



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



REALISING A GLOBAL VISION

2016年年度报告 Annual Report 2016

全球
视野

Fuel for Future 为明天加油

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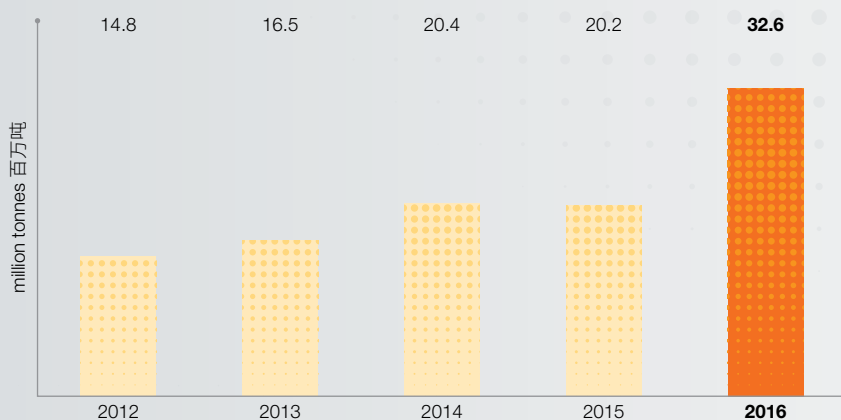
全球
视野



REALISING A GLOBAL VISION

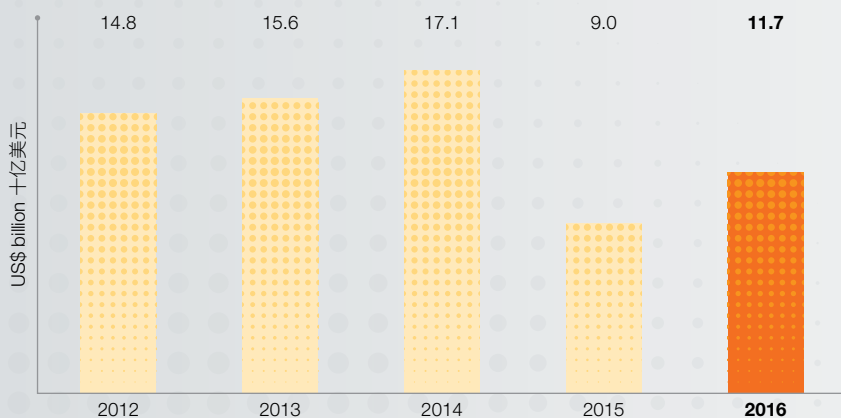
For the past **10 years**, China Aviation Oil has made important strides in realising its vision to be an integrated global top-tier transportation fuels provider. Guided by a globally oriented and future-ready perspective, CAO will continue to drive robust and sustainable growth while expanding its international reach and diversifying its business lines, geographies and clientele.

Financial Highlights 业绩亮点



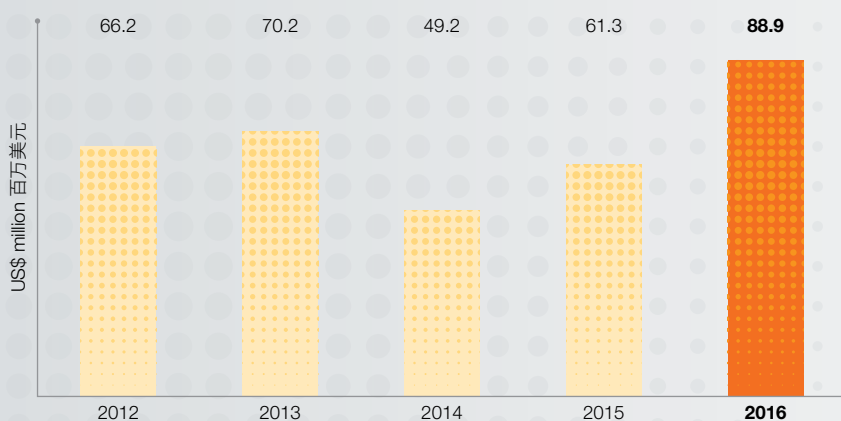
Total Supply and Trading Volume
总业务量
million tonnes 百万吨

32.6 million tonnes



Revenue
营业额
US\$ billion 十亿美元

US\$ 11.7 billion



Net Profit
净利润
US\$ million 百万美元

US\$ 88.9 million

Return on Equity
净资产回报率

14.3%

Return on Assets
资产回报率

8.4%

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

US 75.53¢

CAO at A Glance

China Aviation Oil (Singapore) Corporation Ltd (“CAO” or “the Group”) is the largest physical jet fuel trader in the Asia Pacific region and the sole supplier of imported jet fuel to the civil aviation industry of the People’s Republic of China (“PRC”). Headquartered in Singapore with global operations spanning key aviation hubs in Hong Kong SAR, Los Angeles, London and an entrenched presence in PRC, CAO was incorporated in Singapore on 26 May 1993, and listed on the mainboard of the Singapore Exchange Securities Trading Limited since 2001.

CAO and its wholly owned subsidiaries, China Aviation Oil (Hong Kong) Company Limited (“CAOHK”), North American Fuel Corporation (“NAFCO”) and China Aviation Oil (Europe) Limited (“CAOE”) supply jet fuel to airline companies at airports outside the PRC, including locations in the Asia Pacific, North America, Europe and the Middle East. CAO and its subsidiaries, NAFCO and CAOE also engage 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 to support an integrated global supply and trading value chain. 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 210 PRC airports.

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

OUR BUSINESSES

Jet Fuel Supply & Trading

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

In 2011, CAO established its aviation marketing arm to market and supply jet fuel to airline companies worldwide. Today, the Group supplies jet fuel at 43 international airports outside mainland China in 17 countries, covering Asia Pacific, North America, Europe and the Middle East. Capitalising on the growing international air transportation market, the Group will continue to focus on expanding its customer base globally and make significant inroads into key aviation markets worldwide to strengthen its global presence.

