEL & GAS OIL

In 2015, oil prices fell to eleven-year lows and Brent oil price declined to a low of US\$36 per barrel during the year. Oil market fundamentals continued to be in oversupply, even as the global economy became increasingly volatile and uncertain with the slowdown in emerging economies and China's slower rate of growth raising concerns of a global economic slowdown.

During the year, strong gasoline demand supported its cracking margin and this, together with increased refining capacity from the East and the Arabian Gulf led to a fundamentally oversupplied middle distillates market. The middle distillates team focused on building global trading activities, leveraging on CAO's jet fuel demand in Los Angeles and successfully delivered sizeable physical jet fuel cargoes from Asia to Los Angeles. For a first time, CAO also exported jet fuel from China to Los Angeles, seizing market opportunities as China transformed itself from an oil import country to an oil export country. Leveraging on its global supply and trading network, the middle distillates team actively developed and captured demands in overseas markets in line with China's development as an oil export nation and successfully exported Chinese jet fuel cargoes to the Philippines. With the increased business opportunities, the middle distillates team achieved good trading profit through efficient storage and logistics optimisation as well as through executing effective hedging strategies.

With the poor economic outlook ahead and expectations that jet fuel and gasoil markets will continue to be in oversupply, the middle distillates team will focus on enlarging and strengthening its global trading network through consolidating & optimising resources and aggressively developing & penetrating new demand markets.

AVIATION MARKETING

In 2015, transportation operators notably the commercial airline industry saw a marked improvement in their financial results driven by lower operating cost as jet fuel prices slumped to its lowest in 11 years. Despite the slowing global economy due in part by China's slower rate of growth, global air traffic remained robust by historical standards.

With the low oil price auguring well for the commercial airline industry, commercial airline fleet is forecast to increase by over 900 aircraft to 28,000 aircraft by 2016 according to industry sources. This bodes well for CAO's aviation marketing business which in 2015, continued

to extend its international presence and penetrated strategic markets covering the major regions of Asia Pacific, USA, Europe and the Middle East. By leveraging on its core competencies in jet fuel supply and trading, CAO Group increased the volume of jet fuel supplied to airlines at international airports by 32% and expanded the supply network from 34 to 38 international airports outside mainland China.

During the year, CAO continued to strengthen its participation in the US airport fuel storage consortia and enhanced its supply capability in the US markets, supplying to both Chinese and international airlines. Volumes supplied to non-Chinese carriers doubled even as CAO maintained its leading position as the largest overseas supplier by volume to the three large Chinese carriers namely Air China, China Eastern Airlines and China Southern Airlines. This validates CAO's international branding as a professional jet fuel supplier in overseas markets.

CAO's aviation marketing arm will continue to expand its presence to new markets in line with its overarching 2020 strategy, focusing on critical supply chain and inventory management as well as seek collaboration with strategic partners to expand its supply network to become an important, reliable and long-term fuel supplier to the airline industry.

AVGAS

In 2015, CAO's avgas business grew rapidly and expanded to India, Indonesia, Saudi Arabia and China. Total avgas supply volume in 2015 increased substantially compared to 2014. Apart from fulfilling its role as a key supplier to China, CAO's avgas team will continue to develop & enter new demand markets by leveraging on its integrated global value chain.

FUEL OIL

In 2015, fuel oil supply and demand were imbalanced with overall supply surpassing demand for most parts of the year. Supported by the low oil prices however, Singapore bunker sales volume increased 6.5% to 45.2 million metric tonnes and CAO's fuel oil team seized the resulting market opportunities. By focusing on physical cargo and bunker ex-wharf trading around its storage, the fuel oil bench achieved its highest trading volume and profits in the Group's history. The fuel oil team will remain active in cargo and bunker trading and adopt flexible trading strategy to enhance the bench's profitability going forward.

Chief Executive Officer's Strategic Report

Operations Review

ASSOCIATED COMPANIES

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

SPIA owns and operates all the refuelling facilities at Pudong Airport, including the hydrant system, dispenser fleet, refuelling stations, airport tank farm, storage terminal with total capacity of 140,000 m³ and a 42-km dedicated jet pipeline connecting Pudong Airport to Waigaoqiao terminal. As the exclusive supplier of jet fuel at PRC's second largest airport – Shanghai Pudong International Airport ("Pudong Airport"), SPIA provides jet fuel distribution and refuelling service to about 127 Chinese and foreign airlines operating at Pudong Airport. CAO owns a 33% stake in SPIA. The other two shareholders of SPIA are Shanghai International Airport Co., Ltd (40%) and Sinopec Assets Management Co. Ltd (27%).

In 2015, SPIA continued to maintain high safety standards with zero accident, zero injury and zero pollution. Despite the challenging operating environment with sustained decline in oil prices, SPIA successfully maintained stable performance with its total refuelling volume increasing 8.6% over 2014 to 3.8 million tonnes. SPIA remains an important profit contributor to the CAO Group contributing US\$38.9 million to CAO's share of profit from associates.

SPIA is set to see further growth in refuelling volumes in view of expected tourism increase in Shanghai with the official opening of Shanghai Disneyland Park in June 2016.

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

Connecting Tianjin Nanjiang terminal with Beijing Capital International Airport and Tianjin Binhai International Airport, TSN-PEKCL's key asset is a 185-km long pipeline transporting the majority of jet fuel requirements of Beijing Capital International Airport and Tianjin Binhai International Airport ("the Pipeline"). The Pipeline is the longest multi-oil product pipeline with the biggest diameter and highest transfer volume in the PRC Civil Aviation industry. CNAF Logistics and CAO hold 51% and 49% equity stakes in TSN-PEKCL respectively.

Jet fuel transportation volume of TSN-PEKCL achieved a record 2.8 million tonnes in 2015, an increase of 10% compared to 2014. This increase was mainly driven by higher air traffic turnover at Beijing Capital International Airport. As a result, the Group's share of profits from TSN-PEKCL increased 35.4% to US\$2.2 million for FY2015. In terms of operational safety, TSN-PEKCL's facilities operated well and achieved the excellent record of "zero error and zero pollution" in 2015.

The jet fuel transportation business for TSN-PEKCL is expected to be promising as jet fuel transportation volumes to Beijing Capital International Airport and Tianjin Binhai International Airport are set to further increase.



Handling of oil storage tank valves
开储油罐阀门



*Into-plane refuelling operations at Pudong Airport
浦东机场的飞机加注服务*

China Aviation Oil Xinyuan Petrochemicals Co., Ltd (“Xinyuan”)

Xinyuan is mainly engaged in the storage and trading of jet fuel and other oil products. Xinyuan owns a storage tank of 75,000 m³ near Shuidong harbour located in the city of Maoming, Guangdong Province, PRC. Shenzhen Juzhengyuan Petrochemicals Co., Ltd, CAO and CNAF hold 60%, 39% and 1% equity stakes in Xinyuan respectively.

Despite the challenges in the oil industry, Xinyuan expanded its business as well as explored new revenue growth opportunities in 2015. The Group’s share of profits from Xinyuan in 2015 was US\$0.7 million even as its Shuidong storage continued to achieve high safety standards by fully conducting comprehensive safety management measures on a regular basis.

Oilhub Korea Yeosu Co., Ltd (“OKYC”)

Oilhub Korea Yeosu Co., Ltd is CAO’s joint investment with six other companies to develop and operate a storage capacity of 1.3 million m³ for crude oil and oil products. CAO is the second largest shareholder (26%) of OKYC after Korea National Oil Corporation, which holds 29% of the total issued shares of OKYC. The remaining issued share capital is held by conglomerates such as Samsung C&T Corporation and LG International Corp.

OKYC’s operations maintained high safety standards in 2015 with zero accidents. Favourable market structure has enabled OKYC to successfully achieve high utilisation rate for the year with reputable oil companies and oil majors as its storage customers, accomplishing a profit for the first time since its commercial operation. CAO Group’s share of profit from OKYC in 2015 was US\$1.4 million.

CNAF Hong Kong Refuelling Limited (“CNAF HKR”)

CNAF HKR, a Hong Kong joint-venture company under CAO’s wholly owned subsidiary, CAOHK, provides into-plane fuelling services at Hong Kong International Airport at Chek Lap Kok (“HKIA”). 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 is the third licensed refueller to provide into-plane fuelling services at HKIA. With a site area of around 3,000 m², the refuelling station includes an administration office, scheduling office and a maintenance workshop fully equipped with dispensers and refuellers. CNAF HKR commenced operations on 1 August 2015.

首席执行官战略报告

经营概况

中馏分——航油和柴油

2015年油价跌至11年新低，布伦特价格跌至36美元每桶。油品市场依然供应过剩，全球经济日益动荡，中国等新兴经济体放缓引发全球经济衰退的恐慌。

2015年，汽油需求强劲支撑利润走高，东部国家与海湾地区产能增加，造成中馏分市场供大于求。中馏分团队借助洛杉矶的航油需求，进行全球贸易，成功将航油从亚洲运至洛杉矶，还首次将中国航油出口至洛杉矶，把握中国从油品进口国向油品出口国的转变中出现的市场机遇。通过全球供应和贸易网络，中馏分团队牢牢把握海外市场需求，成功将航油出口至菲律宾。随着业务机会的增加，中馏分团队通过有效的储存和物流优化，执行套保策略，取得较高的贸易利润。

经济前景不甚乐观，预计航油和柴油市场将继续保持供应过剩的局面，中馏分团队会继续专注拓展全球贸易网络，整合优化资源，积极进入新市场。

航空市场营销

2015年，运输业尤其是商业航空业绩明显改善，这主要归功于航油价格降幅超50%，创11年最低，而航油费用占航空公司运营成本的很大一部分。尽管中国经济放缓带动全球经济增长放缓，国际航空运输的表现仍高于历史水平。

油价下跌对商业航空明显利好，根据行业机构预测，商业航空在2016年增加900架飞机，使行业运营的飞机数达到28,000架。这也印证了CAO航空市场营销业务在2015年的发展——继续拓展国际市场，深入在战略市场的渗透。核心战略市场包括美国、欧洲、亚太和中东的重要地区。CAO集团通过其在航油供应与贸易领域的优势，2015年对航空公司在中国大陆以外的国际机场供应量增加32%，将中国大陆以外的国际供应网络从34个机场拓展至38个机场。

2015年，CAO也继续巩固了在美国机场的业务，提升了在美国市场对国际航空公司的供应能力。对外航的供应量翻番的同时，CAO仍保持中国三大航空公司(国航、东航、南航)在海外领先供应商的地位。这些成绩进一步加强了CAO在海外市场专业航油供应商的品牌形象。

CAO航空市场营销业务将继续按照2020战略，推动新市场拓展，发展的重点是核心供应链和库存管理，与战略伙伴合作扩展供应网络，成为航空业长期可靠的航油供应商。

航汽

2015年，CAO航汽业务快速发展，覆盖印度、印尼、沙特阿拉伯和中国。2015年航汽供应量同比激增。除了供应中国，航汽团队会继续利用一体化全球价值链进入新市场。

燃料油

2015年大多数时候燃料油市场供大于求。在低油价的支撑下，新加坡船用燃料油业务量增加6.5%至4520万吨，燃料油团队把握市场机会，利用储罐，通过码头交货模式进行实货贸易，实现了集团历史上最高的贸易量和利润。燃料油团队会继续积极发展实货和船用燃料油贸易，采取灵活贸易战略，加强燃料油板块的盈利能力。

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”）

浦东航油拥有并经营浦东机场全部加油设施，包括全套机坪管网、管线加油车队和罐式加油车队、航空加油站、机场内油库、总库容量达14万立方米的码头油库以及连接浦东机场与外高桥码头的42公里专用航油管线。作为中国第二大机场——上海浦东国际机场（“浦东机场”）的唯一航油供应商，浦东航油向在浦东机场运营的约127家中国及其他国家的航空公司提供销售和加注航油服务。CAO拥有浦东航油33%的股份。浦东航油的另外两位股东分别是上海国际机场股份有限公司（持股40%）和中石化资产管理有限公司（持股27%）。

2015年，浦东公司继续保持“零事故、零伤害、零污染”的安全生产态势，在油价持续下跌的不利经营环境下，浦东航油在2015年维持了稳定的经营业绩，总加注量相比2014年增加8.6%，达到约380万吨。浦东航油仍然是CAO集团主要利润来源之一，2015年贡献了3890万美元并账利润。

上海迪士尼乐园2016年6月正式开园，这将带动旅游业发展，浦东公司的加注量也将取得进一步增长。

中国航油集团津京管道运输有限责任公司（“管输公司”）

管输公司的主要资产是全长185公里的管道（“津京管道”），连接天津南疆码头和北京首都国际机场及天津滨海国际机场，并通过该管道向北京首都国际机场和天津滨海国际机场提供航油输送服务。津京管道是中国民航市场中最长、管径最大和输油量最高的多油品输送管道。中国航油集团物流有限公司和CAO是管输公司两大股东，分别持股51%和49%。



OKYC storage facilities
OKYC的储罐设施

2015年，在北京首都机场周转量增长的带动下，管输公司的航油运输量同比增加10%至280万吨，创历史新高。2015年来自管输公司的并账利润达220万美元，比2014年增长35.4%。安全运营方面，管输公司的设备运行良好，实现了零失误、零差错、零污染。

北京、天津两大机场的运输量预计将进一步增长，管输公司的运营前景较为乐观。

中国航油集团新源石化有限公司（“新源公司”）

新源公司主要从事航油和其他油品的储存和贸易业务。新源公司拥有位于中国广东省茂名市的库容为7.5万立方米的水东油库。新源公司的股东分别为深圳巨正源石化有限公司、CAO和中国航空油料集团公司，分别持股60%、39%、1%。

2015年，面对不利的贸易经营环境，新源公司不断开拓新业务，寻找新的利润增长点，2015年来自新源公司的并账利润达到70万美元，水东油库保持安全运营，圆满完成了安全管理任务。

韩国丽水枢纽油库有限公司（“OKYC”）

韩国丽水枢纽油库有限公司拥有130万方原油和成品油油库，由CAO与另外6家公司合资建立和运营。CAO是

OKYC的第二大股东（持股26%），仅次于韩国国家石油公司（持股29%）。OKYC的其余发行股本由三星C&T股份有限公司及LG国际集团公司等大型企业持有。

2015年OKYC没有发生任何安全和运营事故。有利的市场结构，使OKYC的储罐租用率达到较高水平，客户包括声誉良好的油企和石油巨头，也实现了投入运营以来的首次盈利，2015年向CAO贡献利润140万美元。

中国航油香港供油有限公司（“CNAF HKR”）

CNAF HKR是CAO全资子公司CAOHK旗下的合资公司，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。CNAF HKR的股东包括CAOHK，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。CAOHK持有CNAF HKR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。

CNAF HKR是在香港国际机场提供加注服务的第三家获批航油加注服务商。加油站占地面积约3,000平方米，包括行政办公室，调度室，维修车间等，并配有管线加油车和罐式加油车。CNAF HKR已经于2015年8月1日投入运营。

Chief Executive Officer's Strategic Report

Financial Review

EARNINGS REVIEW

China Aviation Oil ("CAO") Group net profit rose 24.7% year-on-year to US\$61.3 million for the financial year ended 31 December 2015 ("FY2015"), compared to US\$49.2 million for year ended 31 December 2014 ("FY2014").

Revenue for the Group decreased 47.4% to US\$9.0 billion compared to US\$17.1 billion a year ago, which was mainly attributable to lower oil prices as well as product mix. Total supply and trading volume was 20.2 million tonnes, almost the same as FY2014's 20.4 million tonnes.

Revenue from middle distillates declined 48.0% from a year ago to US\$7.0 billion, mainly due to the drastic drop in oil prices even as jet fuel accounted for 71.4% of the Group's total revenue in FY2015. Volume of jet fuel supply and trading was 11.9 million tonnes for FY2015, a reduction of 1.6% compared to 12.1 million tonnes for FY2014.

Revenue from other oil products declined 44.8% from a year ago to \$2.0 billion, due principally to the decline in oil prices even as the trading volume of other oil products remained unchanged at 8.3 million tonnes for FY2015. China remained the Group's largest market, accounting for 52.5% of the Group's revenue in FY2015. Accordingly and in line with the Group's strategy in building a global supply and trading network, 47.5% of the Group's revenue in FY2015 was derived from outside China, compared to 49.0% in FY2014.

CAO Group gross profit rose 29.4% to US\$35.4 million for FY2015, compared to US\$27.4 million for FY2014 mainly due to higher trading profits derived from jet fuel trading. Gross profit from the trading in fuel oil and other oil products improved but was partially offset by losses incurred in petrochemicals trading. In view of the weak demand in China, the Group suspended petrochemical trading in September 2015 to focus more on its jet fuel core businesses.

Total expenses decreased 32.9% to US\$13.9 million for FY2015, compared to US\$20.7 million for FY2014, mainly due to lower finance cost relating to bank charges and interest expense, lower professional fees and the recovery of monies due from MF Global amounting to US\$3.10 million.

Share of profits from associates and joint venture decreased 2.1% to US\$42.3 million for FY2015 compared to US\$43.2 million for FY2014, primarily due to lower contribution from SPIA. Profit contribution from SPIA decreased 7.1% to US\$38.9 million for FY2015, compared to US\$41.9 million for FY2014 mainly due to lower jet fuel prices despite higher refuelling volumes.

OKYC saw a turnaround in FY2015, contributing share of profit of US\$1.4 million in FY2015 compared to share of loss of US\$1.7 million in FY2014. The profit generated from its oil storage leasing activity was partially offset by the Marked-to-Market ("MTM") loss of its Cross Currency interest rate Swap ("CRS") contracts. The Group's share of loss for OKYC of US\$1.7 million in FY2014 was due mainly to lower storage leasing income and MTM loss from its CRS contracts. OKYC entered into CRS contracts to hedge against future revenue in US Dollar. In accordance with the International Financial Reporting Standards, MTM gains or losses have to be recorded in the Income Statement.

Share of profit from TSN-PEKCL was US\$2.2 million for FY2015 compared to US\$1.7 million for FY2014, an increase of 35.4%. Share of profit from Xinyuan decreased by US\$0.9 million to US\$0.7 million, as there was a reversal of impairment provision on its oil storage properties in FY2014.

The share of loss from CNAF-HKR was US\$0.8 million for FY2015 compared to US\$0.2 million for FY2014, mainly due to the pre-operating expenses incurred since its incorporation on 10 September 2013. The construction of the facility was completed and it commenced operations in August 2015.

The Group's earnings per share was 7.12 US cents for FY2015 compared to 5.72 US cents for FY2014.

ASSETS

The Group continued to maintain a robust balance sheet with zero gearing as at 31 December 2015. Total assets amounted to US\$845.5 million, compared to US\$1.4 billion a year ago due mainly to lower accounts receivables as a result of the slump in oil prices.



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

The Group's liquidity and debt servicing ability remained strong. As at 31 December 2015, the Group's total trade and banking facilities amounted to US\$3.2 billion and US\$170.5 million in cash and cash equivalents, compared to US\$94.3 million as at 31 December 2014. As at 31 December 2015, the Group's current ratio and quick ratio were 2.29 and 2.06 respectively (31 December 2014: 1.33 and 1.30 respectively), reflecting the Group's strong liquidity and robust financial health.

BORROWINGS

There were no borrowings as at 31 December 2015 and 31 December 2014. The Group's net assets stood at US\$592.6 million or 68.90 US cents per share as at 31 December 2015, compared to US\$553.5 million or 64.35 US cents per share as at 31 December 2014. The higher net asset value per share was attributable to the earnings generated in FY2015.

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

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

ECONOMIC VALUE ADDED

Economic Value Added ("EVA") profit for FY2015 was US\$22.9 million, increased by 52.7% or US\$7.9 million from US\$15.0 million for FY2014. Accounting net profits rose 24.7% year-on-year to US\$61.3 million for FY2015, compared to US\$49.2 million for FY2014. The rate of increase in economic profit surpassed the 24.7% year-on-year increase in accounting net profits. This is testament that the Group has created value beyond and above all financial obligations, including a capital charge. During the year, the Group has produced returns above the capital charge by reducing capital employed in the business and by improving returns through reducing expenses and cost of capital.

Chief Executive Officer's Strategic Report

Financial Review

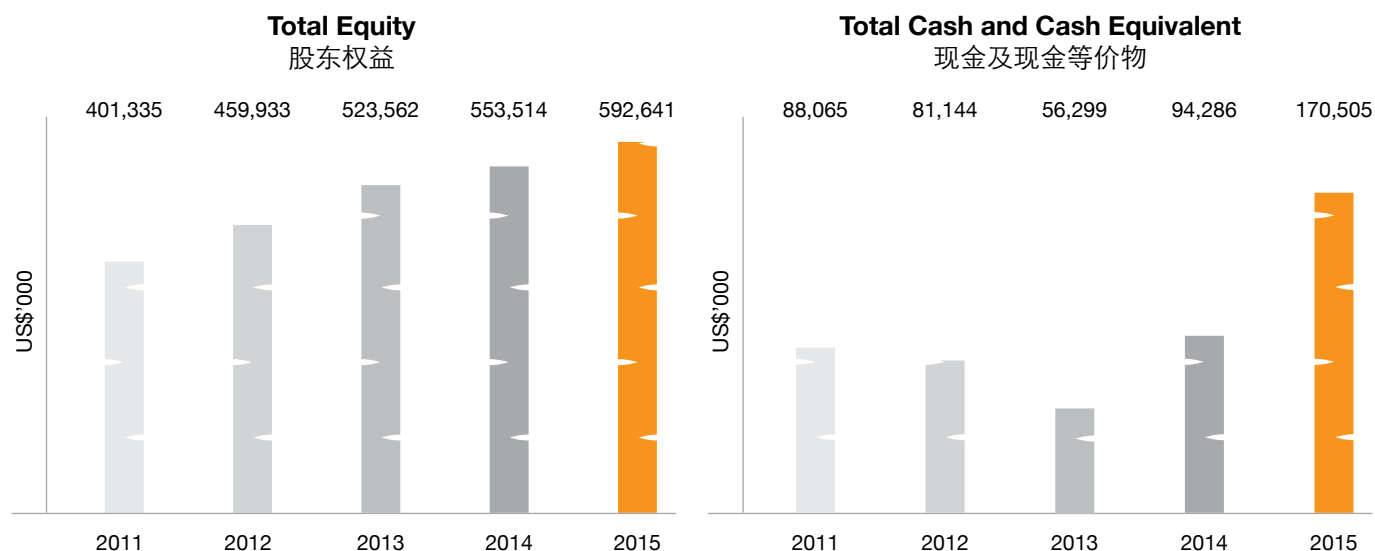
5-Year Financial Summary	2011	2012	2013	2014	2015
Income Statement 损益表 (US\$'000)					
Revenue 营业额	9,011,978	14,807,984	15,571,869	17,061,031	8,987,487
Gross Profit 毛利	39,966	42,750	52,491	27,397	35,444
Associated Companies 联营公司	40,232	43,187	46,476	43,194	42,296
Net Profit Attributable to Equity Holders of the Company (PATMI) 可向股东分配净利润	63,401	66,189	70,216	49,160	61,281
Balance Sheet 资产负债表 (US\$'000)					
Total Assets 总资产	1,194,261	1,650,339	1,574,890	1,378,715	845,517
Total Equity 股东权益	401,335	459,933	523,562	553,514	592,641
Cash And Cash Equivalent 现金及现金等价物	88,065	81,144	56,299	94,286	170,505
Financial Ratios 财务比率					
Earnings Per Share (US\$ Cents)* 每股收益(美分)*	8.83	9.16	8.16	5.72	7.12
Net Assets Per Share (US\$ Cents) 每股净资产(美分)	55.99	64.16	73.04	64.35	68.9
Return On Equity 净资产回报率#	17.0%	15.4%	14.3%	9.1%	10.7%
Return On Assets 资产回报率#	5.9%	4.7%	4.5%	3.5%	5.7%
Debt Equity Ratio 股本带息负债率	7.5%	0.4%	5.5%	0.0%	0.0%

* The diluted earnings per shares are adjusted for transactions that adjust the number of shares without a corresponding changes in resources. The effects of the bonus shares, issued on 10 March 2014, which is before the financial statements are authorised for issue, have been included in the diluted earnings per share calculation for the years ended 31 December 2011 to 2015.

稀释每股收益依照影响股份数量而不影响相应金额的交易进行调整。于2014年3月10日在财务报表批准公布前发行的股票股利的影响已被考虑在2011年至2015年的每股收益计算中。

Average shareholders' equity or average total assets used in calculations.

计算时取股东权益或总资产的平均值。



首席执行官战略报告

财务业绩

盈利分析

截止2015年12月31日的2015财年（“2015财年”）CAO净利润同比增加24.7%至6130万美元，截止2014年12月31日的2014财年（“2014财年”）净利润为4920万美元。

2015年集团收入减少47.4%至90亿美元，2014年为171亿美元。主要是由于较低的油价，以及业务结构的变化。供应与贸易总量为2020万吨，与2014年的2040万吨基本一致。

2015年集团中馏分收入同比降低48%至70亿美元，主要由于油价的大幅降低，2015年航油对集团总收入的贡献为71.4%。2015年航油供应与贸易量为1190万吨，相比2014年的1210万吨降低1.6%。

2015年集团其他油品收入同比降低44.8%至20亿美元，主要由于油价下跌，其他油品贸易量稳定在830万吨。中国依然是集团最大的市场，2015年占集团总收入52.5%。秉承集团打造全球供应与贸易网络的战略，集团47.5%的收入来自中国以外地区，2014年这一数字为49%。

2015财年CAO集团毛利为3540万美元，较上年同期的2740万美元增加29.4%，主要是由于航油贸易盈利较高所致。燃料油和其他油品毛利有所改善，但还是被化工品的贸易亏损部分抵消。由于中国经济放缓拖累中国需求，以及不断增加的利率风险，集团在2015年9月暂停了化工品贸易，更加专注航油核心业务。

2015年累计费用总额为1390万美元，较2014年的2070万美元减少32.9%。主要是因为银行费用和利息费用的降低使得财务费用减少、专业服务费降低，以及收回MF Global坏账310万美元。

来自联营公司的投资收益较上年同期的4320万美元减少2.1%至4230万美元，主要是来自浦东航油投资收益降低所致。浦东航油投资收益为3890万美元，相比2014年的4190万美元减少7.1%，主要由于航油价格下跌，虽然加油量有所增加。

2015年OKYC扭亏为盈，贡献利润140万美元，2014年亏损170万美元。OKYC储罐租赁业务的盈利部分被外币掉期合约盯市损失抵消。OKYC 2014年170万美元的投资亏损主要是由于储罐租赁业务收入较低，以及外币掉期合约的盯市损失。OKYC签订外币掉期合约主要是为了对冲未来的美元收入。按照国际财务报告准则，盯市损失必须记录在损益表中。

2015年来自天津管输的投资收益累计为220万美元，相比2014年的170万美元增长35.4%。2015年新源的投资收益累计为70万美元，较上年减少90万美元，主要是2014年冲回以前年度计提的储罐减值准备。

2015年来自香港加注公司的投资亏损为80万美元，2014年投资亏损为20万美元，主要由于2013年9月10日公司成立以来的运营前期费用投入。设施已经建设完毕并于2015年8月投产。

2015年集团每股盈利为7.12美分，2014年为5.72美分。

资产状况

集团资产负债表健康，截止2015年12月31日零负债。总资产达8.455亿美元，2014年为14亿美元，主要由于油价下跌，应收账款降低。

集团流动性和偿债能力稳健。截止2015年12月31日，集团总授信额度达32亿美元，现金和现金等价物总额1.705亿美元，2014年12月31日为9430万美元。截止2015年12月31日，集团流动比率和速动比率分别为2.29和2.06（2014年12月31日分别为1.33和1.30），反映了集团较强的流动性和健康的财务状况。

借贷

截止2015年12月31日集团无贷款，与2014年12月31日一致。截止2015年12月31日集团净资产为5.926亿美元，即68.9美分每股。截止2014年12月31日，净资产为5.535亿美元，即64.35美分每股。每股净资产值的提高是由于2015年盈利的增加。

集团继续控制整体流动性，支持业务拓展。目前现金主要来源是供应与贸易业务产生的自有现金，以及联营公司的分红。

集团银行存款水平良好，实施严格的信用管理，专注信用控制、应收账款回收和流动资金管理，同时积极寻找有协同性的战略资产投资机会，拓展收入来源。

经济附加值

2015年经济附加值为2290万美元，相比2014年的1500万美元增加52.7%，即790万美元。2015年净利润同比增长24.7%至6130万美元，2014年为4920万美元。经济附加值的增值超过了净利润24.7%的增值，这证明集团创造的价值远远超过财务成本（包括资本成本）。本年度，集团减少了业务所需资本，并通过减少费用和资本成本提高了回报。

Chief Executive Officer's Strategic Report

Investor Relations

Committed to high corporate governance and transparency standards, maintaining active, open and fair communication with our stakeholders is a top priority for CAO. Particularly in a challenging 2015 marked by depressed oil prices and turbulence in global equity markets, the Group continued to step up its investor relations efforts to foster a sustained communication flow in order to provide the investment community with accurate, fair and timely information about CAO's business operations and performance. These sustained efforts in investor relations underscore the Group's commitment to create long-term value for its stakeholders.

ENGAGING INVESTORS PROACTIVELY

2015 was a volatile year for global stock markets, with the investing community unsettled by the oil price slump and macroeconomic uncertainty due mainly to the weaker growth in China, the world's largest consumer market. This was further exacerbated by geopolitical tensions and impending interest rate hikes which severely affected market sentiments throughout the year.

Against this backdrop, CAO's Senior Management and Investor Relations team heightened engagement with the investor community, proactively communicating with existing and potential institutional investors, financial analysts, the media as well as retail shareholders on various communication platforms.

In 2015, CAO held close to 200 investor meetings and conference calls with institutional investors and undertook several non-deal roadshows in Singapore, Malaysia and Hong Kong, presenting CAO to shareholders and potential investors across various asset classes through one-on-one and group meetings, conference calls and forums. At these meetings, Senior Management engaged investors, keeping them abreast of the Company's strategic direction, mounting operational competitiveness and realigned business portfolio.

To further engage its retail shareholders, Senior Management undertook to present the Group's FY2014 business performance to some 152 attending retail shareholders at its 2015 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. We believe the proactive outreach deepens relationships with long-term shareholders, promotes greater transparency with a better understanding and appreciation of the

Group's value proposition; the capital market responded positively to the active engagement with improved liquidity of CAO shares, sustaining CAO share price to close at S\$0.80, an increase of 19.4% in the first half of 2015.

In the second half of 2015, the equity markets became increasingly negative, primarily due to the low oil prices and the sudden devaluation of the renminbi currency by the Chinese central bank to support the sluggish Chinese economy. CAO share price likewise was on a volatile swing, reflecting the general trend of the stock markets. Still, CAO intensified its engagement with the investment community and convened its Corporate Access Day in September where Senior Management shared with shareholders, analysts and investors on the "The Global Stratosphere of Aviation Marketing", explaining the aviation marketing segment's significance for the Group and outlining our strategic value chain and synergistic assets investments strategy. Alongside our interaction with the global investor community, we also heightened our 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. In 2015, CAO's share of voice increased to over 100 media articles.

ENHANCING COMMUNICATION

As the Group's investor base broadened to include global fund managers, CAO adopted new media platforms to enhance communication, particularly through the use of the internet to extend its reach to global investors. Led by its conviction to maintain high standards of corporate transparency and fair disclosure, the Investor Relations team also augmented the use of various multi-media tools during the year to reach out to the investor community globally through webcasts, videos and conference calls.

With the proliferation of mobile devices, a mobile compatible corporate website was developed to enhance the Group's investor communication. 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.

As part of CAO's investor communication initiatives, the Group has undertaken since FY2014 to enhance its corporate reporting format, incorporating elements of the International Integrated Reporting Framework into its annual reports to further strengthen and promote transparency of the Group's business performance,

INVESTOR RELATIONS CALENDAR

投资者关系活动时间表



providing deeper insights into CAO's business model and strategy as well as the risks and opportunities it faces in the constantly changing external environment.

All disclosures submitted to the Singapore Exchange are made available in the Investor Relations section of the Group's corporate website, www.caosco.com. Investors can find comprehensive information about CAO including news releases, annual reports, presentations from our 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 up-to-date on the 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

In 2015, the Group's proactive investor relations approach and commitment to corporate transparency was again recognised by the investment community. CAO was named runner-up for the Most Transparent Company in the oil and gas category at the SIAS Investors' Choice awards for the sixth consecutive year. The Group's investor relations efforts were further

recognised by the investment community with the award of Best Investor Relations (Gold) amongst listed companies with market capitalisation of S\$300 million to S\$1 billion at the Singapore Corporate Awards 2015.

DELIVERING VALUE

CAO stood by its commitment to reward shareholders in a year of turbulence and challenges. CAO share price while volatile during the year, proved resilient and resumed an upward trajectory to close at S\$0.71 on 31 December 2015 with an overall increase of 6% year-on-year, outperforming the Straits Times Index's 14.3% decline in the same period. Reflecting the increased interest in CAO, average daily trades in CAO shares increased 33% year-on-year.

In response to feedback from minority shareholders and to afford shareholders a more direct participation in the Group's earnings growth, the Board of Directors has approved the adoption of a dividend policy based on a growth-based dividend payout formula. Commencing from FY2015, CAO intends to declare dividends comprising 30% of CAO's annual consolidated net profits attributable to shareholders (one-tier, tax exempt) for each financial year.

The Company has proposed a first and final (one-tier, tax exempt) dividend of S\$0.03 per share for FY2015.

Chief Executive Officer's Strategic Report

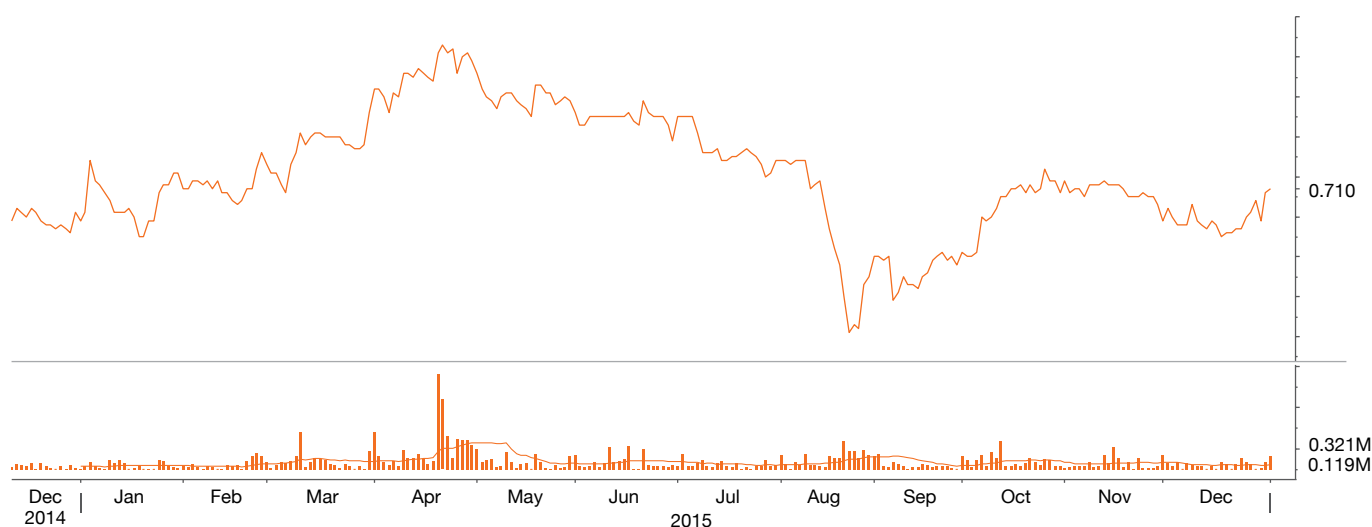
Investor Relations

The proposed dividend of S\$0.03 per share for FY2015 represents a 50% increase from a fixed final dividend payout of S\$0.02 per share for the preceding financial year.

As the Group continues to strengthen the resilience of its business portfolio and fully leverage on its core

capabilities to pursue opportunities and accretive investments that add scale to its core businesses, investor relations takes on a strategic function, helmed by Senior Management, to facilitate investor engagement at a heightened level, as CAO moves forward into its next phase of growth and drive the strategic transformation of the Group for healthy growth to create sustainable long-term value for our shareholders.

2015 CAO SHARE PRICE MOVEMENT & TRADING VOLUME



SHARE PRICE INFORMATION 股价信息

Share Price (S\$) 股价(新元)	2011	2012	2013	2014	2015
As at last trading day of the year 截至当年的最后一个交易日	0.985	1.000	1.045	0.670	0.710
High 最高价	1.610	1.335	1.230	1.070	0.900
Low 最低价	0.830	0.920	0.890	0.655	0.500
Average 平均	1.179	1.041	1.007	0.840	0.730

Source: Bloomberg & SGX Website

CORPORATE CALENDAR 公司事务时间表

2016	
Announcement of 4Q 2015 and 2015 full-year financial results 公告2015年全年业绩	25 February
Dispatch of Summary Reports to shareholders 向股东派发年报概要	On or about 24 March
22 nd Annual General Meeting 第22届常年股东大会	20 April
Proposed First and Final Dividend for FY2015 2015年首次及年终股息	
Books closure date 关账日	4 May
Payment date 付款日	17 May
Announcement of 1Q 2016 results 2016年第一季度业绩公告	April
Announcement of 2Q 2016 results 2016年第二季度业绩公告	July
Announcement of 3Q 2016 results 2016年第三季度业绩公告	November
2017	
Announcement of 4Q 2016 and 2016 full-year financial results 公告2016年全年业绩	February

首席执行官战略报告

投资者关系

保持高标准的公司治理和透明度，与股东保持积极、开放和公平的沟通对CAO来说至关重要。2015年油价疲软，全球股市动荡，集团继续通过投资者关系活动，确保沟通渠道顺畅，为投资者提供有关CAO业务和业绩的准确、公允和及时的信息，这些都体现了集团为股东创造长期价值的承诺。

积极接洽投资者

2015年对全球股市来说是动荡的一年，油价下跌和中国（全球最大消费市场）增长放缓带来的宏观经济不确定性困扰投资者，地缘政治紧张局势和加息压力更是严重影响了市场情绪。

在这种情况下，CAO的高级管理层和投资者关系团队增强了投资界的沟通，积极与现有和潜在机构投资者、财务分析师、媒体和散户通过各个沟通平台接洽。

2015年，CAO与将近200个投资者和机构投资者进行会议或电话会议，也参加了新加坡、马来西亚和香港的数个非交易型路演，向各个类型的股东和潜在投资者推介CAO，会议形式包括一对一面谈、多人会议、电话会议和研讨会。在这些会议上，高级管理层向投资者介绍公司的战略方向，包括增加运营竞争力，重新规划业务结构。

为了进一步接洽散户投资者，高级管理层在2015年常年股东大会上向152名散户股东介绍2014年的财务业绩和集团业务。董事会和高管也在问答环节解答每个投资者的问题和顾虑。我们相信积极主动的沟通会深化与长期股东的关系，使他们更好地了解集团的价值定位。资本市场对这些努力反映热烈，CAO股票流动性得到提升，股价在2015年上半年高达0.8新元，增加19.4%。

2015年下半年，股市情绪更加消极，主要由于低油价和中国央行为了刺激疲软的中国经济，使人民币突然贬值。CAO股价也随之波动，反映了股市的大趋势。在这种情况下，CAO加强与投资者的沟通，在9月召开了投资者接待日，高管与股东、分析师和投资者进行了题为“把握全球发展机遇，释放航空营销潜能”的分享，解释了航空市场营销板块对集团的重要性、我们的战略价值链和协同性资产投资战略。通过与全球投资者的互动和与媒体的接洽，我们加强了与全球投资和金融领域的沟通。2015年，报道CAO的媒体文章超过100篇，曝光力度显著加强。

加强沟通

随着集团开始吸引全球基金经理，CAO开始在新的媒体平台上，尤其是通过网络加强与全球投资者的沟通。通过保持高标准的信息透明和公平披露，投资者关系团队使用多个多媒体平台，包括网络广播、视频和电话会议，吸引全球范围内的投资者。

随着移动设备的普及，我们改进了公司网站，使之与移动设备端兼容，以改善与投资者的沟通。这个数字化平台便于操作，为投资者及时提供有用信息，加强了CAO的全球投资者沟通。

为了更好地与投资者沟通，集团从2014年起就完善公司报告模式，在年报中加入全球综合性报告框架元素，加强和推广业绩透明度，使投资者们了解CAO在多变的外部环境中的业务模式、战略、风险与机遇。

公司向新交所网站披露的全部信息已经上载至CAO官网的投资者关系部分。投资者可以从官网获得新闻稿、年报、投资者接待日介绍材料、业绩发布会网络广播、新交所公告。投资者还可以通过网站定制CAO信息，跟进最新进展。CAO欢迎投资者就改善投资者关系工作所做的反馈。CAO的IR团队邮件地址为ir@caosco.com。

得奖情况

2015年，集团IR团队的积极工作和对信息透明的坚持得到了投资界的肯定。CAO连续第六年获得新加坡证券投资者协会颁发的投资者选择奖的“最透明公司奖”。集团还获得了2015年新加坡企业大奖的“最佳投资者关系”金奖(3亿新元至10亿新元市值区间)。

创造价值

在动荡和充满挑战的外部环境中，CAO坚持履行对股东的承诺。虽然CAO股价波动，但整体表现稳健且呈上升趋势，2015年12月31日收0.71新元，同比增加6%，表现好于海峡时报指数在同时段14.3%的跌幅。CAO股票的每日平均交易量同比增加33%，反映投资者对CAO兴趣的增加。

为了回应小股东的要求，使股东更加直接地分享集团的盈利增长，集团董事会已经批准了与业绩增长挂钩的股息政策。从2015财年年开始，CAO计划每年将可分配给股东的年度合并净利润的30%用于股息发放(单层免税)。

2015财年，公司提议每股0.03新元的股息发放(单层免税)。相比2014财年每股0.02新元的股息政策，增幅高达50%。

随着集团继续打造业务，充分利用核心竞争力，寻找可以壮大核心业务的投资机会。在高级管理层的带领下，投资者关系工作从战略角度在各个方面展开，帮助CAO进入下一阶段的发展。

Senior Management



SEATED FROM LEFT 前排左至右
Wang Chunyan 王春焱, Meng Fanqiu 孟繁秋

STANDING FROM LEFT 后排左至右
Tee Kah Gay 郑佳毅, Wang Zhaopeng 王兆鹏, Teo Lang Lang Jean 张娜娜, Zhang Xingbo 张兴波

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 the Group. 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, ensures overall business growth and provides supervision and leadership in the business performance of the Group.

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

WANG CHUNYAN*Chief Financial Officer*

As the Chief Financial Officer, Mr Wang Chunyan directs and manages the Group’s overall financial plans and accounting practices. He is responsible for the treasury, accounting, budget, tax and audit functions of the Group and also assists the CEO to oversee the IT and risk management functions. He is also a Director of China Aviation Oil (Hong Kong) Company Ltd, CNAF Hong Kong Refuelling Limited and CAOT Pte Ltd.

Mr Wang has more than 20 years of experience in China’s petroleum industry. Prior to joining CAO, Mr Wang was the Deputy Head of Financial Assets Division at Shengli Petroleum Administrative Bureau, a subsidiary of Sinopec Group. Mr Wang began his career with Hekou Oil Production Plant, a subsidiary of Shengli Petroleum Administrative Bureau in 1993. He held several senior positions within the Financial Assets Division of Shengli Petroleum Administrative Bureau before his appointment as Deputy Head of Financial Assets Division in May 2006.

Mr Wang is a qualified Senior International Finance Manager and Senior Accountant. He holds a Bachelor’s Degree in Economics majoring in Accountancy from Changchun Taxation College, China.

TEO LANG LANG JEAN*Chief Operating Officer*

As the Chief Operating Officer, Ms Jean Teo is responsible for managing the trading, aviation marketing and operations functions of the Group. She is involved in the development and execution of trading strategies

and performance targets for all trading businesses of the Group, and the product portfolio currently includes jet fuel, gasoil, fuel oil and avgas, as well as having oversight of the Group’s aviation marketing business. Her responsibilities also include assisting the CEO to identify investment projects and new businesses in line with CAO’s growth strategy. Ms Teo is also a Director of North American Fuel Corporation.

Ms Teo has more than 15 years of experience in the oil trading industry. Prior to joining CAO, she was a senior trader of distillates products at Cargill International Pte Ltd. Ms Teo began her career with BP Singapore Pte. Ltd (“BPS”), where she held various positions from July 1997 to September 2010, including a secondment to CAO as Head of Trading from January 2008 to August 2010. Earlier on in her career at BPS, Ms Teo was a Lead Trader of Light Distillates.

Ms Teo holds a Master of Business Administration (Finance) from Manchester Business School, United Kingdom and a Bachelor of Engineering, Chemical (Honours) from National University of Singapore. She is a Fellow member of the Singapore Institute of Arbitrators, and received the Graduate Certificate in International Arbitration from the National University of Singapore in 2013.