Trading of Other Oil Products

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

Investments in Oil-related Assets

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

- Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (“SPIA”) – (33% equity stake)
- China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd (“TSN-PEKCL”) – (49% equity stake)
- 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



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

中国航油(新加坡)股份有限公司(简称“CAO”或“集团”)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。公司总部在新加坡,依托于中国市场,业务覆盖全球主要航空枢纽,如香港特区、洛杉矶、伦敦。CAO于1993年5月26日在新加坡注册成立,2001年在新加坡证券交易所主板上市。

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

联营公司

联营公司的油品相关资产(包括储罐、管线、机场加注设施)可以为集团的供应贸易业务提供协同性,支持全球一体化供应与贸易链。联营公司包括上海浦东国际机场航空油料有限责任公司(简称“浦东航油”)、中国航油集团津京管道运输有限责任公司(简称“管输公司”)、中国航油集团新源石化有限公司(简称“新源公司”)、韩国丽水枢纽油库有限公司(简称“OKYC”)和中国航油香港供油有限公司(简称“香港供油公司”),资产遍布多个业务版块,形成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%。CNAF是中国国有企业,也是中国最大的航空运输服务保障企业,为中国超过210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

作为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的核心业务是航油供应与贸易。CAO在中国大陆为超过17家国际机场供应航油,包括中国主要枢纽机场,如北京首都国际机场、上海浦东和虹桥国际机场以及广州白云国际机场等。

2011年,CAO设立航空市场营销业务,在全球各地为航空公司供应航油。现在集团在亚太(不包括中国大陆)、北美、欧洲和中东17个国家的43个国际机场供应航油。在全球航空运输市场快速增长的推动下,集团会继续专注拓展全球客户,进入全球主要航空市场,拓展全球业务。

其它油品贸易业务

公司执行多元化战略,发展其它油品供应与贸易业务,拓展收入来源,提升业务规模。其它油品种类包括燃料油、柴油、航汽和原油。CAO已在亚太地区已成为这些油品的活跃贸易商,也会继续优化和打造其它油品的结构性优势。

油品相关实业投资

CAO通过投资收购与核心业务具有协同性的油品相关实业资产,纵向整合公司价值链,积极创造价值,实现持续增长。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(简称“浦东航油”)—(CAO持股33%)
- 中国航油集团津京管道运输有限责任公司(简称“管输公司”)—(CAO持股49%)
- 中国航油集团新源石化有限公司(简称“新源公司”)—(CAO持股39%)
- 韩国丽水枢纽油库有限公司(简称“OKYC”)—(CAO持股26%)
- 中国航油香港供油有限公司(简称“香港供油公司”)—(香港公司持股39%,控股)



茁壮成长：10年回顾

JOURNEY

2006

10 YEARS OF REVITALISING CHINA AVIATION OIL

Following the Group's significant restructuring initiative, China Aviation Oil has delivered 10 fruitful years of staying on track, taking the lead and paving the way towards becoming a bigger, more dynamic and more sustainable global organisation.

2006

Completion of restructuring; commenced jet fuel procurement business on a principal basis
公司完成重组;重新启动主体模式的航油采购业务

2007

Repaid outstanding debts, 4 years ahead of schedule
提前4年还清债务

2008

Acquired 49% stake in China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd
收购中国航油集团津京管道运输有限责任公司49%的股权

2009

Full resumption of trading activities
公司全面恢复贸易活动

2010

Establishment of fuel oil trading team
建立燃料油贸易团队

Awarded "Most Transparent Company" (Runner-up in Foreign Listings Category) by Securities Investors Association (Singapore) ("SIAS")
获得新加坡证券投资者协会("SIAS")授予2010年"最透明公司奖"(国外上市公司组第二名)

2011

Established aviation marketing arm
建立航空市场营销部

Named 9th in Singapore International 100 Ranking by International Enterprise Singapore, 2010 in Overseas Revenue Category
在新加坡国际企业发展局评选的"新加坡国际100家企业"——海外收入排名中名列第9位

Acquired 26% stake in Oilhub Korea Yeosu Co., Ltd
收购韩国丽水枢纽油库有限公司26%的股权

Awarded "Most Transparent Company" (Runner-up in Foreign Listings Category) by SIAS
获得SIAS授予的"最透明公司奖"(国外上市公司组第二名)

2012

Expanded footprint with acquisitions of China Aviation Oil (Hong Kong) Company Limited and North American Fuel Corporation to build a global supply and trading network
通过收购,建立中国航油(香港)有限公司和北美航油有限公司,开始构建全球供应与贸易网络

Awarded "Most Transparent Company" (Runner-up in Oil & Gas Category) by SIAS
获得SIAS授予的"最透明公司奖"(油气行业组第二名)

Total jet fuel supply and trading volume hit new high of 10 million tonnes for FY2012
2012年全年航油业务量突破1000万吨

OF GROWTH



十年发展, 重现活力

集团十年前重组以后, 逐渐走上发展轨道、成为行业领导者, 并立志于成为规模更大、更具活力、持续发展的全球性企业。

2013

Ranked 5th in Singapore International 100 Ranking in Overseas Sales/Turnover Excellence category, 2012
2012年新加坡国际100强企业名列第5位
(按照海外销售额/营业额计算)

Named "Top Ten Chinese Companies in ASEAN" by China-ASEAN Business Council
获中国—东盟商务理事会颁发的“中国企业走进东盟”奖

Awarded "Singapore Corporate Governance" (Runner-up, Mid Cap Category) by SIAS

Awarded "Most Transparent Company" (Runner-up in Oil & Gas Category) by SIAS
获得SIAS授予的“新加坡企业治理奖”(中型企业组第二名)和“最透明公司奖”(油气行业组第二名)

Established China Aviation Oil (Europe) Limited, a wholly owned subsidiary in the United Kingdom
在英国成立全资子公司——中国航油(欧洲)有限公司

2014

Awarded "Best Annual Report" (Bronze Award, Mid Cap Category) by Singapore Corporate Awards 2014
获颁新加坡企业大奖2014年“最佳年报”(铜奖, 中型企业组别)

Awarded "Best Investor Relations" (Silver Award, Mid Cap Category) by Singapore Corporate Awards 2014
获颁新加坡企业大奖2014年“最佳投资者关系”(银奖, 中型企业组别)

Awarded "Most Transparent Company" (Runner-up in Oil & Gas Category) by SIAS
获得SIAS授予的“最透明公司奖”(油气行业组第二名)

Achieved record US\$17.1 billion revenue for FY2014
2014年全年营业额突破171亿美元

2015

Ranked among most valuable companies in Forbes Global 2000 for three consecutive years from 2013 to 2015

2013至2015年, 连续三年被评为福布斯全球2000强最有价值公司

Ranked 34th in ASEAN Corporate Governance Scorecard 2014 as Singapore's Top 100 Companies
在2014年东盟企业治理计分卡中, 位列新加坡100强企业的第34名

Awarded "Best Investor Relations" (Gold Award, Mid Cap Category) by Singapore Corporate Awards 2015
获颁新加坡企业大奖2015年“最佳投资者关系”(金奖, 中型企业组别)

Awarded "Most Transparent Company" (Runner-up in Oil & Gas Category) by SIAS
获得SIAS授予2015年“最透明公司奖”(油气行业组第二名)

2016

Awarded "Most Transparent Company" (Winner in Energy Category) by SIAS
获得SIAS授予2016年“最透明公司奖”(能源行业组第一名)

Achieved record high total supply and trading volume and net profit for FY2016
2016年全年供应与贸易总量和净利润创历史新高