WANG ZHAOPENG*President, CAOHK*

As President of China Aviation Oil (Hong Kong) Corporation Limited (“CAOHK”), Mr Wang Zhaopeng directs and manages the day-to-day business operations in Hong Kong and also oversees the joint venture operations of CNAF Hong Kong Refuelling Limited. His responsibilities include executing the Group’s business strategies and corporate plans, leading the financial and reporting functions, as well as overseeing the risk management across all functions at CAOHK. In addition, he is also in charge of developing and ensuring consistent implementation of the Group’s human resource policies and procedures. He is also responsible for advising the Group CEO in all aspects of business operations, including business development and investment opportunities in support of the Group’s strategic objectives related to its global portfolio of business and activities. Mr Wang is also the Chairman of CNAF Hong Kong Refuelling Limited.

Mr Wang has over 29 years of experience in the petroleum and chemical industry in China covering all facets of business operations, including engineering, sales and

Senior Management

marketing and project planning and management. Prior to joining CNAF in 2008 and his subsequent appointment to CAOHK, Mr Wang was the General Manager of Petrochemical Products Trading Department at China Petroleum Technology & Development Corporation from 2001 to 2008. Mr Wang began his career with Urumqi Petrochemical Complex, a subsidiary of China National Petroleum Corporation (“CNPC”) (formerly known as Sinopec Urumqi Petrochemical Group Company) in 1984 as the Section Head of Mechanical and Power Management Department. He was subsequently promoted to various managerial positions within the CNPC group before his appointment as the General Manager of International Business Company of Urumqi Petrochemical Refinery Plant (a joint venture of CNPC Urumqi Petrochemical Complex and Sinopec) in 1999.

Mr Wang Zhaopeng graduated with a Bachelor of Science in Mechanical Engineering from China University of Petroleum, and holds the professional qualification of Senior Engineer (professor level).

ZHANG XINGBO

President, NAFCO

As President of North American Fuel Corporation (“NAFCO”), Mr Zhang Xingbo directs and manages the day-to-day business operations of the Group’s activities in North America including its business strategies and corporate plans. He is also responsible for NAFCO’s financial and reporting functions, and oversees the risk management function across all operations at NAFCO. He is also in charge of developing and ensuring consistent implementation of the Group’s human resource policies and procedures. His responsibilities also include advising the Group CEO on all aspects of business operations, which encompasses development and investment opportunities, with a focus on growing the Group’s aviation marketing business in North America, in support of the Group’s strategic objectives related to its global portfolio of business and activities.

Mr Zhang has over 20 years of experience in the oil industry, having accumulated extensive experience in China National Aviation Fuel Group Corporation’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.

TEE KAH GAY

General Manager, CAO E

As the General Manager of China Aviation Oil (Europe) Limited (“CAOE”), Mr Tee Kah Gay is responsible for the day-to-day business operations, which includes executing the Group’s business strategies and corporate plans, managing the financial and reporting functions, as well as overseeing risk management across all functions at CAOE. He is also in charge of developing and ensuring consistent implementation of the Group’s human resource policies and procedures. His responsibilities also include growing and expanding CAOE’s business activities, in line with the Group’s strategic objectives relating to its global portfolio of business and activities.

Mr Tee has over 15 years of experience in the commodity trading and financial sector. From 2008 to 2013, he successively served as a Project Analyst and then Deputy Head of Risk Management which includes assisting in overseeing the risk management function for CAO Group in Singapore. Before joining CAO, he was with BP Singapore Pte. Ltd (“BPS”), and was primarily responsible for performance reporting and analysis for a portfolio of products. His other duties included coordinating and preparing gross margin and cost variance analysis reports, spearheading the development and implementation of cost management reporting tools as well as administrating a performance management system for the financial control and accounting unit. Prior to this, he had held positions with Glencore Singapore Pte Ltd and Deloitte and Touche, where he specialised in the areas of financial accounting and audit.

Mr Tee holds a Bachelor of Accountancy (2nd Upper Class Honours) degree with a minor in Information Technology from Nanyang Technological University of Singapore. He is also a certified Energy Risk Professional from the Global Association of Risk Professionals as well as a member of the Institute of Singapore Chartered Accountants.

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集团的整体业务。他负责制定和实施公司的发展战略，提升本集团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，并监督和负责审核业绩公告。

关于孟先生更详细的介绍，请参阅“董事会”部分。

王春焱

财务总监

作为财务总监，王春焱先生负责领导和管理CAO集团整体财务规划与会计事务。他监管CAO集团的资金运作、会计核算、预算、税收和审计事宜，并协助首席执行官监管公司的IT和风险管理工作。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CAOT私人有限公司的董事。

王先生在中国的石油业有超过20年的经验。在加入CAO之前，王先生是胜利石油管理局财务资产部副主任。胜利石油管理局是中国石油化工集团公司的下属企业。王先生于1993年参加工作，在胜利石油管理局河口采油厂工作。他曾历任胜利石油管理局财务部多个高级职位，并于2006年5月被任命为财务资产部副主任。

王先生拥有高级国际财务管理师和高级会计师资格，并拥有中国长春税务学院会计系会计学专业经济学学士学位。

张娜娜

首席运营官

作为首席运营官，张娜娜女士负责监管CAO集团贸易部、航空市场营销部和运作部，主要职责包括制定并组织实施CAO集团所有贸易业务（贸易产品目前包括航油、柴油、燃料油和航空汽油）的发展战略及业绩指标，以及监管集团航空市场营销业务。其职责还包括协助CEO寻找符合CAO战略并对CAO有实质效益的投资项目和新业务。她也是北美航油有限公司的董事。

张女士在石油贸易领域拥有超过15年的经验。在加入CAO之前，她是嘉吉国际私人有限公司中馏分产品的高级贸易员。加入嘉吉之前，张女士在1997年7月至2010年9月之间效力于BP新加坡私人有限公司（简称“BPS”），并于2008年1月至2010年8月期间外派至CAO担任贸易部主管。张女士在BPS还担任过轻馏分产品首席贸易员。

张女士拥有英国曼彻斯特商学院工商管理金融专业硕士学位、新加坡国立大学化学工程系(荣誉)学士学位。她是新加坡仲裁员学会学士，并于2013年获得了新加坡国立大学的国际仲裁毕业证书。

王兆鹏

中国航油（香港）有限公司总裁

作为中国航油（香港）有限公司（“香港公司”）总裁，王兆鹏先生经营和管理香港业务的日常运作，也监督合资公司——中国航油香港供油有限公司的运营。他的职责包括执行集团商业战略和企业规划，领导财务汇报，以及监管香港公司所有职能部门的风险管理工作。他也负责制定与集团人事政策和流程相一致的规章制度并确保相应执行。同时，向集团首席执行官提供涉及业务运营各方面的建议，如业务发展和投资机会，以支持集团实施拓展全球业务的战略目标。王先生还是中国航油香港供油有限公司的董事长。

王先生在中国石油石化行业的工程、销售、市场、项目规划和管理等多个业务领域拥有超过29年的经验。在2008年加入中国航空油料集团公司并被派去香港公司任职以前，王先生于2001至2008年担任中国石油技术开发公司石化产品贸易部总经理。王先生的职业生涯开始于1984年，任中国石油天然气集团公司（“中石油集团”）子公司——中国石油乌鲁木齐石油化工总厂（前身为中国石化乌鲁木齐石化总厂炼油厂）机械动力处管理科科长。王先生随后被提拔出任中石油集团多个管理岗位，直至1999年升职为乌鲁木齐石化总厂（中国石油乌鲁木齐石油化工总厂和中国石化的合资公司）国际商务公司的总经理。

王兆鹏先生毕业于中国石油大学机械系，获理学学士学位，拥有研究员级高级工程师资质。

高级管理层

张兴波

北美航油有限公司总裁

作为北美航油有限公司（“北美公司”）总裁，张兴波先生指导与管理集团北美业务的日常运作，包括商业战略和企业规划，负责领导北美公司的财务汇报，监督公司所有业务的风险管理工作。他也负责确保集团人事政策和流程得到一致贯彻执行。同时，他有责任在业务运营的各方面向集团首席执行官提供建议，包括业务发展和投资机会等，尤其是集团在北美开展的航油营销业务，以支持集团拓展全球业务的战略目标。

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。

郑佳毅

中国航油（欧洲）有限公司总经理

作为中国航油（欧洲）有限公司（“欧洲公司”）的总经理，郑佳毅先生负责管理公司业务的日常运作，包括执行集团商业战略和企业规划，管理财务汇报职能，监管欧洲公司所有职能部门的风险管理工作。他也负责制定与集团人事政策和流程相一致的规章制度并确保执行。他的职责还包括按照集团全球业务发展的战略目标，拓展CAO在欧洲的业务活动。

郑先生在大宗商品贸易与金融领域有超过15年的经验。2008年至2013年，他先后担任CAO的项目分析员和风险管理部副主管，在新加坡协助监督CAO集团的风险管理职能。加入CAO之前，郑先生任职于BP新加坡私人有限公司（“BPS”），主要负责产品组合的表现汇报与分析。他的职责还包括协调准备毛利与成本差异分析报告，领导成本管理报告工具的开发与实施，并监督财务控制与会计部门的业绩管理系统。在此之前，他曾任职于嘉能可新加坡私人有限公司与德勤会计事务所，专门从事财务、会计和审计工作。

郑先生是新加坡南洋理工大学的会计学学士（二等一级荣誉学位），辅修信息科技。他也是全球风险管理专业人士协会的能源风险从业者，还是新加坡特许会计师协会的会员。



Interaction with shareholders and investors at Corporate Access Day 2015

与股东及投资者在2015年投资者接待日交流



RESILIENT
THROUGH THE TIMES

欣欣向荣

Risk Management

2015 was a challenging year marked by a steadily downward spiral in oil prices, with Brent crude prices at US\$50 in the beginning of the year and slumping to an eleven-year low of US\$36 in December. Against a background of persistently challenging competitive environment, especially for the oil and gas industry, CAO continued to strengthen the resilience of its businesses through focused risk management.

The Group has, in the past year, continuously maintained a proactive approach to the management of risk, constantly reviewing the Group's risks and opportunities, with a particular focus to manage the risks of the Group's trading and supply activities.

In view of the volatile market environment in 2015, CAO has further enhanced the Group's risk management framework with an integrated approach, focusing on top-down and bottom-up aspects of the Group's business operations globally. The measures put in place included:

- initiating and conducting an inaugural annual review of the Group's subsidiaries;
- refining the credit risk management methodologies;
- implementing an enterprise-wide stress test, as well as
- conducting a maritime disaster desktop exercise involving oil tankers across jurisdictions.

As such, the Group's FY2015 financial results underscored an improved operational performance, with the effective management of risks playing an instrumental role in the Group's business performance.

FOCUSED AND DISCIPLINED APPROACH

As part of its risk culture, the Group continues to actively develop and refine our centralised risk control and support network to enable our global businesses. 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 us to quickly respond to constantly changing market conditions.

Our risk management foundation is built upon three pillars namely:

- i Three-tier management and control structure;
- ii Policies, guidelines and control framework; and
- iii System, process and people.

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. The risk team has a staff of six who has built up a wealth of experiences in credit, market and enterprise risk management over the past eight years as it grew in tandem to support the Group's expanding business portfolio. Through continuous training, self-improvement and cross training, the team has either obtained or is working towards professional certification such as Energy Risk Professional ("ERP) and Financial Risk Manager ("FRM") by Global Association of Risk Professionals ("GARP").

SUSTAINABILITY-FOCUSED POLICIES AND PROCESSES

Across the Group, we continuously improve on its risk control systems through adopting best-in-class business practices and developing new initiatives to enhance its risk management capabilities. These include:

- The Risk Management and Trading Policies Manual which serves as a central repository of policies, procedures and delegation of authorities relating to trading and risk management, as well as Safety, Health and Environment policy and guidelines, whistle-blowing policy and fraud prevention policy in compliance to all related applicable laws and regulations.

ROBUST MANAGEMENT CONTROL STRUCTURE

严谨的管理控制架构



- Standard Operating Procedures (“SOPs”), a comprehensive guiding list on operations and information systems processes, are updated regularly while periodic tests of control are conducted to ensure operation risks are managed effectively.

In 2014, the Group has initiated a subsidiary review and control framework to standardise work processes across subsidiaries and ensure compliance to the Group’s internal policies. The inaugural on-site reviews of the Group’s subsidiaries were conducted in 2015 and with the findings, actions were undertaken to standardise the work processes across the subsidiaries globally.

Recognising that risk management plays an important role in business sustainability, CAO has adopted the Enterprise Risk Management (“ERM”) approach to manage the various types of risks the Group is exposed to. The ERM further systemise our approach to identify and analyse 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. As of end 2015, the top ten identified risks in the

ERM register did not change significantly as compared to the prior year.

KEY RISKS AND MITIGATION STRATEGIES

In order to better manage the risks of our growing business portfolio, the Group’s risk management department has two different specialised teams, one focusing on market, operations and product risk management and the other focusing on credit risk management, providing efficient support to businesses and timely reporting to management and board.

CAO’s management of risk also include 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:

- 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.

Risk Management

- Human Resource Risk
 - is the risk due to loss of key personnel, inadequate development of human resources.
- Business Concentration Risk
 - is the risk of high exposure to a particular product or market segment.
- Market Risk
 - is the risk of losses arising from movements in trading positions and market prices.

For credit risk, in line with the growing aviation marketing business segment, the Group has refined the existing credit assessment framework for commercial airlines' counterparties by taking into consideration criteria that better reflects the commercial airline industry. Also, in response to the volatile market environment in 2015, the Group has employed real-time news alert system to proactively monitor the Group's counterparties which will enable timely actions to safeguard the Group's interests. Improvements to the ETRM system's credit risk reports generation function have been made, in which the updated information on existing counterparties can be utilised to support urgent credit decision, beside the annual credit assessment of the respective counterparties.

For physical cargo operation risks, the Group has in place SOPs that are regularly reviewed and appropriate policies such as ship vetting to address physical cargo operations.

In the area of human resource risk, the Group has in place comprehensive human resource policies and procedures for recruitment, remuneration and staff development.

For business concentration risk, the Group is actively exploring other transportation fuels and to build related structural trading advantages to establish a global integrated supply and trading network. This will further expand and diversified the Group's business portfolio.

In the area of market risk, the Group's risk management framework effectively control CAO's business risks with a set of market risk limits such as Value at Risk, Volumetric limits, and has a stringent Stop-Loss and management alert trigger for each of the trading books.

For 2015, in addition to specific risk management to handle the respective types of risks, the Risk Management team conducted an enterprise-wide stress testing to assess the resilience of the CAO Group in an extreme market environment through simulating adverse movements in foreign exchange rates, interest rates, prices of commodities and credit conditions. Retrospectively, through stress testing, we are able to determine the readiness and ability of CAO group to withstand and come through in an extreme event.

MARKET RISK AND SENSITIVITY ANALYSIS

2015 continued to be a challenging year for the Group's business, particularly against a climate of:

- falling oil prices in a volatile market;
- declining Chinese demand for petrochemical products, due to the economic slowdown in China; and
- continuing volatility of various product and time spreads.

Nonetheless, the business risks of the Group's supply and trading operations are effectively monitored and controlled by a comprehensive set of risk control tools. In addition, steps are taken to improve the visibility of key risks and to quantify how mitigating actions reduce them.

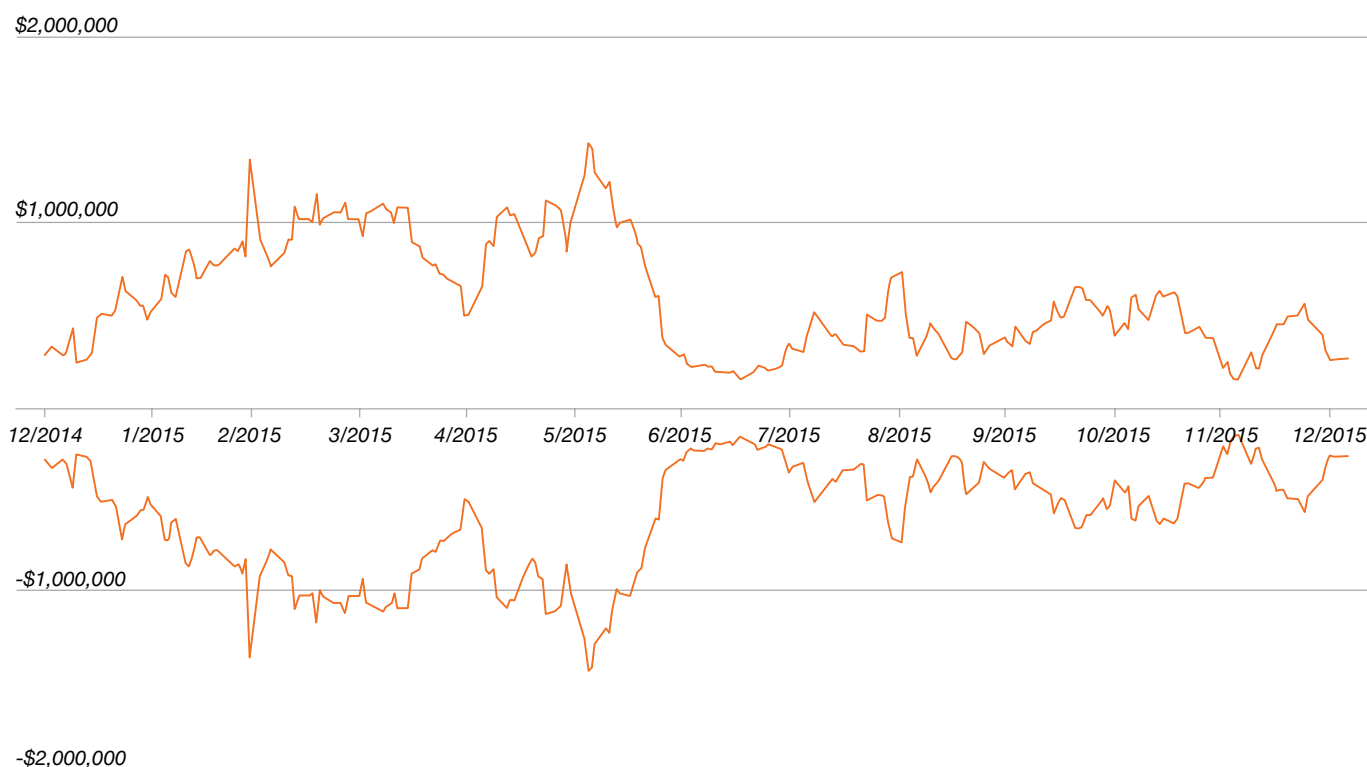
The Market Value at Risk ("MVaR") is used as a tool to measure market risk. All physical and financial contracts are subjected to MVaR limits and valuation of the holding portfolio is monitored on a daily basis. A set of market risk limits, which are delegated by the Board, include Volumetric limits, 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.

In addition, a suite of standardised stress tests were employed with the Risk Management team conducting regular black swan scenarios¹ that take into consideration drastic changes in oil prices, to enhance our risk control measures. In light of high market volatility in 2015, the frequency of ad-hoc stress testing had also significantly increased. These measures allowed CAO to have timely and deeper insight of our business activities in times of extreme market conditions, enabling the Group to take preventive steps where necessary.

¹ Black Swan scenarios - events or occurrences that deviate beyond what is normally expected of a situation and that would be extremely difficult to predict

2015 MVaR UTILISATION

2015年全年市场风险值使用情况



Given the high volatility in the market environment, our risk appetite remained cautious and measured, impacting the total supply and trading volume for FY2015. Nevertheless, the daily MVaR utilisation rate, based on a 95% confidence interval, has remained stable, registering an average MVaR utilisation of US\$ 606,000 in 2015.

CREDIT RISK 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 loss 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.

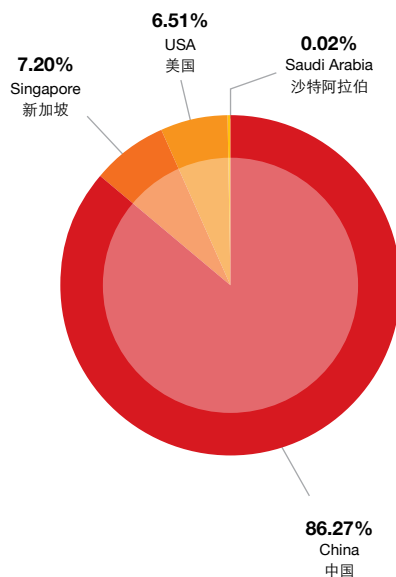
- iii Country risk or sovereign risk is the risk of loss arising from a sovereign state freezing foreign currency payments or when it defaults on its obligations.

To actively manage our credit risk, counterparties' credit worthiness are 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.

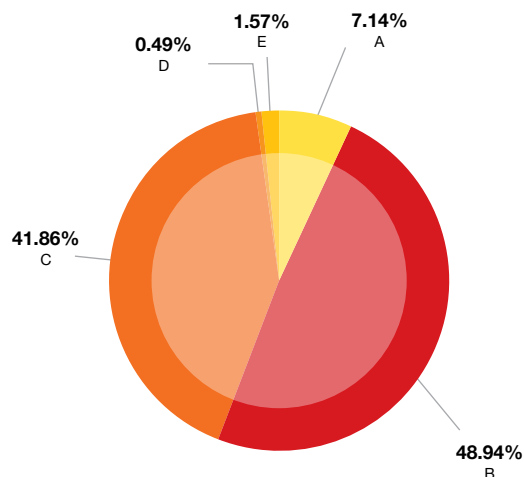
We have also incorporated the Potential Future Exposures ("PFE") approach into our credit monitoring and control process. This approach evaluates over a specified time period and within a certain confidence level, the maximum credit risk exposures of existing trades against possible future market prices during the life of the transactions. This will allow us to identify potential credit exposures resulted from the transactions we undertake. In addition, concentration risk reports, collating an overview on countries, products and internal credit ratings, are also generated on a regular basis to review and assess the Group's concentration risk throughout the year.

Risk Management

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



Our concentration risk profile of accounts receivables are as follows:

By Country

As of 31 December 2015, our geographical exposure is predominantly China (86%), followed by Singapore (7%), and USA (6.5%), which made up approximately 99% of our total exposure.

During the fiscal year, the predominant countries are China (63.4%), Singapore (23.4%) and Hong Kong (6.6%), which made up approximately 93% of our total average exposure. In line 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 2015, in terms of internal credit rating, our exposure mainly comes from Grade A (7%), Grade B (49%) and Grade C (42%) counterparties, which made up more than 95% of our exposure.

During the fiscal year, the exposure from these three internal credit rating is Grade A (8.8%), Grade B (60.6%) and Grade C (26.1%), which similar to 31 December 2014, made up more than 95% of our exposure.

For Grade D and E counterparties which are of poorer credit quality, payment terms granted to them are on Letter of Credit and prepayment basis which effectively brings down the risk exposure level and improve our overall portfolio credit quality.

The Group has also employed credit enhancement or mitigation tools where necessary. These include 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.

In 2015, we strengthened the management of our account receivables through measures such as Letter of Credit discounting which reduced our overall credit risk exposures. We are also constantly seeking out other credit mitigation tools, such as credit insurance to reduce our risk exposure.

With all these enhanced measures, the Group is better equipped to manage the risks involved in daily trading activities.

As CAO embarks on its next phase of growth towards becoming a global top-tier integrated transportation fuels provider, the Group remains committed to proactively promote a strong culture of risk awareness, strengthening risk management in our daily business operations to deliver sustainable shareholder value.

风险管理

2015年全年油价持续下跌，布伦特价格从年初的50美元滑落到12月的36美元，这也是11年来的最低价格。面对这样一个充满挑战性的商业环境，特别是油气行业，CAO继续通过加强风险管理来巩固业务。

过去的一年中，集团积极管理风险，持续审查风险与机遇，尤其是管理贸易和供应风险。

考虑到2015年的波动环境，CAO进一步加强集团的一体化风险管理框架，通过从上至下和从下至上的方式审查全球运营。采取的措施包括：

- 提议并完成对子公司的首次年度风险管控审查
- 改进信用风险管理的方法
- 进行企业范围的风险压力测试
- 执行了对跨区域贸易油船的海事灾难演习

集团2015财年的业绩显示了运营情况的改善，风险管理在其中发挥了至关重要的作用。

集中化管理

作为风险文化的一部分，集团继续积极开展并改善集中化风险控制与支持网络，帮助全球业务的开展。CAO的风险管理框架包括风险管理政策、指引、流程、过程、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，使我们对多变的市場做出快速反应。

公司风险管理的三大支柱分别为：

- 一、三重管理与控制架构；
- 二、政策、指导方针和控制架构；以及
- 三、系统、流程和人员

集团的三重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（“RMC”）负责监管战略风险管理问题。RMC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。RMC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（“CRM”）在风险管理委员会授权之下，负责市场、信用、运作、企业、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RMC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。风险管理团队共有6名员工，通过八年多的建设，在信用、市场、企业风险的管控方面积累了宝贵的经验，适应了业务增长的需要。风险管理团队的成员通过培训和自我进修，已经获取或正在努力获取相关专业

资质，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”）。

可持续的政策和流程

集团通过借鉴业内的最佳实践来持续改善CAO和子公司的风险管理，通过新的措施加强风险管理能力。这些包括：

- 有关贸易与风险管理的政策、流程和授权的核心政策集《风险管理与贸易手册》，同时还有安全、健康与环境政策及指导方针、举报政策、防欺诈政策等。
- 公司有全面的标准工作流程（“SOPs”）指导业务运作和信息系统，并定期更新，检测运作风险是否得到有效控制。

CAO集团在2014年建立了子公司管理与监督流程框架，目的是规范所有子公司的工作流程，确保遵守集团内部政策。2015年我们对所有子公司完成了首次现场的风险管控审查，并通过审查发现，采取改进措施，确保各个子公司遵循标准化的工作流程。

CAO意识到风险管理对业务持续的重要性，采取企业风险管理（“ERM”）措施管理CAO集团的多种风险。ERM将我们识别、分析关键风险的措施进一步系统化，通过制定应对措施，由不同部门和职能板块的风险负责人执行，确保关键风险得到密切监控和管理。这样的流程确保了我们对关键风险的紧密关注，并采取了明确恰当的风险缓解措施。截止2015年底，公司根据ERM注册表评估出来的十大风险与前一年相比没有重大变化。

关键风险和缓解措施

为了更好地管理业务发展带来的风险，我们将风险管理团队重组成两个专业队伍，一个组关注市场，运作和产品控制风险管理；另一个组关注于信用风险管理，为业务提供充分支持，并及时地报告管理层和董事会。

CAO的风险管理包括识别影响集团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。

- 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。
- 人力资源风险
 - 指人力资源枯竭、流失和人力资源不足带来的风险。

风险管理

- 业务集中化风险
 - 严重集中在特定产品或市场的风险。
- 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。

对于信用风险，为了适应正在发展中的航空市场营销业务，我们为航空公司对家重设了信用评估框架，在新的评估方法中考虑了更多反映航空公司业绩的参数。由于2015年全球经济瞬息万变，我们设立了贸易对家新闻快讯及时跟踪贸易对家情况，确保我们能及时调整信用条件来保护CAO集团的利益。我们也不断完善ETRM信息系统的信用报告功能，使我们能够基于现有对家的更新信息及时作出信用决策，同时我们也实施了对贸易对家的年度信用评估。

对于实货运作风险，我们已经制定标准化工作流程并定期回顾，也有实施如船舶审批政策来控制实货运作方面的风险。

对于人力资源风险，集团制定了有关招聘、薪酬和员工培训的人力资源政策和流程。

对于业务集中化风险，公司正积极开拓其它运输燃料，建立结构性贸易优势，并打造全球一体化的贸易业务网络，将业务拓展为一个相对多元化的平台。

在市场风险方面，公司的风险管理构架通过一套市场风险限额来实施控制，比如风险值和数量限额。对于每一个贸易账户，也有设立严格的止损限额和管理层预警限额。

2015年，除应对各类风险的专项风险管理，风险管理团队还进行了企业范围的压力测试，通过模拟外汇汇率、贷款利率、商品价格和信用评级等因素的变化，评估整个CAO集团在极端市场环境中是否可以保持稳固发展。通过测试，我们发现集团有能力应对这些极端事件并得以持续经营。

市场风险及敏感性分析

2015年依然是公司外部经营环境极具挑战性的一年，主要体现在：

- 原油价格在波动的市场环境中持续下跌；
- 由于中国经济放缓，中国市场对化工产品的需求下降；
- 各种产品价差与前后月差的价格发生剧烈波动。

尽管如此，集团有一整套全面的风险控制工具，有效监控供应与贸易业务的风险。除此之外，我们还逐步提高关键风险的可见性，并以量化的方式评估缓解措施如何降低风险。

¹ 黑天鹅场景 - 超过一般预期的、非常难以预测的事件。



Round-the-clock monitoring at TSN-PEKCL Pipeline's control room
在天津管输公司管线控制室中进行24小时监控

公司继续用市场风险值（“MVaR”）来衡量市场风险。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适合性。

此外，风险管理团队采纳了一套标准化的压力测试场景，在“黑天鹅”场景¹中纳入油价的剧烈波动，完善日常风险管控措施。鉴于2015年市场的剧烈动荡，临时进行压力测试的频率明显增加。这些举措使得公司管理层可以更加及时地了解到未来市场可能的极端情况，有针对性地采取防范性的措施。

在市场波动剧烈的情况下，我们持续保持谨慎、可控的低风险偏好，并据此控制2015年供应和贸易的规模，影响了2015年供应与贸易量。基于95%的可信度，2015年平均每日市场风险值仍保持在稳定水平，为60.6万美元。

信用风险及集中程度分析

鉴于公司业务性质，信用风险不可避免，是集团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、集中度风险和国风险：

- 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。
- 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。
- 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。

我们也将未来潜在风险（“PFE”）的计算纳入信用监督和控制流程中。这种方法评估在一个特定的时间范围内、一定的置信水平上，未来市场价格的波动对目前交易造成的最大信用风险。这使我们能够识别所进行的交易带来的潜在信用敞口。我们还会定期制作集中度风险报告，回顾和评估集团对主要国家、产品和内部信用等级的集中度风险。

我们应收账款的集中度风险状况如下：

根据国家

截至2015年12月31日，根据地理位置，我们的信用敞口主要来自中国（86%），新加坡（7%）和美国（6.5%），占总敞口99%以上。

从整个财年来看，信用敞口主要来自中国（63.4%），新加坡（23.4%）和香港（6.6%），占整年均敞口的93%。由于集团业务发展，我们对这三个地区以外的贸易对家的敞口在过去几年里稳定增长，因为我们一直在拓展多元化业务，平衡业务的地理范围。

根据内部信用评级

截至2015年12月31日，内部信用评级方面，信用敞口主要来自于评级为A(7%)，B(49%)和C(42%)级别的贸易对家，占总敞口95%以上。

2015财年，来自评级为A(8.8%)，B(60.6%)和C(26.1%)级别的贸易对家占总敞口的超过95%，与2014年类似。

对D级和E级对家，他们信用质量较差，我们授予他们的付款条件为以信用证为基础或提前支付，这有效地降低了风险。

我们也在必要时使用信用增强或风险减缓工具，包括获取母公司担保、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（“ISDA”）协议中的信贷支持附件。

我们在2015年强化应收账款的管理，通过信用证折现等措施加快资金周转，降低了整体的信用风险。我们也在不断寻求其他减缓信用风险的工具，比如信用保险等，进一步降低我们的风险敞口。

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。

集团正在向成为全球一流的运输燃料供应商的战略目标大步迈进，在此过程中将继续推行稳健的风险意识文化，强化日常运营中的风险管理，创造可持续的股东价值。



Employees conducting routine checks at TSN-PEKCL Pipeline

员工对管输公司的管线进行常规检查

Human Capital

As CAO moves into its next phase of growth, its human resources (“HR”) play a crucial role in delivering CAO’s business strategies and ambition to be a global top-tier integrated transportation fuels provider. Recognising employees as our most valuable asset, the Group’s human capital strategy remains focused on cultivating an inclusive corporate culture where employees can positively contribute to the sustained growth of the Group.

ENGAGING OUR PEOPLE

At CAO, our corporate culture is built on a foundation of fairness, integrity, innovation and transparency, and we constantly strive to foster a collaborative and mutually supportive corporate environment through various activities and initiatives to engage employees.

Underscoring the important role employees play in achieving our 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.

Throughout the year, team-building activities such as weekly health and fitness sessions, participation in sports tournaments and marathons, festive celebrations and corporate volunteering programmes are organised to encourage cross-functional interaction and communication, promote a sense of belonging and strengthen cohesiveness amongst employees.

In the belief that engaged employees deliver better results and enhance 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 cross-functional knowledge sharing sessions, as well as holding brain-storming sessions encouraging employees to evaluate business processes and policies, develop business acumen and technical skills. As part of our HR engagement efforts, the Group initiated a Work Organisation and Innovative Committee in 2015 to recognise innovative ideas for work procedures and process enhancements to encourage an innovative and engaged workforce that will sustain the future growth of the Company.

Since 2011, Employee Engagement surveys, including its follow-up action plans have been used as a HR development tool throughout the CAO Group. The latest survey, conducted in 2014, showed an overall 89%

favourability in employee engagement and satisfaction. Management has committed itself to act on the findings to continuously improve on employee engagement.

DIVERSITY & INCLUSION

At CAO, we recognise that a fair, diversified and inclusive working environment is integral to the Group’s success and that a diverse workforce with specialised, complementary skillsets, ideas and experiences enriches the workplace and enhances business performance.

In accordance with the Employer’s Pledge of Fair Employment Practices which was formulated by the Singapore Tripartite Alliance for Fair Employment Practices (“TAFEP”), we affirm our commitment to competitive workplace practices. Our HR policies are aligned to the Tripartite Guidelines on Fair Employment Practices formulated by TAFEP and 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. Available job vacancies at CAO are made publicly accessible at the Jobs Bank administered by the Workforce Development Agency of Singapore.

The Group has a total headcount of 95 employees worldwide as at end 2015, a decrease of 2% over 2014, of which 71 employees are based in Singapore. Globally, the average attrition rate over the past 5 years was 10%. The group’s gender profile is approximately a 50:50 split between men and women, and out of which 70% of the employees are in the 30-50 age group.

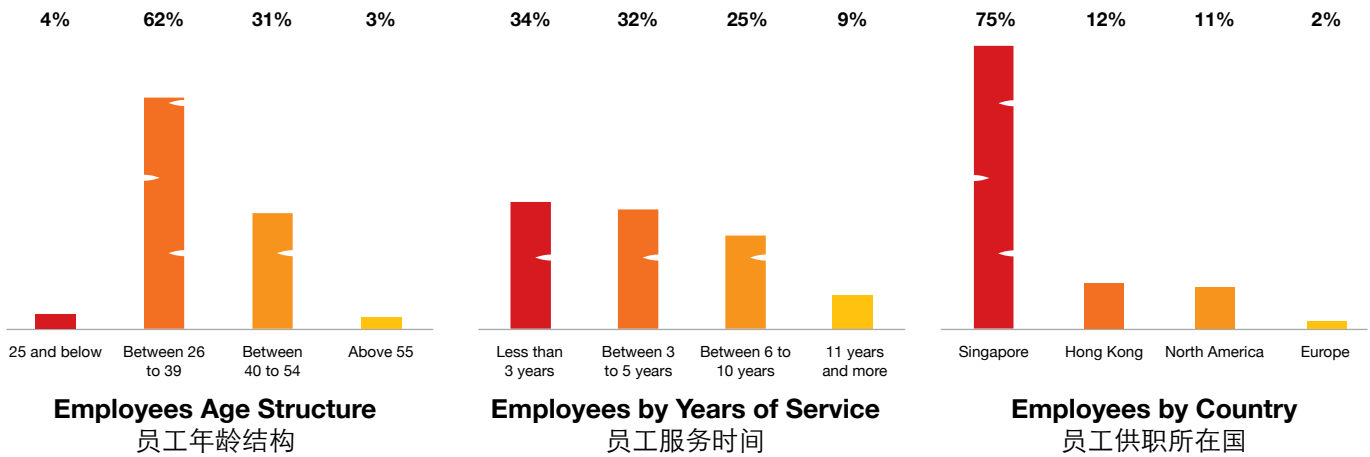
DEVELOPING OUR PEOPLE

In line with our drive for sustainability development, the Group continuously seeks to attract, engage and retain our talent pool by supporting and offering education, training, career planning and advancement opportunities, therein boosting their career mobility.

To ensure the internal talent bench is strong and their capabilities continuously strengthened, we are focused on people development, and have always encouraged and supported employees for ongoing training and development programmes to help the Group to develop the competences it needs with increased business activities and to fuel future growth.

Each year, more than 75% of the workforce undergoes professional training programmes such as technical-

Employee Profile
CAO员工组成



based and soft skills learning and development courses. Within the Group, regular “Lunch & Learn” sessions conducted by employees for their peers and colleagues to share and pick up cross-functional knowledge and skills were introduced, contributing substantially to a holistic learning process. In addition, the Group also actively nurtures and further develops our employees to achieve their full potential through new opportunities across our business units, in various functional disciplines and throughout the geographic regions where we do business. To further develop existing employees’ capabilities, the Group has 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.

REWARDING PERFORMANCE

CAO’s compensation policy and practices are designed to motivate employees to support the Group’s growth trajectory. Our employees’ pay is market-oriented, taking into account an individual’s job value, individual performance as well as the company’s success. Periodically, salary benchmarking is conducted to ensure the Group remains competitive in attracting and retaining employees.

In addition, CAO has in place a performance appraisal system that is continuously enhanced and improved to ensure that the core competencies of our 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, with line managers required to review employees’ performance bi-annually. Any areas of specific achievement and/or needs for improvement are noted and discussed openly with employees during performance appraisals.

BUILDING A RESILIENT WORKFORCE

To build a resilient workforce, the Group is committed to continually improve our engagement initiatives to provide a safe, healthy and inclusive workplace for our employees. Embedding strong business ethics in our business practices, familiarising ourselves with Safety, Health and Environment (“SHE”) standards as well as protecting the privacy of our employees are of central importance at CAO.

Under CAO’s Code of Ethics, all employees are expected to upkeep a high standard of integrity in matters of conduct at all times. We 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.

Apart from the business conduct guidelines, protecting the health and safety of our employees, business partners and the environment is a priority at CAO. To highlight the importance of occupational health and workplace safety, a SHE policy and guidelines was rolled out. Annual health screenings, pandemic illness updates, mandatory workplace health and safety briefings and fire drills are held regularly throughout the year to reinforce that SHE is a responsibility of all employees and that keeping the workplace and environment safe is of paramount importance to the CAO work culture.

In accordance with the Personal Data Protection Act which came into force in 2014, CAO has in place a Personal Data Protection policy which sets out to safeguard the proper management, use and disclosure of personal data of our employees. To accomplish this, access to employee data will be limited to only those that have a legitimate business need or to fulfill a legal requirement.

人力资源

随着CAO进入新的发展阶段，大力实施发展战略，努力成为全球一流的运输燃料一体化提供商，人力资源在其中扮演了至关重要的角色。我们认为员工是集团最有价值的资产，集团的人力资源战略也强调打造有包容性的企业文化，鼓励员工积极为公司可持续发展贡献力量。

增强员工参与度

CAO的企业文化建立于公平、诚信、创新和透明的基础之上，我们通过多种公司活动，不断努力打造合作、友爱、互助的工作环境。

由于员工是CAO实现战略目标尤为重要的一环，所有新员工都需要进行入职培训，使他们熟悉集团的业务和运营，了解公司价值观（即公平、诚信、创新和透明）、愿景和企业文化。

这些年来，公司会坚持组织团队活动，如每周身体锻炼，参加体育竞赛和马拉松，节日庆祝活动和企业志愿者项目，鼓励各部门之间的交流，培养员工的归属感和团结精神。

我们相信参与度高的员工往往会有更好的工作表现，提高公司的业绩。因此我们使用多种措施加强互信和员工的工作热情，鼓励员工创新。这些措施包括：跨部门知识分享、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。公司还在2015年设立了工作组织与创新小组，表彰改善工作流程的创新想法和有利于公司可持续发展的创新提议。

2011年起，CAO集团全面实施了员工参与度调查以及后续的跟进措施。在2014年实施的最新调查，员工整体参与度和满意度评分为89%。管理层也在不断改进，加强员工参与度。

多元化与包容

我们相信公平、多元化、有包容性的工作氛围对集团的成功必不可少，多样性的团队可以实现技术、观念与经验的互补，也可以提升业绩表现。

按照新加坡公平就业实践三方联盟（“TAFEP”）提出的公平就业实践雇主承诺，我们致力于打造有竞争力的工作环境。CAO按照TAFEP制定的公平就业实践三方指南，制定了公司人力资源政策，并在各方面贯彻执行，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。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。

截至2015年底，集团总人数为95人，相比2014年减少2%，其中71个员工在新加坡。全球范围内，过去五年平均离职率为10%。集团的性别比例大约50:50，其中70%的员工在30-50年龄区间。

员工培育

为了集团的可持续发展，我们通过提供教育、培训、职业规划和上升机会，持续吸引和努力留住人才，并为其今后职业生涯的发展拓宽渠道。

为了确保员工业务水准不落后，且不断提高，我们专注于员工发展，鼓励和支持员工进行持续培训和发展项目，帮助集团打造业务拓展所需的竞争力，支持未来发展。

每年超过75%的员工接受专业培训项目，包括技术培训和软技能培训与发展课程。集团内部还有“午餐学习”环节，由员工自己组织，与同事分享跨部门知识和技能，创造全面的学习体验。除此之外，集团还积极培养员工，帮助他们通过多业务地区、多部门的新机会，挖掘自身潜力。为了进一步发展现有员工的能力，集团制定了轮岗计划，将特定员工外派至其他部门一段时间，加强他们在某一职位的技术能力。

绩效奖励

CAO的薪酬政策和做法激励员工为集团的发展尽一己之力。我们的薪酬福利是以市场为导向，考虑了每个员工的工作价值、个人表现和公司的业绩表现。公司会定期评估薪酬水平，确保集团具有竞争力，可以吸引和留住员工。

除此之外，CAO持续改善绩效评估系统，确保员工的核心竞争力符合集团的战略目标。我们鼓励员工和他们的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。

打造坚实的员工队伍

为了打造坚实的员工队伍，集团持续为员工打造提供安全、健康和有包容性的工作环境。我们在业务中践行高标准的商业道德准则，秉持安全、健康、环境（“SHE”）标准，保护员工隐私，这些对CAO都至关重要。

按照CAO的道德准则，所有员工在任何时候的所有行为都必须保持高标准的诚信。我们要求员工保持警惕，避免任何不当行为影响自己、其他员工或CAO的名誉。

除了业务操作规则，保护员工、商业伙伴和环境的健康和安是公司的重中之重。为了强调员工健康和工作环境安全的重要性，公司制定了SHE政策，包括年度体检、流行病介绍、工作场所安全与卫生讲解和火警演习，向员工强调SHE是每一个员工的责任，保持工作环境的安全至关重要。

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，规定员工个人信息的合理管理、使用和披露。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。

Corporate Social Responsibility

At CAO, we are committed to the communities where we operate, and continually take on social responsibility initiatives, channelling resources to add value and support the causes we hold dear. Ours is a CSR programme focused on access to education for children, development of skills and lifelong learning for new immigrants and environment-related initiatives.

INVESTING IN COMMUNITIES

CAO approaches investing in communities through strategic partnerships with non-government organisations and community groups. For the past six years, CAO has been involved with Beyond Social Services' pre-school facility – Healthy Start Child Development Centre (“HSCDC”), contributing and supporting educational initiatives for less privileged children from the Singapore's Bukit Merah and Redhill neighbourhood estates.

In 2015, CAO hosted an experiential learning workshop at Playeum, a children's play museum, for over 40 pre-schoolers, their families and teachers where the pre-schoolers explored a Shadow Play installation and learnt how light and shadows interact. At the same time, CAO volunteers also got together with the pre-schoolers to experiment and tinker with recycled materials to build movable objects, providing the pre-schoolers a fun experience to play, create and learn through creative interactions. Extending our longstanding commitment to create access to education, CAO has also reached out to the HSCDC pre-schoolers and their families, sponsoring Back-to-School packs with basic school supplies such as stationery, water bottles and schoolbags for HSCDC's year-end pre-school graduation event.

Since 2010, CAO has continually supported the educational needs of the less privileged members of the migrant community through the CAO-Tian Fu Bursary Fund. Besides disbursing funds to students who have excelled academically or come from lower-income families, cash grants are also provided to assist new immigrants working in Singapore to upgrade their skills and enhance their employability and contribution to the Singapore economy. With the funding, CAO has benefitted 115 school-going students and working adults over the past five years.

In line with our aspirations to be a global trader of transportation fuels, CAO stepped up its social commitment to education by making a targeted contribution amounting to S\$200,000, to the International Trading Programme at Nanyang Technological University of Singapore over the next four years. With

the sponsorship, CAO will work with industry partners to support a range of initiatives that include the developing of a talent pipeline for the sector, sharing of knowledge through dialogues, seminars, as well as providing internships for students in the programme track.