International Reach 国际触角



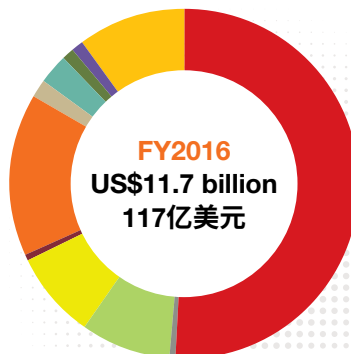
-  CAO Headquarter & Subsidiaries
CAO总部及其子公司
-  Supply & Trading Network
供应与贸易网络












DIVERSIFIED GEOGRAPHIC BASE 地理多元化

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

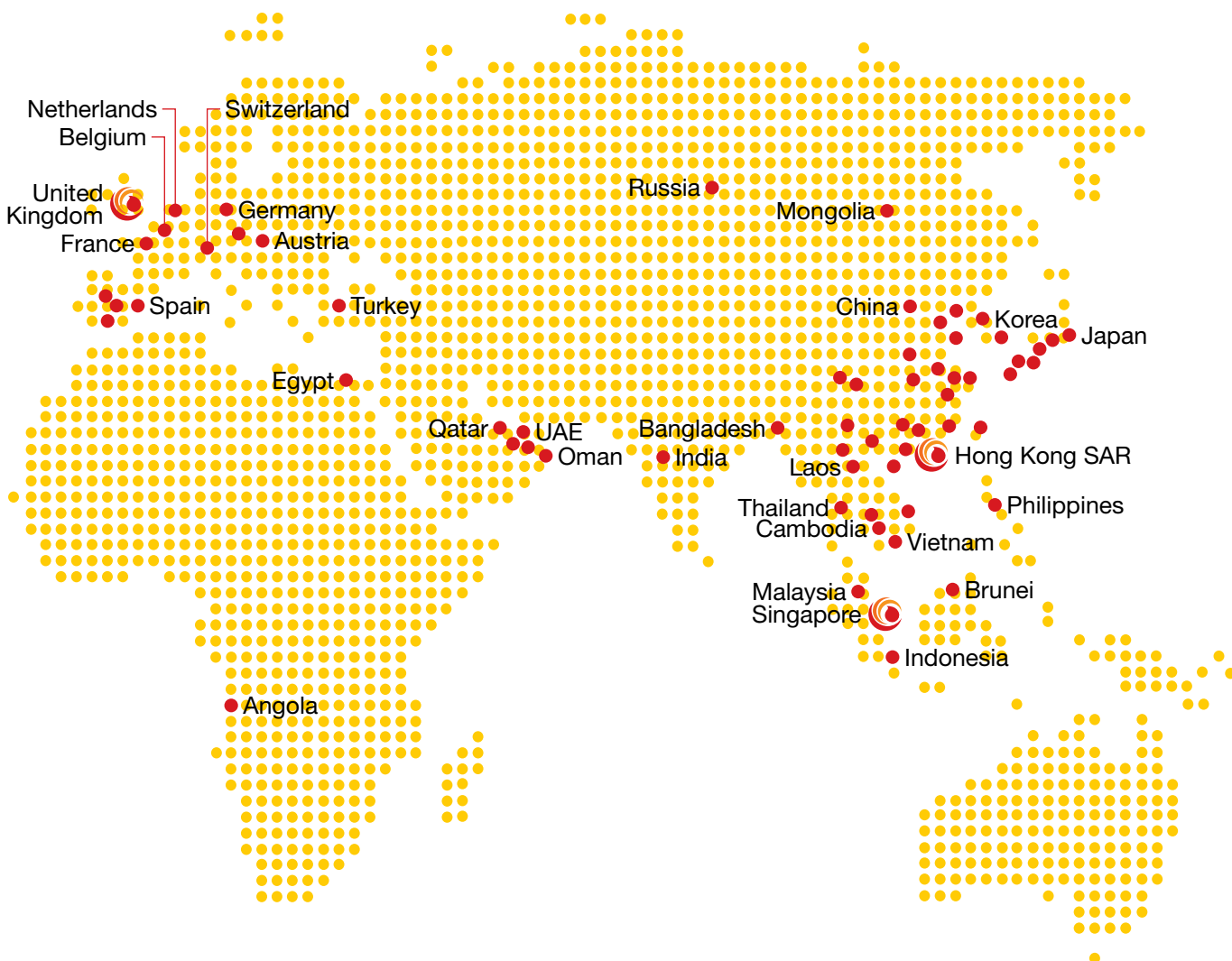


 China 中国	80.0%
 South Korea 韩国	5.0%
 Singapore 新加坡	9.0%
 Other Regions 其它地区	6.0%



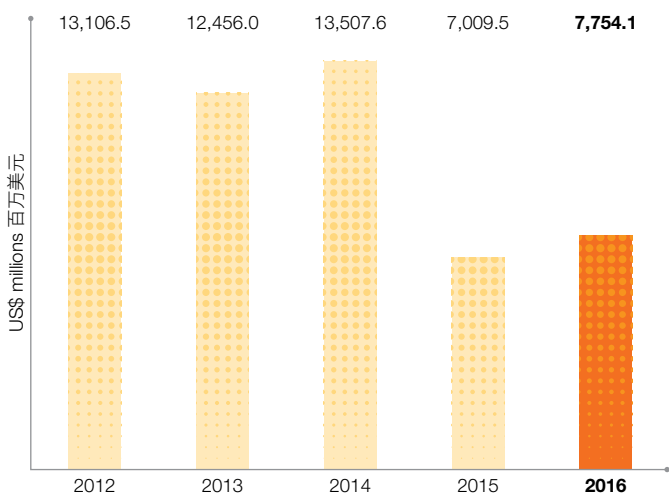
 China 中国	51.0%
 South Korea 韩国	0.6%
 USA 美国	8.3%
 Hong Kong SAR 香港特区	8.0%
 Indonesia 印尼	0.5%
 Singapore 新加坡	15.2%
 Middle East 中东	1.6%
 Europe 欧洲	2.7%
 Malaysia 马来西亚	1.1%
 Australia 澳大利亚	1.0%
 Other Regions 其它地区	10.0%