During the year, the Group has continued to support the education development of children in regional communities where we do business. Partnering The Library Project, a non-government charitable organization focused on setting up libraries and/or reading corners for under-funded elementary schools in remote parts of China, CAO donated over 1,000 brand new books, including bookshelves and teaching materials to three schools at the Ningxia Hui Autonomous Region in the northwest of China. Through the collaboration with The Library Project, CAO aims to promote and inculcate an interest for reading in young children. For 2015, we have also worked with a Project School in Chengdu, China – Wan An Fu He Elementary School, and sponsored communal facilities to enhance the learning experience of its students.

PROMOTING ENVIRONMENTAL CONSCIOUSNESS

As the Group becomes increasingly international, we are also conscious of our responsibility to create and promote environmental consciousness and support conservation efforts in local communities.

CAO's collaboration with National Parks Board (“NParks”) of Singapore, initiated in 2014, to develop a series of themed educational videos to promote greater environment awareness within the community as well as showcase the rich biodiversity that can be found in urban Singapore, fully reflects our commitment to sustainable green initiatives. The commissioned videos are disseminated to media, schools, tertiary institutions and played at various locations across Singapore, including the Singapore Botanic Gardens, as an ongoing effort to promote environmental awareness in Singapore.

STAYING ON THE SUSTAINABILITY COURSE

Underpinning the Group's corporate strategy is our corporate philosophy: “Creating value for communities”. By promoting and integrating sustainability aspects into our everyday business, we ensure long-term sustainability for our core businesses.

As the Group moves into its next growth phase, CAO remains committed to advancing sustainability and resilience, and will continue to work with our stakeholders, sharing our time and resources to foster positive impact in communities around the world.

企业社会责任



CAO volunteers spending time with HSCDC pre-schoolers at experiential play museum Playeum
公司志愿者与HSCDC的小朋友同游儿戏轩

CAO致力于对我们经营所在的社区做出有意义的贡献，并持续通过企业社会责任活动，为社会输送资源和增加价值，实现我们的理念。我们的企业社会责任活动专注于儿童教育、新移民的技能培养和终身学习以及环保活动。

投资社区

CAO通过与非政府组织和社区团体的战略合作，对社区进行投资。在过去六年中，CAO与彼岸社会服务的学前儿童分支机构——彼岸社会服务健康起点儿童发展中心（“HSCDC”）合作，支持新加坡武吉美拉和红山社区贫困学前儿童的教育。

2015年，CAO在一家专为儿童打造的玩乐博物馆——儿戏轩（“Playeum”）组织了体验式学习活动，与超过40个学前儿童、家长和老师一起探索了皮影戏的光影原理。同时，CAO志愿者也与学前儿童一起用回收物品建造可移动物件，让他们通过创意互动，尽情玩耍、学习和创造。此外，出于长久以来对普及教育的重视，CAO为HSCDC学前儿童的年末毕业典礼准备了入学大礼包，内含学生基本用具，如文具、水壶、书包。

自2010年起，CAO就通过中国航油-天府会助学基金支持贫困新移民的教育需求。除了赞助成绩优异或来自低收入家庭的学子，我们还发放资金帮助新加坡的新移民提升技能，加强就业能力，为新加坡经济做出贡献。通过过去五年间的资金援助，CAO帮助了115名学龄儿童和就业人员。

在致力于成为全球运输燃料贸易商的同时，CAO还承诺在接下来的4年中，向新加坡南洋理工大学的全球贸易商计划赞助20万新元，作为对社会的教育投入。通过赞助，CAO会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。

本年度，CAO继续支持公司业务所在地的社区儿童的教育发展，与图书馆计划（非政府慈善机构，致力于为中国偏远地区缺乏资金的小学建造图书馆和/或读书角，传播对书籍和阅读的热情）合作，向位于中国西北部的宁夏回族自治区的三所小学捐赠了超过1000本崭新的书、书架和教学材料，希望可以借此培养中国儿童的阅读兴趣。2015年，我们也与中国成都的万安福希望小学合作，赞助了公共设施，改善学生的学习体验。

提高环保意识

随着集团走向国际化，我们深知CAO在本地社区培养和推广环保意识的责任。

2014年，CAO与新加坡国家公园局（“公园局”）合作，制作了一系列主题教育视频，旨在提高环保意识，也展示了新加坡城区的生物多样性，体现了我们对环保的承诺。视频被推广给媒体、学校、高等院校，也在新加坡多地播放，包括新加坡植物园，持续推广新加坡社区的环保意识。

坚持可持续发展

在CAO公司战略指导下的公司理念是：在我们生活和工作的地方“为社会创造价值”。通过在每日运营中推广和践行可持续性，可以确保核心业务的长期可持续发展。

随着集团进入下一阶段的发展，CAO致力于加强可持续性，成为更加稳健的公司，并继续与各方合作，投入时间与资源，对全世界的各个社区产生积极影响。

Corporate Governance at a Glance

Guideline	Questions	How has the Company complied?
General	<p>(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.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>Yes. Refer to page 81</p> <p>Not Applicable</p>
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Refer to page 82
Members of the Board		
Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(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.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p>	<p>Refer to pages 82 and 88</p> <p>Refer to “Board of Directors” Section of the Annual Report</p> <p>Refer to pages 88 to 90</p>
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 86, 88 and 89
Guideline 1.6	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>Refer to page 84</p> <p>Refer to page 84</p>
Guideline 4.4	<p>(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?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p>	<p>Refer to page 89</p> <p>Not Applicable</p> <p>Refer to page 89</p>

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 pages 89 and 90
	(b) Has the Board met its performance objectives?	Yes
Independence of Directors		
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 page 85
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.	None
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 93
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 page 94
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Refer to page 94

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 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 94
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 page 94
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Refer to Page 94
	(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 pages 90 and 91
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Internal audit function is outsourced. Refer to page 100
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 97
	(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 97

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 156 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.	Not Applicable
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 100 and 101
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes. Refer to page 100
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Refer to pages 100 and 101
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not Applicable

Statement of Corporate Governance

Global economies continued to be saddled with uncertainties and downside risks such as depressed oil prices, volatilities in the financial markets and geopolitical risks. Despite this increasingly challenging and difficult business environment, achieving the highest standards of corporate governance through high levels of integrity and transparency remained adjunct to the overarching commitment of the Board of Directors (the “**Board**”) and Management of China Aviation Oil (Singapore) Corporation Ltd (“**CAO**” or the “**Company**”). 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 Corporate 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 the light of changing legal and regulatory requirements and volatilities of the trading business and operating environment.

We confirm that throughout the financial year ended 31 December 2015 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 and are currently working towards adopting the other changes where appropriate.

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 2015 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: The current Board comprises eight (8) Non-Executive Directors and the Chief Executive Officer/ Executive Director (the “**CEO/ED**”). All Independent Directors as well as those nominated by the two (2) major shareholders, namely China National Aviation Fuel Group Corporation (“**CNAF**”) and BP Investments Asia Limited (“**BP**”), were appointed on the strength of their expertise, experience and stature.

Statement of Corporate Governance

The Board recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. 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.

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.

To optimise operational efficiency, the Company has put in place 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).

Statement of Corporate Governance

Meetings of the Board and Board Committees: The Board met five (5) times in 2015. At scheduled quarterly Board meetings for the financial year 2015, 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 Constitution of the Company. The number of meetings of the Board and Board Committees held in 2015, as well as the attendance of each Board member at these meetings, are disclosed below:

	Board Meetings ⁽¹⁾	Board Committee Meetings				Independent Directors' Meeting
		Audit	Nominating	Remuneration	Risk Management	
Lin Wanli ⁽²⁾	2	N.A.	N.A.	N.A.	N.A.	N.A.
Sun Li ⁽³⁾	3	N.A.	N.A.	N.A.	N.A.	N.A.
Wang Kai Yuen	5	4	1	2	N.A.	1
Meng Fanqiu	5	N.A.	N.A.	N.A.	N.A.	N.A.
Ang Swee Tian	5	4	1	2	4	1
Alan Haywood ⁽⁴⁾	3	3	N.A.	N.A.	3	N.A.
Felipe Arbelaez ⁽⁵⁾	2	1	N.A.	N.A.	1	N.A.
Chen Liming ⁽⁶⁾	0	N.A.	0	0	N.A.	N.A.
Bella Young Pit Lai ⁽⁷⁾	4	N.A.	1	1	N.A.	N.A.
Li Runsheng	5	4	1	2	N.A.	1
Luo Qun	5	N.A.	1	2	N.A.	N.A.
Zhao Shousen ⁽⁸⁾	4	3	N.A.	N.A.	3	N.A.
Number of Meetings Held	5	4	1	2	4	1

Notes :

- (1) Includes a Board strategy discourse on CAO's 2020 Strategy held on 12 November 2015.
- (2) Mr Lin Wanli was appointed as a Non-Independent Director and Chairman of the Board on 11 August 2015.
- (3) Mr Sun Li, Chairman resigned as a Non-Independent Director and Chairman of the Board on 11 August 2015.
- (4) Mr Alan Haywood resigned as a Non-Independent Director on 30 July 2015. He concurrently relinquished his office as Chairman of the Risk Management Committee and as a member of the Audit Committee.
- (5) Mr Felipe Arbelaez was appointed as a Non-Independent Director on 30 July 2015. He was concurrently appointed as Chairman of the Risk Management Committee and as a member of the Audit Committee.
- (6) Mr Chen Liming, a Non-Independent Director of the Company, retired by rotation as Director pursuant to Article 91 of the Constitution of the Company, at the conclusion of the 21st Annual General Meeting of the Company held on 22 April 2015 (the "21st AGM"). He concurrently relinquished his office as a member of the Nominating Committee and the Remuneration Committee.
- (7) Ms Bella Young Pit Lai was appointed as a Non-Independent Director of the Company, whose appointment was effected immediately after the conclusion of the 21st AGM. She was concurrently appointed as a member of the Nominating Committee and the Remuneration Committee.
- (8) Dr Zhao Shousen was unable to attend a Board Meeting, an Audit Committee Meeting and a Risk Management Committee Meeting due to a prior engagement.

Statement of Corporate Governance

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.

During the year, a comprehensive familiarisation programme was arranged for Ms Bella Young Pit Lai, Mr Felipe Arbelaez and Mr Lin Wanli who joined the Board on 22 April 2015, 30 July 2015 and 11 August 2015 respectively. The purpose of the familiarisation programme was to familiarise them with the business activities, strategic direction, policies and corporate governance practices of CAO Group. Areas covered included 2020 Corporate Strategy of CAO, Oil Trading Business, Aviation Marketing Business, Risk Management, Overview of Financial Performance of the CAO Group, Directors' Duties and Continuing Listing Obligations and Governance Structure of the CAO Group. This programme also provided an opportunity for the aforesaid Directors to get acquainted with senior management, and also fostered better rapport and communications with Management.

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 "Oil Market Outlook" conducted by Wood Mackenzie Limited; (ii) a Board Information Session relating to "Update on Accounting Standards and Financial Reporting Trends" conducted by KPMG Services Pte Ltd; and (iii) attendance at the Audit Committee Seminar-Preparing for 2015 organised by the Accounting and Corporate Regulatory Authority, SGX-ST and the Singapore Institute of Directors.

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.

Statement of Corporate Governance

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

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 2015 by taking into consideration the Directors' Test of Independence Policy 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 Policy before affirming the independence of a Director.

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 are related to one another.

As the Chairman of the Board is not an Independent Director, the Nominating Committee is reviewing the composition of the Independent Directors on the Board and working on increasing the independent element of the Board to comply with the requirements of the 2012 Code.

In accordance with the CAO Corporate Governance Policy, the independence of any Director who has served on the Board beyond nine (9) years from the date of his first appointment shall be subject to rigorous review as such time-frame of service could or could reasonably be perceived to, materially interfere with the independent judgement by such Director or the ability of such Director to act in the best interests of the Company. As at the date of this report, none of the independent Directors of the Company have been appointed on the Board for more than nine (9) years.

Statement of Corporate Governance

During the financial year, the following changes to the Board were made:

- (1) On 26 February 2015, a letter of nomination was received from BP in regard to the appointment of Ms Bella Young Pit Lai as a BP-nominee Director in place of Mr Chen Liming who had indicated that he would not seek re-election as Director at the 21st AGM and that Ms Bella Young Pit Lai was to be concurrently appointed as a member of the Nominating Committee and the Remuneration Committee in place of Mr Chen Liming. Following which, the Nominating Committee conducted interviews with the then incumbent, Ms Bella Young Pit Lai to ascertain her suitability and updated the Board as appropriate on the selection process. A member of the Nominating Committee also conducted a telephone interview with Ms Bella Young Pit Lai who was based in Hong Kong. Thereafter, the Nominating Committee submitted pertinent details on Ms Bella Young Pit Lai including her curriculum vitae, the declaration of her independence etc., with a recommendation to the Board.

The Board then appointed Ms Bella Young Pit Lai in April 2015 as a Director in accordance with the Constitution of the Company, Listing Rules of the SGX-ST, Shareholders' Agreement and CAO Corporate Governance Policy and on the terms of appointment agreed with Ms Bella Young Pit Lai.

- (2) By its letter of 7 May 2015, BP nominated Mr Felipe Arbelaez as a BP-nominee Director in place of Mr Alan Haywood and that he was to be concurrently appointed as the Chairman of the Risk Management Committee and as a member of the Audit Committee in place of Mr Alan Haywood. Following which, the Nominating Committee met up with the then incumbent, Mr Felipe Arbelaez in Singapore to ascertain his suitability and updated the Board as appropriate on the selection process. Thereafter, the Nominating Committee submitted pertinent details on Mr Felipe Arbelaez including his curriculum vitae, the declaration of his independence etc., with a recommendation to the Board.

The Board then appointed Mr Felipe Arbelaez on 30 July 2015 as a Director in accordance with the Constitution of the Company, Listing Rules of the SGX-ST, Shareholders' Agreement and CAO Corporate Governance Policy and on the terms of appointment agreed with Mr Felipe Arbelaez.

- (3) By its letter of 3 August 2015, CNAF nominated Mr Lin Wanli as a CNAF-nominee Director and Chairman of the Board of CAO in place of Mr Sun Li who had relinquished his office as Chairman of CNAF and Party Secretary following his retirement. Following which, the Nominating Committee ascertained his suitability and updated the Board as appropriate on the selection process. Thereafter, the Nominating Committee submitted pertinent details on Mr Lin Wanli including his curriculum vitae, the declaration of his independence etc., with a recommendation to the Board.

The Board then appointed Mr Lin Wanli on 11 August 2015 as Chairman of the Board in accordance with the Constitution of the Company, Listing Rules of the SGX-ST, Shareholders' Agreement and CAO Corporate Governance Policy and on the terms of appointment agreed with Mr Lin Wanli.

The composition of the Board is also 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.

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.

Statement of Corporate Governance

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, schedules Board meetings and ensures that all procedures and good governance practices are complied with. The CEO/ED, Mr Meng Fanqiu consults both with the Chairman and the Deputy Chairman for their views on the agenda for Board meetings.

The Chairman, Mr Lin Wanli, not only has extensive experience in transportation fuels in the People's Republic of China (the "PRC") but has also accumulated extensive corporate management experience through senior leadership positions held at various state-owned enterprises in the PRC. Mr Lin Wanli is also familiar with the corporate governance practices and procedures of listed company boards in Singapore.

The Deputy Chairman/Lead Independent Director of the Board, Dr Wang Kai Yuen has extensive experience as Director of public-listed companies in Singapore. He has good working relationships with the various regulators in Singapore.

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 is in constant consultation 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 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 20 December 2015. Key issues discussed by the Independent Directors of CAO included "Increasing the Independence Element of the Board of CAO to comply with the Code of Governance 2012 and Section 2.1.1(b) of the CAO Corporate Governance Policy", "Terms of Reference of the Board Committees" and "CAO 2020 Strategy".

Board Membership

Principle 4

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

Statement of Corporate Governance

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:

Nominating Committee

Li Runsheng	Chairman
Luo Qun	Vice Chairman
Wang Kai Yuen	Member
Ang Swee Tian	Member
Bella Young Pit Lai	Member

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

The responsibilities of the Nominating Committee include:

- a) evaluating and nominating suitable candidates or, as the case may be, re-nominate retiring Directors to the Board;
- b) determining each Board member's independence status on an annual basis and as and when circumstances require;
- c) evaluating the effectiveness of the Board as a whole and independently evaluate each Board member's performance and contribution to the Board;
- d) reviewing of the training and professional development programmes of the Board; and
- e) deciding if a Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments.

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.

Statement of Corporate Governance

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. 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.

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 the Directors spent adequate time on the Company's affairs and have carried out their responsibilities.

Pursuant to Article 91 of the Constitution of the Company, one-third of the members of the Board of Directors shall retire by rotation at every annual general meeting of the Company ("**AGM**") and these Directors may offer themselves for re-election, if eligible. For the 22nd Annual General Meeting ("**22nd AGM**") to be held on 20 April 2016, Dr Zhao Shousen and Mr Meng Fanqiu are due for retirement by rotation and would be eligible for re-election.

The Nominating Committee has recommended and the Board agreed that Dr Zhao Shousen and Mr Meng Fanqiu, the Directors retiring by rotation under Article 91, be nominated for re-election at the 22nd AGM.

In accordance with Article 97 of the Constitution of the Company, Mr Lin Wanli, Ms Bella Young Pit Lai and Mr Felipe Arbelaez who were appointed as Directors of the Company on 11 August 2015, 22 April 2015 and 30 July 2015 respectively, 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 22nd 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; (v) participation and contributions to the Board both inside and outside of Board meetings; (vi) 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 (vii) the standard of conduct in preventing conflicts of interest and the disclosure of personal interests and abstention from voting where appropriate.

Statement of Corporate Governance

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.

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.

The Nominating Committee is satisfied with the current composition and performance of the Board 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 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.

Statement of Corporate Governance

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.

(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 senior executives 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.

Statement of Corporate Governance

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
Luo Qun	Vice Chairman
Li Runsheng	Member
Ang Swee Tian	Member
Bella Young Pit Lai	Member

The Remuneration Committee assists the Board and Management by assessing and making remuneration recommendations for the CEO/ED and senior executives of the Company.

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

Broadly, remuneration for the CEO/ED and top six (6) senior executives for the financial year ended 31 December 2015 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.

The structure for the payment of Directors' fees for Non-Executive Directors is based on a framework comprising base 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 and the CAO Group.

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.

Statement of Corporate Governance

Directors' fees payable to non-executive Directors nominated by CNAF and BP will be paid to CNAF and BP or their nominated companies respectively.

The remuneration of Directors payable for the financial year ended 31 December 2015 are set out below:

Name of Director	Fee	Base/Fixed Salary and Allowance	Variable/ Performance Bonus	Others	Long-Term Incentives	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Meng Fanqiu ⁽¹⁾ (CEO/ED)	0	484,938	0	0	0	484,938
Lin Wanli ⁽²⁾ (Chairman)	31,585	0	0	0	0	31,585
Sun Li ⁽³⁾	49,256	0	0	0	0	49,256
Wang Kai Yuen (Deputy Chairman/Lead ID)	134,368	0	0	0	0	134,368
Ang Swee Tian	94,058	0	0	0	0	94,058
Alan Haywood ⁽⁴⁾	46,605	0	0	0	0	46,605
Chen Liming ⁽⁵⁾	16,493	0	0	0	0	16,493
Felipe Arbelaez ⁽⁶⁾	34,236	0	0	0	0	34,236
Li Runsheng	73,903	0	0	0	0	73,903
Luo Qun	53,748	0	0	0	0	53,748
Bella Young Pit Lai ⁽⁷⁾	37,403	0	0	0	0	37,403
Zhao Shousen	67,184	0	0	0	0	67,184

- (1) The total remuneration of Mr Meng Fanqiu shown above does not include the 2015 variable bonus payable for the financial year 2015. The quantum of the said 2015 variable bonus is being considered by the Remuneration Committee and will be decided in the financial year ending 31 December 2016.
- (2) Mr Lin Wanli was appointed as Chairman/Non-Independent Director in place of Mr Sun Li on 11 August 2015.
- (3) Mr Sun Li resigned as Chairman/Non-Independent Director on 11 August 2015 following his retirement as Chairman and Party Secretary of CNAF.
- (4) Mr Alan Haywood resigned as a Non-Executive Director on 30 July 2015. He concurrently relinquished his office as Chairman of the Risk Management Committee and a member of the Audit Committee.
- (5) Mr Chen Liming retired as a Non-Independent Director at the conclusion of the 21st AGM. He concurrently relinquished his office as a member of the Nominating Committee and the Remuneration Committee.
- (6) Mr Felipe Arbelaez was appointed as a Non-Independent Director on 30 July 2015 in place of Mr Alan Haywood. Mr Felipe Arbelaez was concurrently appointed as Chairman of the Risk Management Committee and as a member of the Audit Committee.
- (7) Ms Bella Young Pit Lai was appointed as a Non-Independent Director of the Company, effected immediately after the conclusion of the 21st AGM. Ms Bella Young Pit Lai was concurrently appointed as a member of the Nominating Committee and the Remuneration Committee.

Statement of Corporate Governance

The remuneration of six (6) key executives (who are not also Directors) for the financial year ended 31 December 2015 are set out below:

Remuneration Band	Name of Executive	Base/ Fixed Salary (%)	Variable Bonus (%)	Allowances & Other Benefits (%)	Long-Term Incentives (%)	Total (%)
S\$250,000 to S\$500,000	Jean Teo	100	0	0	0	100
	Elizza Ding	100	0	0	0	100
	Owen Wong	100	0	0	0	100
	Wang Chunyan	100	0	0	0	100
	Tee Siew Kim	100	0	0	0	100
	Doreen Nah	100	0	0	0	100
Total remuneration of top six (6) key executives ⁽¹⁾		S\$1,924,818 (100%)	0 (%)	0 (%)	0 (%)	S\$1,924,818 (100%)

(1) The total remuneration disclosed above for the six (6) key executives exclude the 2015 variable bonuses payable for the financial year 2015. The quantum of the said 2015 variable bonuses are being considered by the Remuneration Committee and will be decided in the financial year ending 31 December 2016.

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 2015. "immediate family member" means the spouse, child, adopted child, step child, brother, sister and parent.

The remuneration of the CAO Group's top six (6) key executives takes into consideration the pay and employment conditions within the same industry and is performance related.

The remuneration package of Directors and senior executive officers include the following:

Basic/Fixed Salary - The basic salary (inclusive of statutory employer contributions to Central Provident Fund and Annual Wage Supplement) for each Executive Director or key management personnel is approved by the Remuneration Committee, taking into account the performance of the individual for the financial year 2015, 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.

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

Statement of Corporate Governance

(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

During the financial year 2015, the Board, through the Audit Committee and the CAO Group's external auditors KPMG LLP ("**KPMG**") and internal auditors, BDO LLP ("**BDO**"), scrutinised Management's conduct of the Company's and CAO Group's business processes and financials. Each area of the Company and CAO Group was audited on an ongoing basis to ensure that the Company and CAO Group maintain good corporate practices and governance and financial integrity.