International Reach 国际触角

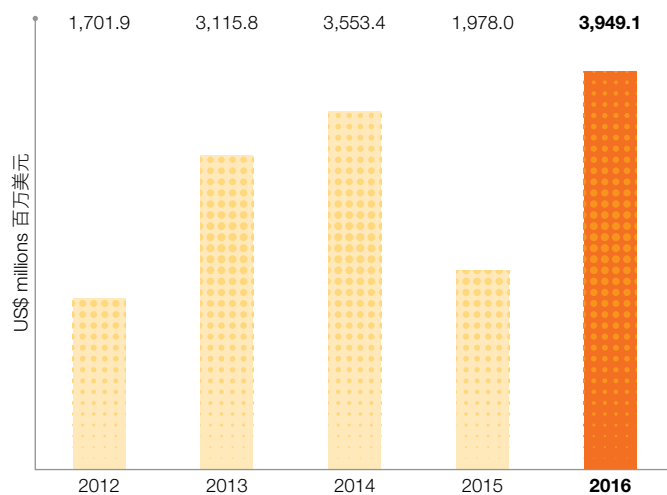


DIVERSIFIED PRODUCT BASE 产品多元化

Revenue – Middle Distillates
收入 – 中馏分



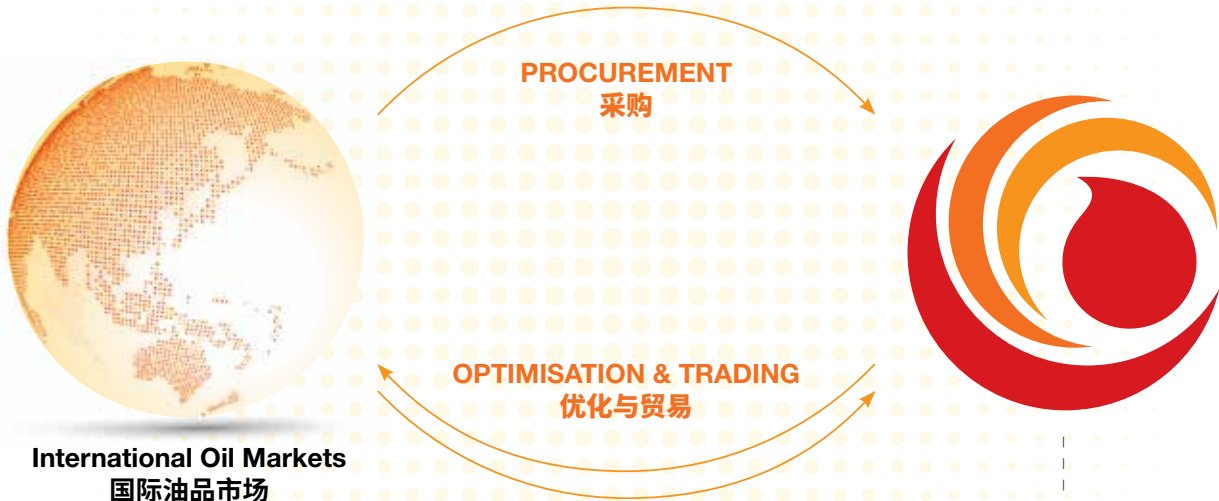
Revenue – Other Oil Products
收入 – 其它油品



Sustainable Business Model 可持续的业务模式

We procure internationally and deliver cargoes to customers globally.

我们在全球范围内采购货物，交付至不同区域客户的手中。



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

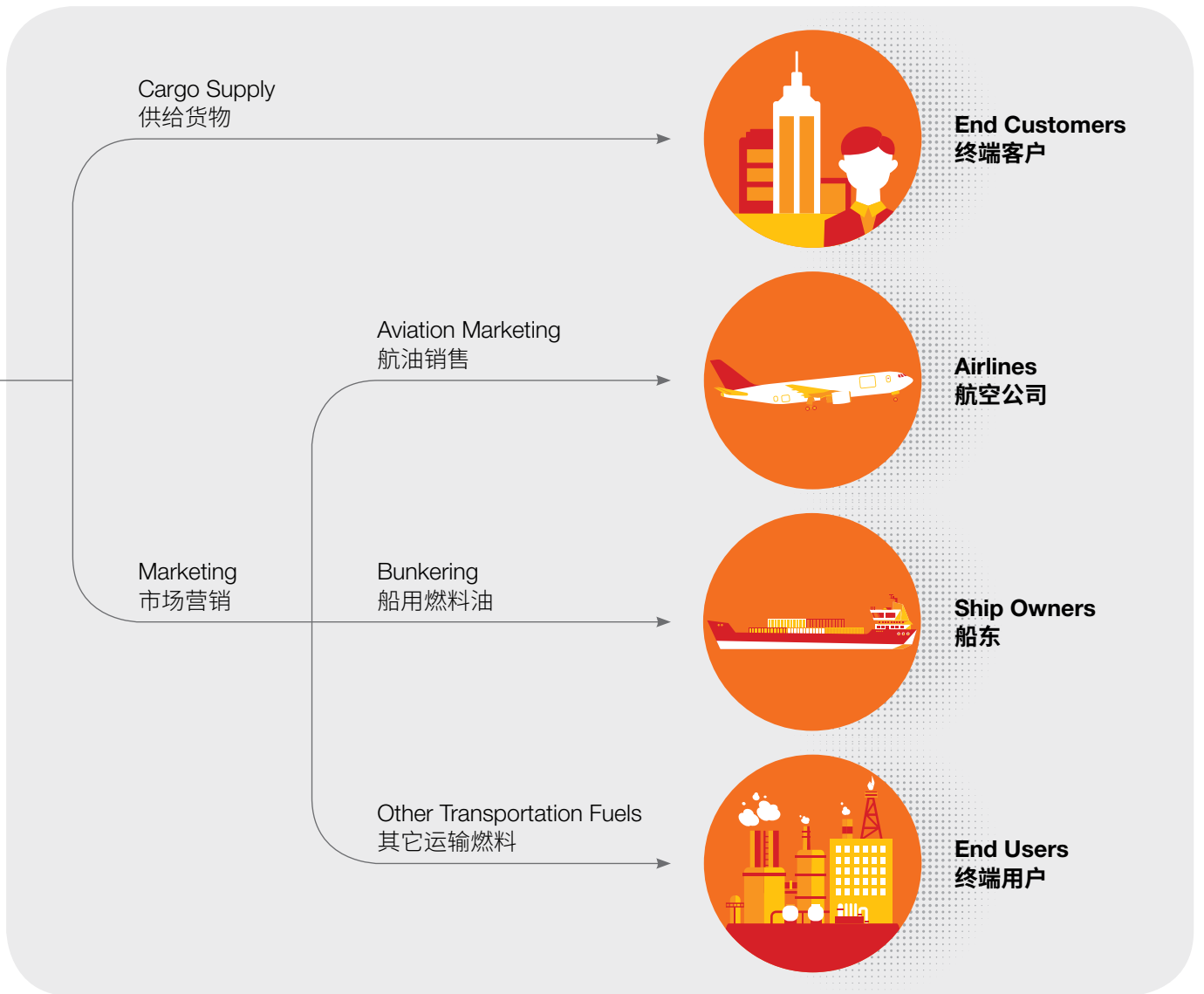
**Enhancing integrated supply chain
through oil-related asset investments**
通过实业投资强化一体化供应链



Xinyuan
新源公司

OKYC
韩国丽水枢纽油库有限公司

Sustainable Business Model 可持续的业务模式



Create Demand
创造需求

Pipelines
管线



TSN-PEKCL
管输公司

Airport Refuelling Facilities
机场加注设施



SPIA
浦东航油

CNAF HKR
香港供油公司

Our Values 核心价值观

OUR VISION

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

愿景

成为富有创新精神的**全球**一流
运输燃料一体化方案提供商



fiit Fairness 公平
Integrity 诚信
Innovation 创新
Transparency 透明

CORPORATE VALUES

Integrity, Fairness, Transparency and **Innovation** encapsulate the values embraced by CAO as **we strive together to achieve sustainable growth** for our shareholders.

Integrity is the foundation of our conduct and business dealings, with Fairness and Transparency as guiding principles. Innovation fuels our engines for growth.

核心价值观

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



Group Structure (as at March 2017)
集团结构图 (截至2017年3月)



* Excluding treasury shares
不包括库存股



REINFORCING
A GLOBAL



STRATEGY

Over the years, CAO has gone to great lengths to **enhance** and **deliver** its value proposition on the back of CAO's diversified and international growth platform. Moving forward, the Group will continue to reinforce its operational and investment **strategies** to command sustainable growth.



Dr Xi Zhengping
Chairman

奚正平博士
董事长

Chairman's Statement

Dear Shareholders,

I am deeply honoured to be appointed Chairman of China Aviation Oil (Singapore) Corporation Ltd ("CAO" or "the Group") with effect from 6 February 2017. 2016 marked 10 years since the Group's corporate restructuring which saw CAO's parent company China National Aviation Fuel Group Corporation ("CNAF") and BP Investments Asia Limited ("BP") joining hands to recreate a stronger and fitter CAO. This turning point spearheaded the transformation of the Group to become the international enterprise with globalised operations it is today, leaning on the combined strengths of CNAF and BP. Today, CAO boasts subsidiaries in Asia, North America and Europe and is the single largest physical trader of jet fuel in the Asia Pacific, supplying jet fuel to more than 40 international airports outside mainland China whilst fulfilling its primary role as the sole licensed importer of jet fuel to the People's Republic of China ("PRC"). Over the last 10 years, the Group's increasingly solid corporate standing through the shoring up of board governance, financial management, internal controls, risk management and investor relations further attests to the support from Mr Lin Wanli, who has stepped down as Chairman of CAO Group, and the support both CNAF and BP had put in the Group since its restructuring as well as the diligence and efforts of its management team, under the guidance of the Board of Directors, to drive and develop the Group's internationalisation strategy and core competencies.

2016 PERFORMANCE

The macro-economic environment in 2016 was beset with political and economic uncertainties, which in turn exacerbated the volatility in global oil markets. Responding swiftly to market trends, the Group reinforced its diversification strategy and expanded its businesses covering products, customer base and geographies. The Group has continued to expand its aviation marketing business globally, making further inroads into the world's largest aviation markets such as the United States, Europe, Asia Pacific and the Middle East. Total revenue of the Group for the 12 months ended 31 December 2016 ("FY2016") were US\$11.7 billion, an increase of 30.2% from a year ago even as total supply and trading volumes for jet fuel and other oil products surged 61.5% to a new record 32.6 million tonnes. Net profit attributable to shareholders grew 45.1% from FY2015 to a new high of US\$88.9 million. Earnings per share were 10.34 US cents for FY2016 with a return on equity of 14.3% compared to

7.12 US cents and a return on equity of 10.7% in FY2015. This stellar performance, notwithstanding the ongoing oil market challenges, is testament to the Group's growing global business as well as its mounting sophistication as an international enterprise with increasing resilience and strengths to continue its growth trajectory in an ever-changing and uncertain global economy.

REALISING A GLOBAL VISION

From the onset of its restructuring in 2006, the CAO Board of Directors envisioned the Group to grow as a global enterprise. The management of CAO, with the support of CNAF and BP, under the helm of the Board of Directors, has driven CAO towards this global vision with the building of the Group's integrated value chain which today spans across the Asia Pacific, North America and Europe, elevating the Group to its next stage of growth. Indeed, the cumulative efforts of CAO's Board of Directors, past and present, its management team and employees of CAO has over the last decade, made significant strides to rebuild the Group's corporate standing, putting in place the required cornerstones to propel its future growth trajectory in the global arena. Today, CAO is equipped with the necessary building blocks in place to assume the global challenges it faces as the Group continues to expand and gain traction in international markets.

In 2016, Chinese domestic passenger traffic increased a strong 11.7% according to industry sources. This compares against the global average growth rate of 5.7% domestic air traffic in 2016, as the Chinese market continues on its growth path to become the world's largest in terms of passenger traffic by the 2030s. The 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. Apart from the steady growth of the Group's business in the PRC, CAO'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 the leading jet fuel supplier and trader globally. This international network forms the Group's expanding organic growth platform as CAO continues to leverage on the strengths of its parent company CNAF in the PRC to expand its businesses outside of mainland China through internationalisation and diversification strategies. This effort has yielded commendable results for to date, the proportion of revenue from outside mainland China contributes 49% of the Group's revenue compared to 20% in 2010.

Chairman's Statement

As the PRC's "One Belt, One Road" strategy connecting countries across three continents in Eurasia comes into play and new economies emerge through 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, CAO is poised to capture the resulting opportunities and maintain a leading position in Asia Pacific through these new markets. Leveraging on its global supply and trading network, CAO is set to multiply its supply locations and volumes globally as the Group gains traction with international airlines supported by the imminent growth of these emerging aviation markets.

VALUES THAT BUILD A GLOBAL STRATEGY

Today, CAO boasts a robust balance sheet, sound risk management with stringent internal controls, a strong Board of Directors, an effective management team and heightened corporate governance practices which set the foundation for its sustainable growth going forward. These key corporate strengths have boosted the Group's resilience 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 further the Group's growth trajectory. Vigilantly strengthened over the years by the Board of Directors and management, these are the very pillars which will ensure the continued success of CAO as a global enterprise. 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 innovating global top-tier integrated transportation fuels provider.

CREATING VALUE FOR SHAREHOLDERS

In 2016, CAO became the largest energy stock listed on the Singapore Exchange with a market capitalisation in excess of S\$1 billion and was named winner of the "Most Transparent Company" award in the Energy category by the Securities Investors Association (Singapore) ("SIAS"), placing CAO at the forefront of leading Singapore-listed companies. This was preceded by several corporate honours the Group had garnered in recent years such as the "Best Investor Relations" (Gold) award in 2015 as well as the "Best Investor Relations" (Silver) award and "Best Annual Report" (Bronze) award in 2014 at the Singapore Corporate Awards two years in a row. On the business and finance front, the Group has also ranked 3rd in the Singapore International 100 Ranking in the

Overseas Sales/Turnover Excellence category in both 2014 and 2015, and awarded SIAS's "Most Transparent Company" award for six consecutive years between 2010 and 2015 to name a few. Cumulatively, these awards not only celebrate the successes CAO has attained post restructuring but also attest to the importance placed on enhancing shareholder value by the Board of CAO. On the global stage, CAO was also named by Forbes as one of the most valuable companies in the world in the Forbes Global 2000 ranking for three consecutive years between 2013 to 2015. These many accolades of CAO were the outcome of the Board's astute guidance, deliberations and foresight, management's dedication, effective control and operational effectiveness as well as the hard work of all employees under the CAO Group, to create shareholders' value and enhance returns to shareholders.