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 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.

Management provided the Board members 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.

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

Felipe Arbelaez	Chairman
Zhao Shousen	Member
Ang Swee Tian	Member

Statement of Corporate Governance

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 Risk Management, a BP-seconded, 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 pages 64 to 71.

The Audit and Internal Control Department of the Company and its key responsibilities included inter alia:

- (i) liaising and coordinating with internal auditors, BDO, on the preparation of internal audit schedule including short-term and long-term audit plans;
- (ii) integrating and establishing the CAO Group's internal control framework, policies, processes and systems across the Company, its subsidiaries and associates;
- (iii) facilitating and assisting functional heads in formulating policies, operational processes and systems thereby ensuring that the policies, processes and systems are efficiently implemented;
- (iv) oversee the execution and implementation of the CAO Group's Business Continuity Plan;
- (v) establishment and conduct of on-going reviews of the templates for standard operating procedures to ensure proper departmental ownership of their processes and changes; and
- (vi) evaluating the system of internal controls for new projects and business activities, and analysing the impact of such activities on the CAO Group and where necessary, provide recommendations and develop programmes for improvements.

The Head of the Audit and Internal Control reports directly to the CEO/ED. The Head of the Audit and Internal Control may also report directly to the Audit Committee for important matters or concerns relating to the system of internal controls 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.

In addition to the Risk Management Manual, the Board has also developed the Financial Management Manual. These two (2) manuals are strict guidelines which the Management and all staff of the Company and the CAO Group must comply with.

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.

Statement of Corporate Governance

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 Audit and Internal Control 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. In the course of their statutory audits, the Company's external auditors KPMG will highlight any audit findings which have come to their attention in carrying out their normal audit, which is designed primarily to enable them to express their opinion on the financial statements. 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 the Chief Financial Officer ("**CFO**") 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; and
- (ii) the effectiveness of the CAO Group risk management and internal control systems.

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 Dec 2015 to provide reasonable assurance for achieving the following objectives:

- (i) effectiveness and efficiency of operations;
- (ii) reliability of financial reporting; and
- (iii) 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.

Statement of Corporate Governance

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
Zhao Shousen	Vice Chairman
Wang Kai Yuen	Member
Felipe Arbelaez	Member
Li Runsheng	Member

Roles of the Audit Committee: The Audit Committee held four (4) meetings in 2015 where it met with external and internal auditors to review both the Company and 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 auditors' 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.

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 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 21st AGM held on 22 April 2015, 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 nominated KPMG for re-appointment as auditors of the Company at the 21st AGM. 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 KPMG will not prejudice their independence and objectivity before confirming their re-nomination.

In line with the CAO External Audit Policy adopted by the Board in December 2015 and as part of the Company's good corporate governance initiatives, the Audit Committee recommends a rotation of external auditors after the external auditors have been retained for five (5) consecutive full-year audits, to enable the Company to (a) benefit from fresh perspectives and views of another professional audit firm; and (b) enhance value of the audit.

Statement of Corporate Governance

Under the CAO External Audit Policy, the Audit Committee manages the selection process for the appointment of external auditors in consultation with the Board, based on their assessment of the responses and proposals from prospective external auditors. In making its selection, the Audit Committee confers with senior executives of the Company on the responses received.

In accordance with CAO External Audit Policy, three (3) other “Big-Four” audit firms were approached to submit a request for proposal for services relating to external audit of financial statements of CAO for the financial years from 2016 to 2020 (the “**RFP**”).

In assessing the RFP, the Audit Committee took into consideration a number of key criteria, including the audit firm’s recognition and respect internationally, audit approach and methodology, internal governance processes, global resources, key personnel and costs.

KPMG had indicated that they would not be seeking re-appointment as the auditors of CAO for the financial year 2016 at the 22nd AGM.

Following recommendations by the Audit Committee, the Board proposed to appoint Deloitte & Touche LLP as the new auditors of the Company in place of KPMG for the financial years from 2016 to 2020.

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 (“**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. The CAO Whistle Blowing Policy to provide for periodic reviews by either the internal auditors of CAO or an independent external party (as the Audit Committee may so decide) on the effectiveness of existing reporting mechanisms and the handling procedures pertaining to the whistle blowing arrangements.

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 whistleblowing@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.

Further, CAO had also put in place a Fraud Control Plan and an Enterprise Risk Management Framework and Process. 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.

Statement of Corporate Governance

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.

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 2016 to the Audit Committee. The Audit Committee adopted the audit plan for 2016.

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 year 2015 and in line with the CAO Investor Relations Policy, the Company, through the Investor Relations team, the CEO/ED, CFO, Chief Operating Officer and other senior management members, 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.

Statement of Corporate Governance

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 non-deal roadshows in Singapore, Malaysia and Hong Kong, face-to-face meetings, teleconferences, earnings briefings and corporate access events which were webcast globally across international financial markets. International media interviews were conducted to broaden global reach even as CAO participated in various retail investors' seminars and frequent interactions with retail investor bodies.

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 an investor education seminar organised by the Singapore Exchange.

As part of CAO's efforts to reach out to its shareholders as well as the investment community, CAO's Corporate Access Day 2015 was held on 26 September 2015 to an audience of about 150 persons on the topic "The Global Stratosphere of Aviation Marketing", presented by CAO's Chief Operating Officer. Comprising analysts, media and members from the investment community, additional media interviews were held prior to the event which resulted in CAO being covered by all mainstream Singapore media which helped generate further interest and following in CAO. 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 CAO's 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 half yearly 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 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 or to market expectations, 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. In the spirit of good corporate governance and transparency, a profit guidance was issued in January 2015 with regards to the weaker financial performance of the CAO Group for 4Q2014 and FY2014 mainly attributable to the highly volatile global oil market and difficult oil trading environment even though the CAO Group remained profitable. The CAO Group also highlighted the weaker operating environment through its quarterly earnings release and financial results announcements during the year.

Statement of Corporate Governance

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 Company's Constitution 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 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.

Dividend Policy

The Board has approved and adopted a revised dividend policy (the "**Revised CAO Dividend Policy**") which 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 for each financial year commencing from the financial year 2015.

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.

Statement of Corporate Governance

A summary of the Revised 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(19) 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 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 22 April 2015 ("**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 2015 is found under "Supplementary Information" on page 168.

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 ("**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 ("**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.

Statement of Corporate Governance

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

- 107 Directors' Statement
- 110 Independent Auditors' Report
- 111 Statement of Financial Position
- 112 Consolidated Statement of Profit or Loss
- 113 Consolidated Statement of Comprehensive Income
- 114 Consolidated Statement of Changes in Equity
- 116 Consolidated Statement of Cash Flows
- 117 Notes to the Financial Statements

Directors' Statement

Year ended 31 December 2015

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 2015.

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 111 to 167 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 2015 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:

Lin Wanli	Chairman (Appointed on 11 August 2015)
Wang Kai Yuen	Deputy Chairman/Lead Independent Director
Meng Fanqiu	Chief Executive Officer/Executive Director
Ang Swee Tian	
Felipe Arbelaez	(Appointed on 30 July 2015)
Li Runsheng	
Luo Qun	
Bella Young Pit Lai	(Appointed on 22 April 2015)
Zhao Shousen	

- Mr Sun Li, Mr Alan Haywood and Mr Chen Liming stepped down as Directors of the Company on 11 August 2015, 30 July 2015 and 22 April 2015 respectively.

Directors' Statement

Year ended 31 December 2015

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), none of the directors who held office at the end of the financial year had interests in shares, debentures, warrants or share options 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 2015	At 31 December 2015	At 1 January 2015	At 31 December 2015
The Company				
Wang Kai Yuen				
- Ordinary shares	57,600	57,600	120,000 ⁽¹⁾	120,000 ⁽¹⁾
Ang Swee Tian				
- Ordinary shares	48,000	110,000	-	-

⁽¹⁾ Held by Wang Kai Yuen's spouse.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

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.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this statement are:

- Ang Swee Tian (Chairman), non-executive, independent director
- Zhao Shousen (Vice-Chairman), non-executive, non-independent director
- Wang Kai Yuen, non-executive, independent director
- Li Runsheng, non-executive, independent director
- Felipe Arbelaez, non-executive, non-independent director

The Audit Committee performed its functions specified in Section 201B(5) of the Act, 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.

Directors' Statement

Year ended 31 December 2015

AUDIT COMMITTEE (CONT'D)

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- 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 and compliance-related matters;
- external auditors' plan to ensure that the plan adequately cover 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 auditors of the Company in place of the existing auditors, KPMG LLP, at the forthcoming Annual General Meeting of the Company.

AUDITORS

The retiring auditors, KPMG LLP, will not be seeking re-appointment at the forthcoming Annual General Meeting of the Company. Deloitte & Touche LLP has expressed its willingness to accept appointment as the auditors of the Company.

In appointing our 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

15 March 2016

Independent Auditors' Report

Members of the Company

China Aviation Oil (Singapore) Corporation Ltd

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of China Aviation Oil (Singapore) Corporation Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the statement of financial position of the Group and the Company as at 31 December 2015, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 111 to 167.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 financial statements and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

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 and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
15 March 2016

Statement of Financial Position

As at 31 December 2015

	Note	Group		Company	
		2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Non-current assets					
Property, plant and equipment	4	6,214	6,790	6,114	6,726
Intangible assets	5	1,826	2,369	645	1,188
Subsidiaries	6	–	–	37,648	33,435
Associates and joint venture	7	265,620	270,143	82,625	82,625
Trade and other receivables	10	–	–	35,480	35,480
Deferred tax assets	8	7,604	7,587	7,600	7,583
		<u>281,264</u>	<u>286,889</u>	<u>170,112</u>	<u>167,037</u>
Current assets					
Inventories	9	56,826	38,098	51,702	34,214
Trade and other receivables	10	336,922	959,442	306,797	913,373
Cash and cash equivalents	11	170,505	94,286	144,064	84,043
		<u>564,253</u>	<u>1,091,826</u>	<u>502,563</u>	<u>1,031,630</u>
Total assets		<u>845,517</u>	<u>1,378,715</u>	<u>672,675</u>	<u>1,198,667</u>
Equity attributable to owners of the Company					
Share capital	12	215,573	215,573	215,573	215,573
Reserves	13	377,068	337,941	238,313	193,020
Total equity		<u>592,641</u>	<u>553,514</u>	<u>453,886</u>	<u>408,593</u>
Non-current liabilities					
Deferred tax liabilities	8	6,164	6,238	–	–
Current liabilities					
Trade and other payables	14	246,707	818,948	217,713	788,853
Loans and borrowings	15	–	–	1,076	1,221
Current tax liabilities		5	15	–	–
		<u>246,712</u>	<u>818,963</u>	<u>218,789</u>	<u>790,074</u>
Total liabilities		<u>252,876</u>	<u>825,201</u>	<u>218,789</u>	<u>790,074</u>
Total equity and liabilities		<u>845,517</u>	<u>1,378,715</u>	<u>672,675</u>	<u>1,198,667</u>

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Profit or Loss

Year ended 31 December 2015

	Note	2015 US\$'000	2014 US\$'000
Revenue	18	8,987,487	17,061,031
Cost of sales		(8,952,043)	(17,033,634)
Gross profit		35,444	27,397
Other income	19	(240)	1,168
Administrative expenses		(13,594)	(12,520)
Other operating expenses		731	(5,135)
Results from operating activities		22,341	10,910
Finance costs	20	(1,040)	(3,075)
Share of profit of associates and joint venture (net of tax)	7	42,296	43,194
Profit before tax		63,597	51,029
Tax expense	21	(2,316)	(1,869)
Profit for the year	19	61,281	49,160
Attributable to:			
Owners of the Company		61,281	49,160
Earnings per share:			
Basic earnings per share (cents)	22	7.12	5.72
Diluted earnings per share (cents)	22	7.12	5.72

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

	2015 US\$'000	2014 US\$'000
Profit for the year	61,281	49,160
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Translation differences relating to financial statements of foreign associates	(9,389)	(5,514)
Other comprehensive income for the year, net of tax	(9,389)	(5,514)
Total comprehensive income for the year	51,892	43,646
Attributable to:		
Owners of the Company	51,892	43,646

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	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 2014		215,573	32,141	9,089	(5,482)	272,241	523,562
Total comprehensive income for the year							
Profit for the year		–	–	–	–	49,160	49,160
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Translation differences relating to financial statements of foreign associates		–	(5,514)	–	–	–	(5,514)
Total other comprehensive income		–	(5,514)	–	–	–	(5,514)
Total comprehensive income for the year							
		–	(5,514)	–	–	49,160	43,646
Contributions by and distributions to owners							
Share of associates' accumulated profits transferred to statutory reserve		–	–	6,878	–	(6,878)	–
Dividends to equity holders	13	–	–	–	–	(13,694)	(13,694)
Total transactions with owners		–	–	6,878	–	(20,572)	(13,694)
At 31 December 2014		215,573	26,627	15,967	(5,482)	300,829	553,514

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	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 2015		215,573	26,627	15,967	(5,482)	300,829	553,514
Total comprehensive income for the year							
Profit for the year		–	–	–	–	61,281	61,281
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Translation differences relating to financial statements of foreign associates		–	(9,389)	–	–	–	(9,389)
Total other comprehensive income		–	(9,389)	–	–	–	(9,389)
Total comprehensive income for the year							
		–	(9,389)	–	–	61,281	51,892
Contributions by and distributions to owners							
Share of associates' accumulated profits transferred to statutory reserve		–	–	2,857	–	(2,857)	–
Dividends to equity holders	13	–	–	–	–	(12,765)	(12,765)
Total transactions with owners		–	–	2,857	–	(15,622)	(12,765)
At 31 December 2015		215,573	17,238	18,824	(5,482)	346,488	592,641

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Note	2015 US\$'000	2014 US\$'000
Cash flows from operating activities			
Profit for the year		61,281	49,160
Adjustments for:			
Depreciation of property, plant and equipment		827	811
Amortisation of intangible assets		731	687
(Reversal)/Allowance for impairment loss on doubtful debts – net		(1,588)	2,741
Share of profit of associates and joint venture (net of tax)		(42,296)	(43,194)
Tax expense		2,316	1,869
Interest income		(375)	(304)
Interest expense		251	1,548
Unrealised exchange differences		56	355
		21,203	13,673
Change in inventories		(18,728)	75,027
Change in trade and other receivables		624,110	304,745
Change in trade and other payables		(572,241)	(343,680)
Cash generated from operating activities		54,344	49,765
Tax paid		(2,225)	(2,563)
Net cash from operating activities		52,119	47,202
Cash flows from investing activities			
Interest received		373	310
Acquisition of property, plant and equipment		(251)	(224)
Acquisition of intangible assets		(188)	(241)
Dividends from associates		37,238	35,146
Net cash from investing activities		37,172	34,991
Cash flows from financing activities			
Interest paid		(251)	(1,548)
Proceeds from loans and borrowings		47,900	361,755
Repayment of loans and borrowings		(47,900)	(390,364)
Dividends paid		(12,765)	(13,694)
Net cash used in financing activities		(13,016)	(43,851)
Net increase in cash and cash equivalents		76,275	38,342
Cash and cash equivalents at 1 January		94,286	56,299
Effect of exchange rate fluctuations on cash held		(56)	(355)
Cash and cash equivalents at 31 December	11	170,505	94,286

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 December 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 March 2016.

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 2015 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 aviation oil 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 Singapore Financial Reporting Standards (FRS).

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.

Notes to the Financial Statements

Year ended 31 December 2015

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

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 28.

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.

Notes to the Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

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.

Investments in associates and joint venture (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.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint venture 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.

Notes to the Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Subsidiaries, associates and joint venture in the separate financial statements

Investments in subsidiaries, associates and joint venture 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.

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 or joint venture 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.

Notes to the Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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	4-8 years
Renovations	5 years
Computers	4-5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and adjusted if appropriate.

Notes to the Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

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 legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

Notes to the Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

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 and joint venture, 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.

Notes to the Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

Non-derivative financial assets (cont'd)

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.

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 and joint venture

An impairment loss in respect of an associate or joint venture 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.

Notes to the Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

Non-financial assets (cont'd)

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.

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.

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.

Notes to the Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

Notes to the Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Revenue (cont'd)

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, associates and joint arrangements 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

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Tax (cont'd)

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.

Notes to the Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective and relevant for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. Except as otherwise indicated below, those new standards, amendments to standards, and interpretations are not expected to have a significant effect on the financial statements of the Group and Company. The Group does not plan to adopt these standards early.

- FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*. The Group is currently assessing the impact on adoption of this standard in financial year ending 31 December 2018.

- FRS 109 *Financial Instruments*

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. The Group is currently assessing the impact on adoption of this standard in financial year ending 31 December 2018.

Notes to the Financial Statements

Year ended 31 December 2015

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold	Motor	Furniture	Office	Renovations	Computers	Total
	properties	vehicles	and	equipment			
	US\$'000	US\$'000	fittings	US\$'000	US\$'000	US\$'000	US\$'000
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group							
Cost							
At 1 January 2014	9,205	285	25	440	880	803	11,638
Additions	–	–	17	21	60	126	224
At 31 December 2014	9,205	285	42	461	940	929	11,862
Additions	–	–	27	53	–	171	251
At 31 December 2015	9,205	285	69	514	940	1,100	12,113
Accumulated depreciation							
At 1 January 2014	2,838	125	14	238	535	511	4,261
Depreciation for the year	449	39	3	66	150	104	811
At 31 December 2014	3,287	164	17	304	685	615	5,072
Depreciation for the year	449	33	6	62	146	131	827
At 31 December 2015	3,736	197	23	366	831	746	5,899
Carrying amounts							
At 1 January 2014	6,367	160	11	202	345	292	7,377
At 31 December 2014	5,918	121	25	157	255	314	6,790
At 31 December 2015	5,469	88	46	148	109	354	6,214

Notes to the Financial Statements

Year ended 31 December 2015

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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
Company							
Cost							
At 1 January 2014	9,205	232	21	444	880	799	11,581
Additions	–	–	–	19	59	117	195
At 31 December 2014	9,205	232	21	463	939	916	11,776
Additions	–	–	–	53	–	141	194
At 31 December 2015	9,205	232	21	516	939	1,057	11,970
Accumulated depreciation							
At 1 January 2014	2,838	106	13	244	535	522	4,258
Depreciation for the year	449	29	1	65	149	99	792
At 31 December 2014	3,287	135	14	309	684	621	5,050
Depreciation for the year	449	26	2	61	146	122	806
At 31 December 2015	3,736	161	16	370	830	743	5,856
Carrying amounts							
At 1 January 2014	6,367	126	8	200	345	277	7,323
At 31 December 2014	5,918	97	7	154	255	295	6,726
At 31 December 2015	5,469	71	5	146	109	314	6,114

Notes to the Financial Statements

Year ended 31 December 2015

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The following are properties held by the Group and Company:

Location	Description/ Uses of property	Land area/ Built-up area (square meters)	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	Customer contracts	Software	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Group				
Cost				
At 1 January 2014	1,181	634	2,511	4,326
Additions	–	–	241	241
At 31 December 2014	1,181	634	2,752	4,567
Additions	–	–	188	188
At 31 December 2015	1,181	634	2,940	4,755
Accumulated amortisation				
At 1 January 2014	–	634	877	1,511
Amortisation for the year	–	–	687	687
At 31 December 2014	–	634	1,564	2,198
Amortisation for the year	–	–	731	731
At 31 December 2015	–	634	2,295	2,929
Carrying amounts				
At 1 January 2014	1,181	–	1,634	2,815
At 31 December 2014	1,181	–	1,188	2,369
At 31 December 2015	1,181	–	645	1,826

The amortisation of software is included in 'administrative expenses'.

Notes to the Financial Statements

Year ended 31 December 2015

5 INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill

Goodwill on consolidation has been allocated to the Group's cash generating units ("CGUs") for impairment testing as follows:

	2015 US\$'000	2014 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:

	2015		2014	
	CAOHK	NAFCO	CAOHK	NAFCO
	%	%	%	%
Discount rate (pre-tax)	7	7	6	6
Long-term growth rate	1	2	1	2
Forecasted earnings before interest, tax, depreciation and amortisation ("EBITDA") growth rate (average of next five years)	4	19	1	7

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.

There is no reasonably possible change in a key assumption which would result in the carrying amount of the CGUs to exceed its recoverable amount.

Notes to the Financial Statements

Year ended 31 December 2015

5 INTANGIBLE ASSETS (CONT'D)

Company	Software US\$'000
Cost	
At 1 January 2014	2,511
Additions	241
At 31 December 2014	2,752
Additions	188
At 31 December 2015	2,940
Accumulated amortisation	
At 1 January 2014	877
Amortisation for the year	687
At 31 December 2014	1,564
Amortisation for the year	731
At 31 December 2015	2,295
Carrying amounts	
At 1 January 2014	1,634
At 31 December 2014	1,188
At 31 December 2015	645

6 SUBSIDIARIES

	Company	
	2015 US\$'000	2014 US\$'000
Unquoted equity investment, at cost	37,648	33,435

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership	
		2015 %	2014 %
CAOT Pte Ltd ("CAOT")	Singapore	100	100
CAOHK	Hong Kong	100	100
NAFCO	United States of America	100	100
China Aviation Oil (Europe) Limited ("CAO Europe")	United Kingdom	100	100

On 24 February 2014, the Company subscribed to additional US\$3,000,000 of ordinary shares in CAO Europe.

The Company issued financial guarantees to a bank and its trading counterparties on behalf of its subsidiary. The fair value of financial guarantees issued amounted to US\$4,213,000 (2014: US\$2,340,000) and is accounted for as additional investment in the subsidiary.