To celebrate the Group's many successes and in keeping with its corporate objective to enhance returns to shareholders, the Board of Directors had since FY2015, adopted a dividend policy based on a growth-based dividend payout formula comprising 30% of CAO's annual consolidated net profits attributable to shareholders (one-tier, tax exempt) for each financial year, rounded to the nearest Singapore cent as part of CAO's commitment to allow shareholders to participate in its growth. The Board of Directors has therefore recommended that shareholders receive a first and final (one-tier, tax exempt) dividend of S\$0.045 per share, a 50% increase compared to the FY2015 dividend of S\$0.03 per share.

OUTLOOK

According to the 2016 global data by the International Air Transport Association ("IATA"), the world's air traffic increased 6.3% in 2016, well ahead of the 10-year average annual growth rate of 5.5% with the most robust growth coming from the Middle East and Asia Pacific, as emerging economies such as the PRC and India continue to embrace air travel. According to industry data, total air traffic turnover is projected to reach 170 billion tonne-kilometres by 2020, with the Chinese aviation sector continuing its rapid growth momentum through to 2030 to become the world's largest civil aviation market. This bodes well for CAO as this burgeoning demand for jet fuel in the PRC 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.

Chairman's Statement



CNAF storage tanks in the PRC
CNAF在中国的储罐

ACKNOWLEDGEMENTS AND APPRECIATION

As Director and General Manager of CNAF, it gives me great pride to witness CAO's remarkable progress 10 years after its successful restructuring. I am grateful for all the wisdom and insights contributed by all past and present directors of CAO. As the majority shareholder and parent company of CAO, CNAF will continue to support CAO in its next phase of growth, furthering its globalisation strategy and seek sustainable growth for the Group. CNAF's platform for international growth is through CAO, whose strategic value will become even more prominent as CNAF pushes ahead on China's "One Belt, One Road" development strategy.

As CAO's newly appointed Chairman, I am confident that under the leadership of its Board of Directors and together with the firm support of its significant shareholders CNAF and BP, the CAO management team is ready to bring CAO to the next level, to achieve even greater success and

realise its vision of becoming an innovating global top-tier integrated transportation fuels provider. CAO will also fulfil its role as the international arm of CNAF and contribute to the further growth and development of CNAF.

On behalf of the Board, I wish to express my appreciation to government agencies in the PRC and Singapore for their counsel and guidance. I wish to thank all shareholders, business partners, investors and other stakeholders for your continued support and invaluable assistance. My heartfelt and sincere thanks also goes out to all CAO Directors, management team and employees, past and present, for their efforts and contributions over the years. It is your efforts that have driven the continuous progress of CAO!

Dr Xi Zhengping
Chairman

董事长致辞

各位股东，

我很高兴于2017年2月6日起担任CAO董事长。2016年是中国航油(新加坡)股份有限公司(简称“CAO”或“集团”)重组十周年。十年前CAO的母公司中国航空油料集团公司(简称“CNAF”)和BP投资亚洲有限公司(简称“BP”)携手重建了一个更加稳健、更具竞争力的CAO。自此，CAO借助CNAF和BP的优势，逐渐成长为今日全球化运营的企业，业务遍布亚太、北美和欧洲。CAO是中国航油进口商，也是亚太地区最大的航油现货贸易商，在中国大陆地区以外超过40个国际机场供应航油。过去十年中，CAO业务不断发展扩大，董事会治理、财务管理、内部控制、风险管理和投资者关系不断加强，卸任的林万里先生以及CNAF和BP给予CAO大力支持和帮助，管理层在执行全球化战略、发展核心竞争力方面也做出了不懈努力。

2016年经营业绩

2016年的政治和经济环境充满了不确定性，这也加剧了全球油品市场的波动。集团反应迅速，加强多元化战略，从产品组合、客户和业务区域三方面拓展业务。集团也不断拓展全球航空市场的业务，如美国、欧洲、亚太、中东等。集团截至2016年12月31日(“2016财年”)的总收入为117亿美元，相比去年增加30.2%。航油和其它油品供应与贸易总量增加61.5%至3260万吨。可分配给股东的净利润同比增加45.1%至8891万美元，业务量和净利润均创历史新高。2016年每股盈利为10.34美分，净资产收益率为14.3%，而2015年每股盈利7.12美分，净资产收益率10.7%。在全球油品市场挑战加剧的情况下，CAO可以取得如此傲人的业绩，证明集团已经是一家较为成熟的全球性企业，有能力在复杂多变的外部环境下健康发展。

实现全球化愿景

CAO董事会在2006年重组之日起，就计划将集团打造为一家全球性企业。在CNAF和BP的支持下，在董事会的带领下，CAO管理层大力推进全球化，成功打造了覆盖亚太、北美和欧洲的一体化价值链，打开了发展的新篇章。在过去的十年中，CAO的董事会、管理层和员工重塑了集团的市场地位，见证了一个又一个意义重大的里程碑，推动CAO在国际舞台的持续发展。今日的CAO具有较完备的体系以应对全球范围的挑战，努力在全球大放异彩。

行业数据显示，2016年中国国内客运量增加11.7%，而全球平均国内航空客运量增速仅为5.7%。如果保持这个增长势头，中国将在2030年前成为全球最大的境内游和出境游市场。在接下来的20年，预计中国航空市场会保持强劲增长势头，CAO的业务也将得到进一步巩固。除中国航空市场之外，CAO的全球供应与贸易网络还包括香港公司、北美公司、欧洲公司，以及分布于中国和韩国的资产，

这些都有助于加强CAO作为全球领先的航油供应与贸易商的市场地位。CAO将全球化网络作为有机增长的平台，借助母公司CNAF在中国的优势地位，通过执行全球化和多元化战略，拓展中国以外的业务。截至今日，集团在中国地区以外的收入从2010年的20%增加至49%。

中国的“一带一路”战略计划在丝绸之路经济带和21世纪海上丝绸之路沿线发展基础设施项目——如道路、铁路、港口和机场项目——连接欧亚大陆三大洲的国家和新兴经济体。CAO有能力通过全球供应与贸易网络，增加供应地点和供应量，扩大与全球新兴市场航空公司的合作，把握这些新市场的机遇，巩固在亚太的领导地位。

企业价值观奠定全球化战略

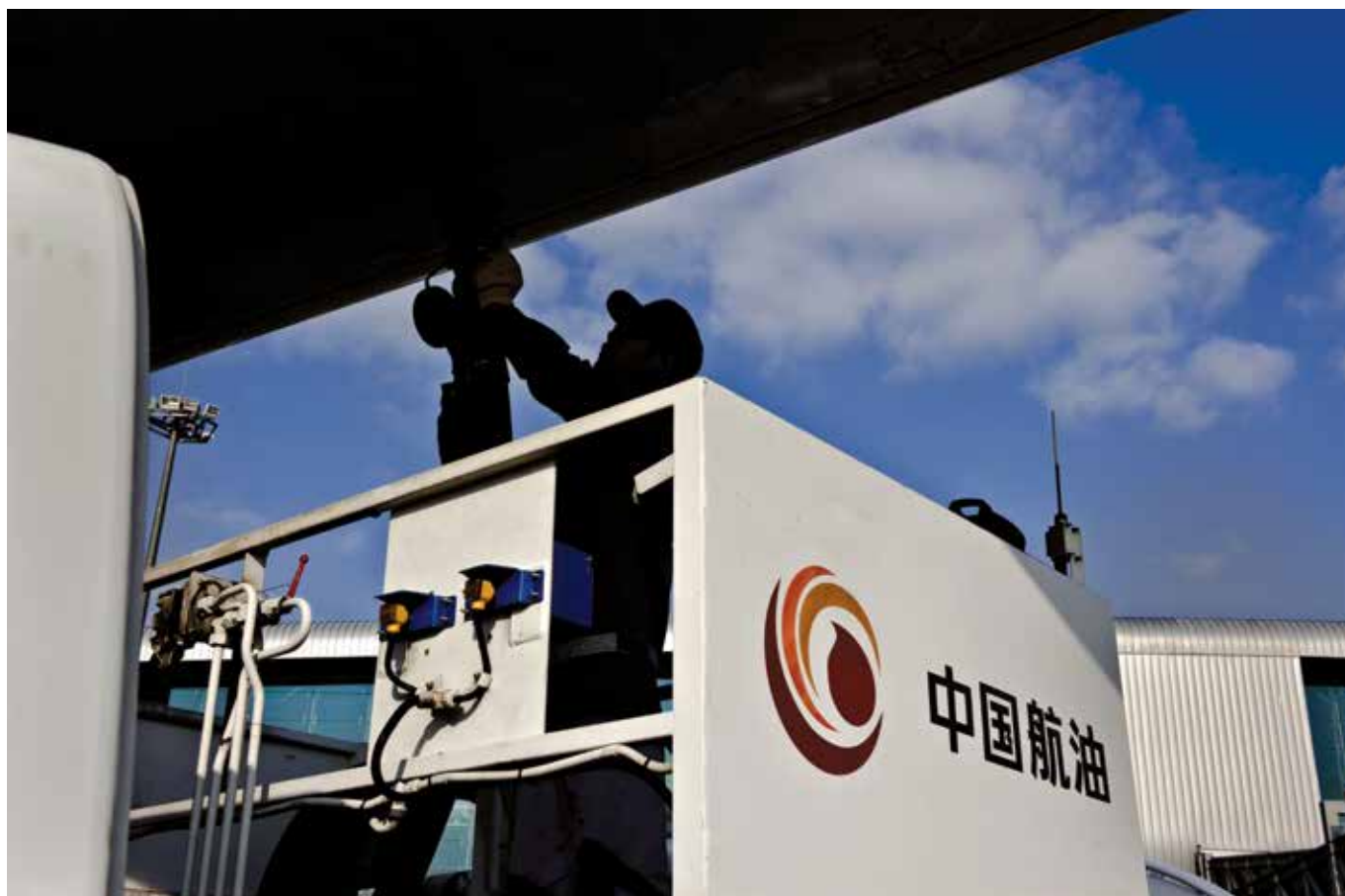
今日的CAO拥有稳健的资产负债表、全面的风险管理系统、严格的内部控制流程、优秀董事会和执行有效的管理团队、高水准的公司治理实践。这些都为CAO未来的可持续发展打下了坚实基础，使集团更自如地应对挑战，把握发展机遇，审慎投资，延续强劲发展势头，积极为自身和股东创造价值。董事会和管理层在过去十年中为CAO打造的竞争优势对于CAO的持续发展非常重要。CAO的业务战略以及根植于企业的价值观(公平、诚信、创新和透明)是CAO实现愿景的基础，即成为富有创新精神的全球一流运输燃料一体化方案提供商。

创造股东价值

2016年，CAO成为新加坡最大的能源类上市公司，市值超过10亿新元，并获得新加坡证券投资者协会(简称“SIAS”)颁发的“最透明公司奖(能源行业组)”第一名，证明CAO已经成为领先的新加坡上市公司。集团在2015年获得新加坡企业大奖的“最佳投资者关系”金奖，2014年获得新加坡企业大奖的“最佳投资者关系”银奖和“最佳年报”铜奖。财务业绩方面，集团在2014和2015年被评为新加坡全球企业100强的第三名(按照海外营业额/收入计算)。2010年至2015年间，连续六年获得SIAS的最透明公司奖。这些奖项不仅肯定了CAO重组后取得的成绩，也证明了CAO董事会对加强股东价值的重视程度。放眼全球，CAO在2013年至2015年间，连续三年被福布斯评为全球最有价值的2000家公司之一。这些荣誉归功于董事们的正确决策和指导、管理层强有力的执行、控制的有效性、运营的效率以及CAO所有员工为了创造和加强股东价值所付出的辛勤劳动。

由于集团业绩出色，为了加强股东回报，CAO董事会采纳了与业绩挂钩的股息政策，将CAO年度合并净利润的30%作为股息发放给股东(单层免税，精确到0.01新元)，与股东分享CAO的成长。董事会建议向股东发放每股0.045新元的股息，2015年为每股0.03新元，同比增长50%。

董事长致辞



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

展望未来

国际航空运输协会2016年的数据显示，全球航空运输2016年增长6.3%，超过10年平均增速5.5%。增长最强劲的地区为中东和亚太，主要由于新兴经济体航空运输业的高速增长，如中国和印度。行业数据显示，中国航空运输总周转量预计在2020年达到1700亿吨公里，中国航空市场将在2030年发展成为世界最大的民航市场，这对CAO来说是利好消息。中国对航油的旺盛需求，以及CAO母公司——CNAF在中国民航业牢固的市场地位将确保CAO的航油业务在未来发展中牢固占据核心地位。

致意与感谢

作为CNAF董事及总经理，我对CAO重组十年以来的发展深感骄傲！对所有新老董事为CAO所贡献的聪明才智表示钦佩！作为CAO的大股东和母公司，CNAF会继续大力支持CAO下一阶段的发展，继续执行全球化战略，实现可持续发展。CAO是CNAF全球发展的平台，随着CNAF大力执行“一带一路”战略，CAO的战略价值不言自明。