Notes to the Financial Statements

Year ended 31 December 2015

6 SUBSIDIARIES (CONT'D)

The fair value of the financial guarantees issued to the bank and the trading counterparties are included in loans and borrowings and 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 AND JOINT VENTURE

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Investments in associates	261,642	265,335	82,625	82,625
Investment in joint venture	3,978	4,808	–	–
	265,620	270,143	82,625	82,625

Associates

The Group has two (2014: two) associates that are material and two other associates that are individually immaterial to the Group. All are equity accounted. The following are for 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% (2014: 33%)	49% (2014: 49%)
Fair value of ownership interest (if listed)	Not applicable	Not applicable

[#] Audited by Crowe Horwath China Certified Public Accountants, LLP Shanghai Branch, a member of the Chinese Institute of Certified Public Accountants, for statutory audit purposes. Audited by a member firm of KPMG International 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

Year ended 31 December 2015

7 ASSOCIATES AND JOINT VENTURE (CONT'D)

Associates (cont'd)

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
2015				
Revenue	2,349,979	19,297		2,369,276
Profit from continuing operations/ Total comprehensive income	117,830	4,565		122,395
Non-current assets	46,081	16,931		63,012
Current assets	718,184	24,152		742,336
Non-current liabilities	–	–		–
Current liabilities	(288,441)	(1,570)		(290,011)
Net assets	475,824	39,513		515,337
Group's interest in net assets of investee at beginning of the year	161,785	43,489	36,995	242,269
Group's share of profit from continuing operations/ Total comprehensive income	38,884	2,237	2,005	43,126
Dividend received during the year	(34,534)	(2,704)	–	(37,238)
Translation differences for the year	(6,392)	(830)	(2,167)	(9,389)
Goodwill	21,709	983	182	22,874
Carrying amount of interest in investee at end of the year	181,452	43,175	37,015	261,642

Notes to the Financial Statements

Year ended 31 December 2015

7 ASSOCIATES AND JOINT VENTURE (CONT'D)

Associates (cont'd)

	SPIA US\$'000	TSN-PEKCL US\$'000	Immaterial associates US\$'000	Total US\$'000
2014				
Revenue	3,534,996	17,854		3,552,850
Profit from continuing operations/ Total comprehensive income	126,884	3,320		130,204
Non-current assets	52,527	66,510		119,037
Current assets	819,351	23,483		842,834
Non-current liabilities	–	–		–
Current liabilities	(381,621)	(1,293)		(382,914)
Net assets	490,257	88,700		578,957
Group's interest in net assets of investee at beginning of the year	156,371	45,079	38,093	239,543
Group's share of profit from continuing operations/ Total comprehensive income	41,872	1,627	(113)	43,386
Dividend received during the year	(32,409)	(2,737)	–	(35,146)
Translation differences for the year	(4,049)	(480)	(985)	(5,514)
Goodwill	21,709	1,029	328	23,066
Carrying amount of interest in investee at end of the year	183,494	44,518	37,323	265,335

In 2015, dividends declared by associates amounted to US\$37,238,195 (2014: US\$35,146,048) were received during the financial year.

Notes to the Financial Statements

Year ended 31 December 2015

7 ASSOCIATES AND JOINT VENTURE (CONT'D)

Associates (cont'd)

Details of immaterial associates are as follows:

Name of associate	Country of Incorporation	Ownership	
		2015 %	2014 %
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

Joint venture

The Group's subsidiary, CAOHK, entered into a joint venture agreement with three partners to set up a new company, CNAF Hong Kong Refuelling Limited ("CNAF HKR") in Hong Kong. CNAF HKR provides into-plane refuelling services at Hong Kong International Airport.

Details of the joint venture are as follows:

Name of joint venture	Country of Incorporation	Ownership	
		2015 %	2014 %
[⊗] CNAF Hong Kong Refuelling Limited	Hong Kong	39	39

[⊗] Not considered a significant joint venture of the Group. For this purpose, a joint venture 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

Year ended 31 December 2015

7 ASSOCIATES AND JOINT VENTURE (CONT'D)

Joint venture (cont'd)

Summary financial information of the joint venture held by the Group is as follows:

	2015 US\$'000	2014 US\$'000
Revenue	4,057	–
Loss from continuing operations/Total comprehensive income	(2,128)	(494)
Non-current assets	11,432	4,766
Current assets ¹	788	7,680
Non-current liabilities	–	–
Current liabilities	(1,940)	(118)
Net assets	10,280	12,328
Group's interest in net assets of investee at beginning of the year	4,808	5,000
Group's share of loss from continuing operations/Total comprehensive income	(830)	(192)
Carrying amount of interest in investee at end of the year	3,978	4,808

¹ Includes cash and cash equivalents of US\$122,889 (2014: US\$6,974,000).

8 DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Deferred tax assets				
Tax losses carry-forward	7,604	7,587	7,600	7,583
Deferred tax liabilities				
Investments in associates	(6,164)	(6,238)	–	–

Notes to the Financial Statements

Year ended 31 December 2015

8 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Recognised deferred tax assets and liabilities (cont'd)

Movements in temporary differences during the year are as follows:

	At 1 January 2014 US\$'000	Recognised in profit or loss US\$'000	At 31 December 2014 US\$'000	Recognised in profit or loss US\$'000	At 31 December 2015 US\$'000
Group					
Tax losses carry-forward	7,087	500	7,587	17	7,604
Investments in associates	(6,228)	(10)	(6,238)	74	(6,164)
	859	490	1,349	91	1,440
Company					
Tax losses carry-forward	7,083	500	7,583	17	7,600

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Deductible temporary differences	3,499	2,596	3,499	2,596
Tax losses carry-forward	26,149	51,951	26,149	51,951
	29,648	54,547	29,648	54,547

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.

Notes to the Financial Statements

Year ended 31 December 2015

9 INVENTORIES

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Trading inventories at fair value less costs to sell	51,702	34,214	51,702	34,214
Inventories at the lower of cost and net realisable value	5,124	3,884	–	–
	<u>56,826</u>	<u>38,098</u>	<u>51,702</u>	<u>34,214</u>

Trading inventories recognised in cost of sales amounted to US\$8,862,582,000 (2014: US\$16,954,836,000) for the Group and the Company.

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Trade receivables	96,733	400,434	54,632	359,578
Other receivables	5,527	31,529	4,574	28,429
Deposits	2,214	4,532	1,312	4,532
Amounts due from:				
- subsidiary (trade)	–	–	13,994	–
- related corporations (trade)	195,991	334,675	175,562	317,513
- related corporation of a corporate shareholder (trade)	1,000	58,930	1,000	58,930
- subsidiaries (non-trade)	–	–	50,795	32,605
	<u>196,991</u>	<u>393,605</u>	<u>241,351</u>	<u>409,048</u>
Loan to subsidiaries	–	–	5,035	18,535
	<u>301,465</u>	<u>830,100</u>	<u>306,904</u>	<u>820,122</u>
Allowance for impairment loss on doubtful debts	(5,429)	(7,017)	(5,429)	(7,017)
Loans and receivables	296,036	823,083	301,475	813,105
Derivative financial assets - oil commodity derivatives	40,353	134,092	40,269	133,481
	<u>336,389</u>	<u>957,175</u>	<u>341,744</u>	<u>946,586</u>
Prepayments	533	2,267	533	2,267
	<u>336,922</u>	<u>959,442</u>	<u>342,277</u>	<u>948,853</u>
Current	336,922	959,442	306,797	913,373
Non-current	–	–	35,480	35,480
	<u>336,922</u>	<u>959,442</u>	<u>342,277</u>	<u>948,853</u>

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.

Notes to the Financial Statements

Year ended 31 December 2015

10 TRADE AND OTHER RECEIVABLES (CONT'D)

In the current year, there are no interest bearing trade receivables. As at 31 December 2014, trade balances of US\$32,270,000 due from a related corporation were interest bearing at 1.5% per annum.

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.

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 17.

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Cash at bank and in hand				
- Interest-bearing	38,433	29,056	38,433	29,056
- Non interest-bearing	22,072	55,230	5,631	44,987
Interest-bearing fixed deposits with financial institutions	110,000	10,000	100,000	10,000
Cash and cash equivalents in the statement of cash flows	170,505	94,286	144,064	84,043

As at 31 December 2015, interest-bearing fixed deposits of US\$110,000,000 (2014: US\$10,000,000) 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):

	2015 Interest rate %	2015 Carrying amount US\$'000	2014 Interest rate %	2014 Carrying amount US\$'000
Group				
Cash at bank	0.7	38,433	0.1	29,056
US\$ fixed deposits	0.7	110,000	0.1	10,000
		<u>148,433</u>		<u>39,056</u>
Company				
Cash at bank	0.7	38,433	0.1	29,056
US\$ fixed deposits	0.7	100,000	0.1	10,000
		<u>138,433</u>		<u>39,056</u>

The Group's and the Company's exposure to foreign currency and interest rate risks are disclosed in note 17.

Notes to the Financial Statements

Year ended 31 December 2015

12 SHARE CAPITAL

	Company	
	2015	2014
	Number	Number
	of shares	of shares
	('000)	('000)
Fully paid ordinary shares, with no par value:		
In issue at 1 January	866,184	722,821
Bonus shares issue	–	143,363
In issue at 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.

Bonus shares issue

On 10 March 2014, the Company issued one new ordinary share for every five existing ordinary shares held in the capital of the company at no consideration ("Bonus Shares issue"). There is no financial impact arising from the bonus shares as they are issued at nil consideration without capitalisation of the Company's reserves.

Capital management

The Company defines capital as share capital and reserves. The consolidated share capital and reserves amount to US\$592,641,000 (2014: US\$553,514,000). 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. The Company and its subsidiaries are subject to externally imposed capital requirements. The Company and its subsidiaries were in compliance with these externally imposed capital requirements during the years ended 31 December 2015 and 2014.

Notes to the Financial Statements

Year ended 31 December 2015

13 RESERVES

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Foreign currency translation reserve	17,238	26,627	–	–
Statutory reserves	18,824	15,967	–	–
Reserve for own shares	(5,482)	(5,482)	(5,482)	(5,482)
Accumulated profits	346,488	300,829	243,795	198,502
	<u>377,068</u>	<u>337,941</u>	<u>238,313</u>	<u>193,020</u>

- (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.

Specific reserve for production safety

According to the relevant PRC regulations, the PRC Associates are required to transfer an amount of their accumulated profits to a specific reserve as safety production fund. The amount transferred is based on the applicable rates applied to the PRC Associates’ turnover generated from the sale of jet fuel and related services.

- (c) The reserve for the Company’s own shares comprises the cost of the Company’s shares held by the Group. At 31 December 2015, the Group held 6,000,000 (2014: 6,000,000) of the Company’s shares.

Notes to the Financial Statements

Year ended 31 December 2015

13 RESERVES (CONT'D)

(d) The following (one-tier tax exempt) dividends were declared and paid by the Group and Company:

	Group and Company	
	2015	2014
	US\$'000	US\$'000
Final exempt dividends paid in respect of the previous financial year of S\$0.02 (2014: S\$0.02) per share	12,765	13,694

(e) After the respective reporting date, the Directors have proposed a final (one-tier tax exempt) ordinary dividend of S\$0.03 (2014: S\$0.02) per share, amounting to US\$18,244,000 (2014: US\$13,023,000). The dividends have not been provided for.

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	157,220	499,717	142,189	481,478
Accrued operating expenses	17,482	18,353	17,482	17,834
Other payables	6,168	12,753	5,390	12,222
Advance receipts from customers	3,628	6,440	210	4,325
Amounts due to:				
- immediate and ultimate holding company (non-trade)	9,903	9,882	57	36
- subsidiaries (non-trade)	-	-	4,840	1,249
- related corporation (trade)	15,244	172,894	10,292	172,894
- related corporation of a corporate shareholder (trade)	243	371	243	371
Derivative financial liabilities - oil commodity derivatives	36,819	98,538	36,809	98,271
Intra-group financial guarantee	-	-	201	173
	246,707	818,948	217,713	788,853

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 17.

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 30 September 2016.

Notes to the Financial Statements

Year ended 31 December 2015

15 LOANS AND BORROWINGS

The financial guarantees were given by the Company to a bank on behalf of its subsidiary for banking facilities amounting to US\$40,000,000 (2014: US\$40,000,000). The financial guarantee issued to the bank expires on 7 May 2016.

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Current liabilities				
Intra-group financial guarantee	–	–	1,076	1,221

16 SHARE-BASED PAYMENT ARRANGEMENTS

On 9 November 2001, the Company established a share-based payment programme that entitles directors and employees to purchase shares in the Company. On 9 October 2011, a grant on similar terms (except for exercise price and option period) was offered to directors and employees subject to approval by the State-owned Assets Supervision and Administration Commission of the State Council (“SASAC”) of the People’s Republic of China (“PRC”). Subsequently, SASAC granted its approval for the offer of options on 8 November 2011. In accordance with this programme, holders of vested options are entitled to purchase shares at the exercise price determined at the date of grant. All options are to be settled by delivery of shares.

The number of share options and their related weighted average exercise prices are as follows:

	2015 Weighted average exercise price	2015 No. of options ('000)	2014 Weighted average exercise price	2014 No. of options ('000)
At 1 January	S\$0.91	1,748	S\$0.91	3,445
Forfeited during the year	S\$0.91	(1,748)	S\$0.91	(1,697)
At 31 December		–	S\$0.91	1,748

The exercisability of the outstanding options at 31 December 2014 was conditional on the service and non-market performance conditions, as stipulated in the share-based payment programme, being met. As at 31 December 2014, the Company assessed that the service and non-market performance conditions in relation to the outstanding options have not been met. The share-based payment arrangement has also expired and the forfeiture of all outstanding share options has been approved by the Board of Directors on 12 February 2015.

Notes to the Financial Statements

Year ended 31 December 2015

17 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 was:

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Loans and receivables	336,389	957,175	341,744	946,586
Cash and cash equivalents	170,505	94,286	144,064	84,043
	506,894	1,051,461	485,808	1,030,629

Impairment losses

The ageing of trade and other receivables (excluding derivative financial assets and prepayments) at the reporting date is:

	2015		2014	
	Gross US\$'000	Impairment losses US\$'000	Gross US\$'000	Impairment losses US\$'000
Group				
Not past due	224,312	–	796,261	–
1 – 30 days	60,935	–	23,888	–
31 – 90 days	9,006	–	3,795	(2,741)
Over 90 days	7,212	(5,429)	6,156	(4,276)
	301,465	(5,429)	830,100	(7,017)
Company				
Not past due	235,793	–	786,283	–
1 – 30 days	54,893	–	23,888	–
31 – 90 days	9,006	–	3,795	(2,741)
Over 90 days	7,212	(5,429)	6,156	(4,276)
	306,904	(5,429)	820,122	(7,017)

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.

Notes to the Financial Statements

Year ended 31 December 2015

17 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Impairment losses (cont'd)

The movements in the allowance for impairment in respect of trade and other receivables during the year are as follows:

	2015 US\$'000	2014 US\$'000
Group and Company		
At 1 January	7,017	4,276
Impairment loss recognised	1,512	2,741
Impairment loss written back	(3,100)	–
At 31 December	5,429	7,017

The impairment losses recognised/written back are included in 'Other operating expenses'.

Liquidity risk

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows	
	Carrying amount US\$'000	Contractual cash flows US\$'000	Within 1 year US\$'000
Group			
2015			
Non-derivative financial liabilities			
Trade and other payables #	206,260	(206,260)	(206,260)
Derivative financial liabilities			
Oil commodity derivatives*	36,819	(36,819)	(36,819)
	243,079	(243,079)	(243,079)
2014			
Non-derivative financial liabilities			
Trade and other payables #	713,970	(713,970)	(713,970)
Derivative financial liabilities			
Oil commodity derivatives*	98,538	(98,538)	(98,538)
	812,508	(812,508)	(812,508)

Notes to the Financial Statements

Year ended 31 December 2015

17 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Carrying amount US\$'000	Cash flows	
		Contractual cash flows US\$'000	Within 1 year US\$'000
Company			
2015			
Non-derivative financial liabilities			
Trade and other payables [#]	180,493	(180,493)	(180,493)
Intra-group financial guarantee	1,277	–	–
Derivative financial liabilities			
Oil commodity derivatives*	36,809	(36,809)	(36,809)
	<u>218,579</u>	<u>(217,302)</u>	<u>(217,302)</u>
2014			
Non-derivative financial liabilities			
Trade and other payables [#]	686,084	(686,084)	(686,084)
Intra-group financial guarantee	1,394	(3,200)	(3,200)
Derivative financial liabilities			
Oil commodity derivatives*	98,271	(98,271)	(98,271)
	<u>785,749</u>	<u>(787,555)</u>	<u>(787,555)</u>

Excludes derivative financial liabilities, advance receipts and intra-group financial guarantees.

* The carrying amount and the contractual cash flows relate to the negative fair value of the derivative financial instruments.

Notes to the Financial Statements

Year ended 31 December 2015

17 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk

Exposure to currency risk

The Group 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				
2015				
Trade and other receivables	301	–	–	6
Cash and cash equivalents	670	1,074	74	542
Trade and other payables	(3,358)	(255)	–	–
	<u>(2,387)</u>	<u>819</u>	<u>74</u>	<u>548</u>
2014				
Trade and other receivables	377	–	–	13
Cash and cash equivalents	954	4,528	62	546
Trade and other payables	(3,841)	(228)	–	–
	<u>(2,510)</u>	<u>4,300</u>	<u>62</u>	<u>559</u>
Company				
2015				
Trade and other receivables			301	–
Cash and cash equivalents			660	12
Trade and other payables			(3,339)	(255)
			<u>(2,378)</u>	<u>(243)</u>
2014				
Trade and other receivables			377	–
Cash and cash equivalents			936	3,452
Trade and other payables			(3,833)	(228)
			<u>(2,520)</u>	<u>3,224</u>

Notes to the Financial Statements

Year ended 31 December 2015

17 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

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		Company	
	Profit/(loss) before tax		Profit/(loss) before tax	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore dollar	239	251	238	252
Renminbi	(82)	(430)	24	(322)
Hong Kong dollar	(7)	(6)	–	–
British pound	(55)	(56)	–	–

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	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Fixed rate instruments				
Financial assets	148,433	71,326	138,433	71,326

Fair value sensitivity analysis

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect 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

Year ended 31 December 2015

17 FINANCIAL INSTRUMENTS (CONT'D)

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 2015				
Derivative financial assets	–	40,353	–	40,353
Derivative financial liabilities	–	(36,819)	–	(36,819)
	–	3,534	–	3,534
31 December 2014				
Derivative financial assets	–	134,092	–	134,092
Derivative financial liabilities	–	(98,538)	–	(98,538)
	–	35,554	–	35,554
Company				
31 December 2015				
Derivative financial assets	–	40,269	–	40,269
Derivative financial liabilities	–	(36,809)	–	(36,809)
	–	3,460	–	3,460
31 December 2014				
Derivative financial assets	–	133,481	–	133,481
Derivative financial liabilities	–	(98,271)	–	(98,271)
	–	35,210	–	35,210

The valuation techniques and the inputs used in the fair value measurements of the financial instruments are disclosed in note 24.

Notes to the Financial Statements

Year ended 31 December 2015

17 FINANCIAL INSTRUMENTS (CONT'D)

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.

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the tables below are measured in the statement of financial position at fair value.

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements

	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 2015			
Financial assets			
Oil physical derivative instruments	26,809	–	26,809
Oil paper derivative instruments	13,544	(1,875)	11,669
Total	40,353	(1,875)	38,478
Financial liabilities			
Oil physical derivative instruments	34,860	–	34,860
Oil paper derivative instruments	1,959	(1,875)	84
Total	36,819	(1,875)	34,944

Notes to the Financial Statements

Year ended 31 December 2015

17 FINANCIAL INSTRUMENTS (CONT'D)

Offsetting financial assets and financial liabilities (cont'd)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements (cont'd)

	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 2014			
Financial assets			
Oil physical derivative instruments	56,245	–	56,245
Oil paper derivative instruments	77,847	(42,088)	35,759
Total	134,092	(42,088)	92,004
Financial liabilities			
Oil physical derivative instruments	25,101	–	25,101
Oil paper derivative instruments	73,437	(42,088)	31,349
Total	98,538	(42,088)	56,450
Company			
31 December 2015			
Financial assets			
Oil physical derivative instruments	26,748	–	26,748
Oil paper derivative instruments	13,521	(1,875)	11,646
Total	40,269	(1,875)	38,394
Financial liabilities			
Oil physical derivative instruments	34,860	–	34,860
Oil paper derivative instruments	1,949	(1,875)	74
Total	36,809	(1,875)	34,934
31 December 2014			
Financial assets			
Oil physical derivative instruments	54,814	–	54,814
Oil paper derivative instruments	78,667	(42,088)	36,579
Total	133,481	(42,088)	91,393
Financial liabilities			
Oil physical derivative instruments	25,101	–	25,101
Oil paper derivative instruments	73,170	(42,088)	31,082
Total	98,271	(42,088)	56,183

Notes to the Financial Statements

Year ended 31 December 2015

18 REVENUE

	Group	
	2015 US\$'000	2014 US\$'000
Revenue from middle distillates	7,009,516	13,474,524
Revenue from other oil products	1,977,971	3,586,507
	8,987,487	17,061,031

Included in revenue is net loss of US\$10,320,000 (2014: net loss of US\$102,830,000) recognised in relation to derivative financial instruments.

19 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Group	
	2015 US\$'000	2014 US\$'000
Other income		
Interest income	375	304
Foreign exchange (loss)/gain – net	(750)	818
Others	135	46
	(240)	1,168
Audit fees paid and payable to:		
- auditor of the Company	(218)	(240)
- other auditors	(160)	(191)
Non-audit fees paid and payable to auditor of the Company	(38)	(23)
Reversal/(Allowance) for impairment loss on doubtful debts – net	1,588	(2,741)
Depreciation of property, plant and equipment	(827)	(811)
Amortisation of intangible assets	(731)	(687)
Operating lease expense	(30,185)	(31,253)
Staff costs	(14,133)	(10,469)
Contributions to defined contribution plans, included in staff costs	(579)	(273)

Notes to the Financial Statements

Year ended 31 December 2015

20 FINANCE COSTS

	Group	
	2015 US\$'000	2014 US\$'000
Bank charges	789	1,527
Interest expenses	251	1,548
	1,040	3,075

21 TAX EXPENSE

	Group	
	2015 US\$'000	2014 US\$'000
Current tax expense		
Current year	363	602
Deferred tax expense		
Origination and reversal of temporary differences	1,336	848
Recognition of previously unrecognised tax losses	(1,245)	(1,338)
	91	(490)
Withholding tax expense	1,862	1,757
Total tax expense	2,316	1,869
Reconciliation of effective tax rate		
Profit before tax	63,597	51,029
Tax using Singapore tax rate of 17% (2014: 17%)	10,811	8,675
Effects of tax rates in foreign jurisdictions	48	24
Tax effects of revenue at concessionary tax rate	(2,308)	(1,023)
Effects of results of associates presented net of tax	(7,190)	(7,343)
Expenses not deductible for tax purposes	338	1,117
Recognition of previously unrecognised tax losses	(1,245)	(1,338)
Withholding tax expense	1,862	1,757
	2,316	1,869

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

Year ended 31 December 2015

22 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\$61,281,000 (2014: US\$49,160,000), and a weighted average number of ordinary shares outstanding of 860,184,000 (2014: 860,184,000).

Profit attributable to ordinary shareholders

	2015 US\$'000	2014 US\$'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	61,281	49,160

Weighted average number of ordinary shares (diluted)

	2015 Number of shares ('000)	2014 Number of shares ('000)
Issued ordinary shares at 1 January*	860,184	716,821
Effect of bonus shares issue**	–	143,363
Weighted average number of ordinary shares (diluted) for the year ended 31 December	860,184	860,184

* Excludes 6,000,000 ordinary shares held as treasury shares.

** The basic and diluted earnings per share are adjusted for transactions that adjust the number of shares without a corresponding change in resources. The effects of the bonus shares, issued on 10 March 2014 have been included in the basic and diluted earnings per share calculation.

23 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 and petrochemicals products supply and trading
- Investments in oil-related assets: Investments in oil-related assets through the Group's holdings in associates

Notes to the Financial Statements

Year ended 31 December 2015

23 OPERATING SEGMENTS (CONT'D)

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.

	Middle distillates US\$'000	Other oil products US\$'000	Investment in oil-related assets US\$'000	Total US\$'000
2015				
Revenue	7,009,516	1,977,971	–	8,987,487
Gross profit/(loss)	36,890	(1,446)	–	35,444
Other administrative/operating expenses	(7,487)	(2,082)	(1,736)	(11,305)
Depreciation and amortisation	(1,558)	–	–	(1,558)
Foreign exchange loss	(750)	–	–	(750)
Interest income	375	–	–	375
Other income	135	–	–	135
Finance costs	(729)	(311)	–	(1,040)
Share of profits of associates (net of tax)	–	–	42,296	42,296
Tax expense	(353)	–	(1,963)	(2,316)
Reportable segment profit/(loss) after tax	26,523	(3,839)	38,597	61,281
Reportable segment total assets	561,650	22,263	261,604	845,517
2014				
Revenue	13,474,524	3,586,507	–	17,061,031
Gross profit/(loss)	32,156	(4,759)	–	27,397
Other administrative/operating expenses	(9,118)	(3,596)	(3,443)	(16,157)
Depreciation and amortisation	(1,498)	–	–	(1,498)
Foreign exchange gain	818	–	–	818
Interest income	304	–	–	304
Other income	46	–	–	46
Finance costs	(1,683)	(1,392)	–	(3,075)
Share of profits of associates (net of tax)	–	–	43,194	43,194
Tax expense	(450)	–	(1,419)	(1,869)
Reportable segment profit/(loss) after tax	20,575	(9,747)	38,332	49,160
Reportable segment total assets	955,306	157,083	266,326	1,378,715

Notes to the Financial Statements

Year ended 31 December 2015

23 OPERATING SEGMENTS (CONT'D)

Geographical segments

The People's Republic of China is a major market for trading in aviation oil 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
2015		
People's Republic of China	4,715,495	230,707
South Korea	66,994	30,935
United States of America	526,078	996
Hong Kong	924,042	4,263
Indonesia	314,085	–
Singapore	1,501,618	6,759
Malaysia	64,460	–
Other countries	874,715	–
	<u>8,987,487</u>	<u>273,660</u>
2014		
People's Republic of China	8,742,933	233,708
South Korea	73,521	31,626
United States of America	365,973	953
Hong Kong	1,909,991	5,101
Indonesia	1,532,431	–
Singapore	2,558,258	7,914
Malaysia	123,232	–
Other countries	1,754,692	–
	<u>17,061,031</u>	<u>279,302</u>

** Excludes deferred tax assets

Major customers

Revenue from two customers (2014: two customers) of the middle distillates segment for the supply of jet fuel amounting to approximately US\$4,072,321,000 (2014: US\$6,444,596,000), represents 45% (2014: 38%) of the Group's total revenue.

Notes to the Financial Statements

Year ended 31 December 2015

24 FINANCIAL RISK MANAGEMENT

Overview

The Company 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 Company's exposure to each of the above risks and the Company'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.

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.

Notes to the Financial Statements

Year ended 31 December 2015

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Trade and other receivables (cont'd)

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At 31 December 2015, there was no significant concentration of credit risk except for amounts receivable due from 2 (2014: 2) major customers amounting to US\$25,523,000 (2014: US\$148,880,000) which accounted for 26% (2014: 37%) of the Group'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.

Guarantees

The maximum exposure of the Company in respect of the intra-group financial guarantee (see note 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\$ Nil (2014: US\$3,200,000) at 31 December 2015.

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.

Notes to the Financial Statements

Year ended 31 December 2015

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group buys and sells derivatives in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee.

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.

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 ending 31 December 2014.

	Profit or loss	
	10% increase US\$'000	10% decrease US\$'000
2015		
Oil physical and paper derivative instruments	(5,784)	5,784
2014		
Oil physical and paper derivative instruments	5,994	(5,994)

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\$5,170,000 (2014: US\$3,421,000). A 10% weakening of the fair value of oil inventory would have an equal but opposite effect on oil inventory.

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.

Notes to the Financial Statements

Year ended 31 December 2015

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Estimation of fair values (cont'd)

Derivative financial instruments

The fair values of oil physical and paper derivative instruments were determined based on price indices.

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.

25 CONTINGENT LIABILITIES

Fishery damage compensation

In 2014, OKYC made enhancements to the shipping berth within its storage terminal site which affected the fisherman operating near to the storage terminal site. OKYC had entered into settlement agreements with the fishermen to pay them compensation sums as determined by the local government. Based on the terms of the settlement, the compensation sums were to be determined by an independent appraiser. As at 31 December 2014, the compensation amount was still under evaluation by an independent appraiser and as such could not be estimated reliably.

During the year, the fishery compensation amount of US\$3.6 million was finalised by the independent appraisers and has been fully paid by OKYC. Appraisers' fees of US\$2.3 million was incurred by OKYC in relation to the claim above.

26 OPERATING LEASES

Leases as lessee

At the reporting date, non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Within one year	13,760	25,353	13,574	24,956
Between one and five years	–	11,746	–	11,556
	13,760	37,099	13,574	36,512

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 6 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.

Notes to the Financial Statements

Year ended 31 December 2015

27 RELATED PARTIES

Key management personnel compensation

Key management personnel compensation comprises:

	Group	
	2015	2014
	US\$'000	US\$'000
Directors' fees	453	490
Directors' remuneration	353	582
Key executive officers' remuneration	1,403	2,146
	2,209	3,218

The key management personnel compensation for the financial years ended 31 December 2015 and 2014 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 2015, the Group's sales and purchases of oil commodities with government-related entities account for approximately 31% (2014: 34%) of the Group's total sales and 61% (2014: 48%) of the Group's total purchases. During the year, approximately 20% (2014: 15%) of the Group's banking fees and 7% (2014: 7%) of the Group's operating expenses were transacted with government-related entities.

Notes to the Financial Statements

Year ended 31 December 2015

27 RELATED PARTIES (CONT'D)

Other than those as disclosed elsewhere in the financial statements, the Group had the following significant transactions with related parties:

	Group	
	2015	2014
	US\$'000	US\$'000
Related corporation of a corporate shareholder		
Sale of jet fuel	–	562,812
Sale of fuel oil	11,812	–
Sale of gas oil	–	64,793
Purchase of jet fuel	60,640	492,312
Purchase of fuel oil	–	52,097
Purchase of petrochem	–	6,904
Related parties under CNAF:		
Related corporations		
Sale of jet fuel	2,353,750	3,793,869
Sale of aviation gasoline	2,027	918
Purchase of jet fuel	493,514	456,173
Associate		
Sale of jet fuel	1,718,571	2,650,727
Purchase of jet fuel	52,731	156,550
Other related party:		
Associate		
Storage tank rental expense	17,047	9,240

28 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:

Notes to the Financial Statements

Year ended 31 December 2015

28 ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONT'D)

Key source of estimation uncertainty (cont'd)

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.

Valuation of investment in associates and joint venture

The Group evaluates whether there are any indicators of impairment in the investment in associates and joint venture 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

The Company holds derivative financial instruments to hedge the changes in oil commodity prices. The Company has not applied hedge accounting to derivative financial instruments that economically hedge the exposure of the changes in oil commodity prices. All outstanding derivative financial instruments 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 income statement as revenue.

The fair value of the derivative financial instruments is based on the price index, Platts. The use of a different price index may impact the Company's estimate of the fair value of its derivative financial instruments.

Critical judgement made in applying accounting policies

Classification of investment in associates and joint venture

In the prior year, the Company assessed the terms and conditions of the shareholder's agreement entered for each of its investments in associates and joint venture. The Company made critical judgement over its ability to exercise influence or control over its investees. The Company's judgement included considerations of the influence or joint control exercised at the board of the respective investees, and their 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	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Sales revenue from related corporations	-	-	2,355,777	3,794,788
Sales revenue from related corporation of a corporate shareholder	-	-	11,812	627,605
Purchases from related corporations	-	-	493,514	456,173
Purchases from related corporation of a corporate shareholder	-	-	60,640	551,313
Services rendered from related corporation of a corporate shareholder	-	-	497	538
Gain/(Loss) from trading of derivative financial instruments with related corporation of a corporate shareholder	-	-	(40)	20
Supply chain services rendered from related corporation	-	-	903	7,703
Supply chain services rendered from related corporation of a corporate shareholder	-	-	-	224
Transportation revenue earned by associate from related corporations	-	-	9,429	8,725
Purchases by associate from related corporation	-	-	-	135
Loan granted by associate to related corporation	-	-	9,847	5,802
Principal deposited with interested person	-	-	114,698	34,784
Interest earned on principal deposited with interested person	-	-	47	-
Interest income earned by associates from related corporations	-	-	344	376
Loan granted to joint venture	-	-	3,080	-
Interest earned on loan granted to joint venture	-	-	4	-
Purchase from joint venture	-	-	6	-

Statistics of Shareholdings

As at 7 March 2016

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%)
Class of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares)	:	1 vote per share

Based on information available to the Company as at 7 March 2016, 28.53%⁽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 has been complied with.

Note: ⁽¹⁾ Percentage is calculated on the total number of 860,183,628 issued shares excluding treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	387	2.75	20,978	0.00
100 - 1,000	2,041	14.50	1,207,413	0.14
1,001 - 10,000	7,512	53.37	30,944,833	3.60
10,001 - 1,000,000	4,116	29.24	147,630,818	17.16
1,000,001 AND ABOVE	19	0.14	680,379,586	79.10
TOTAL	14,075	100.00	860,183,628	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	443,104,056	51.51
2	BP INVESTMENTS ASIA LIMITED	173,476,942	20.17
3	DBS NOMINEES (PRIVATE) LIMITED	9,554,878	1.11
4	CITIBANK NOMINEES SINGAPORE PTE LTD	6,729,225	0.78
5	RAFFLES NOMINEES (PTE) LIMITED	5,848,998	0.68
6	HSBC (SINGAPORE) NOMINEES PTE LTD	5,580,780	0.65
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,213,135	0.61
8	OCBC SECURITIES PRIVATE LIMITED	5,096,758	0.59
9	UOB KAY HIAN PRIVATE LIMITED	4,659,353	0.54
10	LEE FOOK CHOY	3,000,000	0.35
11	DB NOMINEES (SINGAPORE) PTE LTD	2,862,760	0.33
12	BANK OF SINGAPORE NOMINEES PTE. LTD.	2,637,822	0.31
13	PHILLIP SECURITIES PTE LTD	2,440,015	0.28
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,360,469	0.27
15	CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,243,373	0.26
16	CHNG GIM HUAT	1,800,000	0.21
17	KANG HIAN SOON	1,398,000	0.16
18	LAM YEW CHONG	1,213,800	0.14
19	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,159,222	0.13
20	GOH GEOK LOO	901,000	0.10
	TOTAL	681,280,586	79.18

SUBSTANTIAL ORDINARY SHAREHOLDERS

(As shown in the Register of Substantial Shareholders as at 7 March 2016)

NO.	NAME	NO. OF SHARES		%
		DIRECT INTEREST	DEEMED INTEREST	
1	China National Aviation Fuel Group Corporation	-	441,332,912*	51.31
2	BP Investments Asia Limited	173,476,942	-	20.17

* China National Aviation Fuel Group Corporation is deemed to have an interest in 441,332,912 shares of CAO 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 22nd Annual General Meeting of the Company will be held at NTUC Centre, 1 Marina Boulevard, Level 7, Auditorium, Singapore 018989 on Wednesday, 20 April 2016 at 3:00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' statement and the audited financial statements for the financial year ended 31 December 2015 together with the auditors' report thereon. **(Resolution 1)**
2. To declare a first and final (one-tier, tax exempt) dividend of S\$0.03 per ordinary share for the financial year ended 31 December 2015. **(Resolution 2)**
3. To approve Directors' Fees of S\$638,839 for the financial year ended 31 December 2015 (2014: S\$638,451). **(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:-

Dr Zhao Shousen	(Resolution 4)
Mr Meng Fanqiu	(Resolution 5)
5. To re-elect the following Directors, each of whom will retire in accordance with Article 97 of the Constitution of the Company and who, being eligible, will offer themselves for re-election:-

Mr Lin Wanli	(Resolution 6)
Ms Bella Young Pit Lai	(Resolution 7)
Mr Felipe Arbelaez	(Resolution 8)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

6. 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) 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) 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) 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 consolidation or subdivision of shares;
- (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 9)**

7. 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 22 April 2015) 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 24 March 2016 (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 (such shareholders' general mandate, as amended, hereinafter called 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 Dr Zhao Shousen and Mr Felipe Arbelaez 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 SGX-ST from time to time; and

Notice of Annual General Meeting

- (d) the directors of the Company (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 10)

8. 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, 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, 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 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:

Notice of Annual General Meeting

- (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 11)**
9. That :
- (a) Deloitte & Touche LLP be and is hereby appointed as auditors of the Company in place of KPMG LLP and to hold office until the conclusion of the next annual general meeting of the Company and the Directors be authorized to fix the terms of their remuneration (the “**Proposed Change of Auditors**”).
 - (b) The Directors and each of them be and are hereby authorized and empowered to complete and to do all such acts and things (including without limitation, executing all such documents as may be required) 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 Proposed Change of Auditors. **(Resolution 12)**
10. 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, 24 March 2016

NOTES:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Companies Act, 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 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 proxy form.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his 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 common seal or under the hand of its attorney or a duly authorised officer.
5. 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 later than 3.00 p.m. on 18 April 2016.

Notice of Annual General Meeting

EXPLANATORY NOTES:

- Resolution 4** Dr Zhao Shousen, will upon re-appointment, continue as Deputy Chairman of the Audit Committee and a member of the Risk Management Committee. He is considered a Non-Executive, Non-Independent Director.
- Resolution 5** Mr Meng Fanqiu will upon re-appointment, continue as Chief Executive Officer/Executive Director.
- Resolution 6** Mr Lin Wanli will upon re-appointment, continue as Chairman of the Board. He is considered Non-Executive, Non-Independent Director.
- Resolution 7** Ms Bella Young Pit Lai will upon re-appointment, continue as a member of the Nominating Committee and the Remuneration Committee. She is considered Non-Executive, Non-Independent Director.
- Resolution 8** Mr Felipe Arbelaez will upon re-appointment, continue as Chairman of the Risk Management Committee and a member of the Audit Committee. He is considered Non-Executive, Non-Independent Director.
- Resolution 9** Resolution 9 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) 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) in the capital of the Company. The percentage of issued share capital is based on the Company's issued shares (excluding treasury shares) 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 consolidation or subdivision of shares.
- Resolution 10** Resolution 10 is to approve the amendment of, and the renewal of 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 Appendix to the Notice of Annual General Meeting of the Company dated 24 March 2016.
- Resolution 11** Resolution 11 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 12** Resolution 12 is to approve the appointment of Deloitte & Touche LLP as the auditors of the Company in place of KPMG LLP, and to authorize the Directors to fix the terms of their remuneration. Please refer to the Letter to Shareholders dated 24 March 2016 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, 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.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 22nd Annual General Meeting of the Company ("**22nd AGM**") 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 and administration by the Company (or its agents) of proxies and representatives appointed for the 22nd AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 22nd AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (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), 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

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 22nd Annual General Meeting of the Company to be held on 20 April 2016, the Register of Members and the Transfer Books of the Company will be closed on 4 May 2016 for the preparation of dividend warrants. The Register of Members and the Transfer Books will re-open on 5 May 2016. 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 3 May 2016, 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 17 May 2016.

This page has been intentionally left blank

CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

Incorporated in the Republic of Singapore
Company Registration No.199303293Z

IMPORTANT:

1. A relevant intermediary may appoint more than two (2) proxies to attend the Meeting and vote.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please refer to Note 2(b) of the Notes to the Proxy Form.

PROXY FORM

I/We, _____

of _____

being a member/members of China Aviation Oil (Singapore) Corporation Ltd (the “**Company**”), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	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 and, if necessary, to demand a poll at the Meeting of the Company, to be held at NTUC Centre, 1 Marina Boulevard, Level 7, Auditorium, Singapore 018989 on Wednesday, 20 April 2016 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/their discretion, as he/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 2015		
4	To re-elect Dr Zhao Shousen as a Director retiring under Article 91		
5	To re-elect Mr Meng Fanqiu as a Director retiring under Article 91		
6	To re-elect Mr Lin Wanli as a Director retiring under Article 97		
7	To re-elect Ms Bella Young Pit Lai retiring under Article 97		
8	To re-elect Mr Felipe Arbelaez as a Director retiring under Article 97		
	Special Business		
9	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		
10	To approve the Proposed Renewal of, and Amendments to, the General Mandate for Interested Person Transactions		
11	To approve the Proposed Renewal of the Share Purchase Mandate		
12	To approve the Proposed Appointment of Deloitte & Touche LLP as the Auditors		

Dated this _____ day of _____ 2016

Signature of Shareholder(s) or
Common Seal of Corporate Shareholder

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) 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 24 March 2016.

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he 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). In relation to a relevant intermediary who wishes to appoint more than two (2) proxies, it should annex to the proxy form the list of proxies, setting out, in respect of each proxy, the name, NRIC/Passport number and number of Shares in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF/SRS investors as its proxies shall comply with this Note. "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
3. A proxy need not be a member of the Company.

First fold. Glue all sides firmly. Stapling & spot sealing are disallowed.

Affix
Postage
Stamp

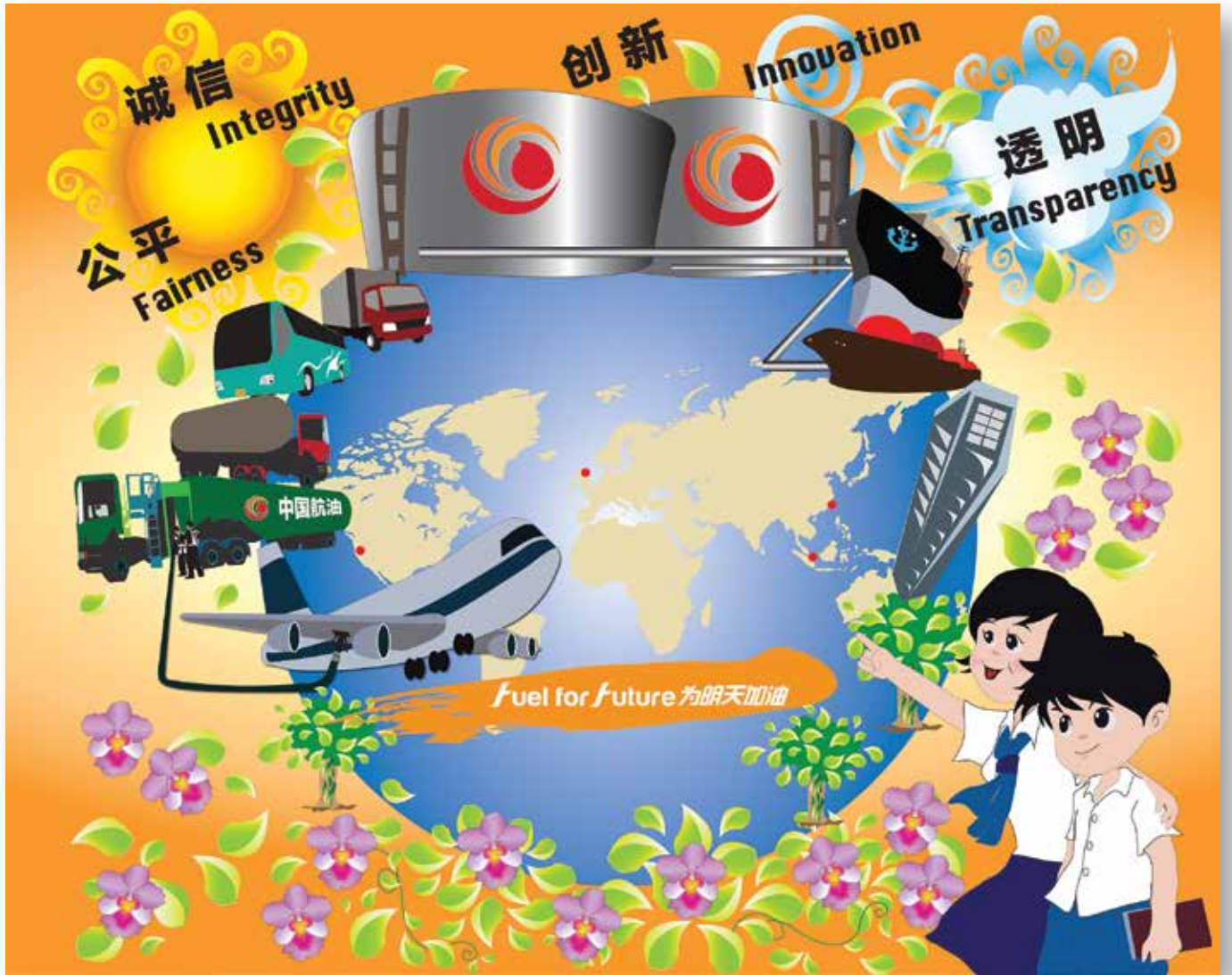
The Company Secretary
CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
8 Temasek Boulevard #31-02
Suntec Tower Three
Singapore 038988

Second fold. Glue all sides firmly. Stapling & spot sealing are disallowed.

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.
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 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 common 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 name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

This page has been intentionally left blank

This page has been intentionally left blank



VISION 2020 – a collective effort of the CAO team who had come together to create an interconnected multi-canvas artwork, reflecting the Group's aspirations to be a global top-tier integrated transportation fuels provider, as well as a winning corporate culture built on the core values of Fairness, Integrity, Innovation and Transparency.

2020愿景 – 此作品是CAO全体员工共同协作的成果，由多幅帆布画布拼接而成，描绘了集团成为全球一流的运输燃料一体化方案提供商的愿景，以及基于公平、诚信、创新和透明的核心价值观打造的良好公司文化。



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 Corporation
中国航空油料集团公司子公司

8 Temasek Boulevard
#31-02 Suntec Tower Three
Singapore 038988

Tel : (65) 6334 8979
Fax : (65) 6333 5283
Website: www.caosco.com

Company Registration No.: 199303293Z