在母公司CNAF一如既往的帮助下，在大股东BP的支持下，作为新任董事长，我相信，有董事会的正确领导，CAO管理团队能够带领CAO迈向发展的新篇章，取得更大的成就，最终实现企业愿景——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，更好地发挥CNAF海外发展平台的作用，为CNAF的发展做出新贡献。

我代表董事会，感谢中新两国政府机构的指导！感谢所有股东、商业伙伴、投资者和其他相关方的支持和帮助！我也由衷地感谢CAO过去和现在的全体董事、管理层和员工，正是他们辛勤的付出推动着CAO不断进步！

奚正平博士
董事长

Board of Directors 董事会



Board of Directors 董事会



Seated from left to right
前排从左至右:

Wang Kai Yuen
王家園

Xi Zhengping
奚正平

Meng Fanqiu
孟繁秋

Standing from left to right
后排从左至右:

Luo Qun
罗群

Li Runsheng
李润生

Felipe Arbelaez

Bella Young
楊必麗

Zhao Shousen
赵寿森

Ang Swee Tian
汪瑞典

Board of Directors 董事会



XI ZHENGPING, 50
Non-Executive and
Non-Independent Chairman

**Date of first appointment
as a director:**
6 February 2017

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

**Length of service
as director:**
N.A.
(as at 31 December 2016)

Board Committee(s) served on:
Nil

Academic and Professional Qualification(s):

- Doctor of Engineering in Physical Chemistry of Metallurgy, Northeastern University of Technology, Shenyang
- Qualified Senior Engineer (Professor Level), China

Present Directorships:
(as at 31 December 2016)

Listed Companies:
Nil

Other Principal Directorships:

- China National Aviation Fuel Group Corporation (Director)

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

- General Manager of China National Aviation Fuel Group Corporation

**Past Directorships held over the
preceding 3 years
(from 1 January 2014 to 31 December 2016):**
Nil

Others:

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

奚正平, 50岁
非执行、非独立董事

首次当选董事时间:
2017年2月6日

上次董事轮选时间:
不适用

供职董事年限:
不适用
(截至2016年12月31日)

供职董事委员会:
无

学术和专业资历:

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

现任董事席位:
(截至2016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):

- 中国航空油料集团公司总经理

**过去三年曾任董事席位
(2014年1月1日至2016年12月31日):**
无

其他:

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

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

Board of Directors 董事会



WANG KAI YUEN, 69
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:**

8 years 8 months
(as at 31 December 2016)

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 2016)

Listed Companies:

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

Other Principal Directorships:

Nil

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

Nil

**Past Directorships held over the
preceding 3 years
(from 1 January 2014 to 31 December 2016):**

- A-Sonic Aerospace Ltd
- Matex International 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, 69岁
副董事长, 首席独立董事

首次当选董事时间:

2008年4月28日

上次董事轮选时间:

2014年4月24日

供职董事年限:

8年零8个月
(截至2016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2016年12月31日)

上市公司:

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

其他主要董事席位:

无

主要任职 (除董事职位外):

无

**过去三年曾任董事席位
(2014年1月1日至2016年12月31日):**

- A-Sonic宇航有限公司
- 万得国际有限公司
- 贵族保龄球控股有限公司

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, 49
Chief Executive Officer/
Executive Director

**Date of first appointment
as a director:**
28 March 2006

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

**Length of service
as director:**
10 years 9 months
(as at 31 December 2016)

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 2016)

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 Co. 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 2014 to 31 December 2016):**
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, 49岁
首席执行官/执行董事

首次当选董事时间:
2006年3月28日

上次董事轮选时间:
2016年4月20日

供职董事年限:
10年零9个月
(截至2016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2016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
- 新加坡工商联合总会中国工商组副主席

**过去三年曾任董事席位
(2014年1月1日至2016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

Board of Directors 董事会



ZHAO SHOUSEN, 53
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:**
20 April 2016

**Length of service
as director:**
10 years 9 months
(as at 31 December 2016)

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 2016)

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
- Chief Information Officer of China National Aviation Fuel Group Corporation

**Past Directorships held over the
preceding 3 years
(from 1 January 2014 to 31 December 2016):**
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, 53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:
2016年4月20日

供职董事年限:
10年零9个月
(截至2016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2016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
- 中国航空油料集团公司首席信息官

**过去三年曾任董事席位
(2014年1月1日至2016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, 64
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:**
2 year 8 months
(as at 31 December 2016)

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 2016)

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 2014 to 31 December 2016):**
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, 64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:
2年零8个月
(截至2016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2016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
(2014年1月1日至2016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

Board of Directors 董事会



FELIPE ARBELAEZ, 47
Non-Executive and
Non-Independent Director

**Date of first appointment
as a director:**

30 July 2015

**Date of last re-election
as a director:**

20 April 2016

**Length of service
as director:**

1 year 5 months
(as at 31 December 2016)

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
- Master in Finance, Universidad de los Andes, Colombia

Present Directorships:

(as at 31 December 2016)

Listed companies:

Nil

Other principal directorships:

- BP Latin America LLC
- BP Petroleo y Gas, SA

Major Appointments

(other than directorships):

- Regional President Latin America, BP Exploration and Production
- President of BP Exploration de Venezuela SA
- Vice President of BP Argentina Exploration Company

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

(from 1 January 2014 to 31 December 2016):

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

FELIPE ARBELAEZ, 47
非执行、非独立董事

首次当选董事时间:

2015年7月30日

上次董事轮选时间:

2016年4月20日

供职董事年限:

1年零5个月
(截至2016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, 机械工程学士学位
- 美国科罗拉多大学, 机械工程学硕士
- 哥伦比亚安第斯大学, 金融学硕士

现任董事席位:

(截至2016年12月31日)

上市公司:

无

其他主要董事席位:

- BP Latin America LLC (拉丁美洲)
- BP Petroleo y Gas, SA (委内瑞拉)

主要任职(除董事职位外):

- BP Exploration and Production (拉丁美洲) (总裁)
- BP Exploration de Venezuela SA (委内瑞拉) (总裁)
- BP Argentina Exploration Company (阿根廷) (副总裁)

过去三年曾任董事席位

(2014年1月1日至2016年12月31日):

- BP Gas Marketing Limited (董事)
- BP Ghana Limited (加纳) (董事)
- 广东大鹏液化天然气有限公司 (副主席)
- 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, 52

Non-Executive and
Non-Independent Director

Date of first appointment as a director:

22 April 2015

Date of last re-election as a director:

20 April 2016

Length of service as director:

1 year 8 months
(as at 31 December 2016)

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 2016)

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 2014 to 31 December 2016):

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, 52岁

非执行、非独立董事

首次当选董事日期:

2015年4月22日

上次董事轮选日期:

2016年4月20日

供职董事年限:

1年零8个月
(截至2016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2016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

(2014年1月1日至2016年12月31日):

无

其他:

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

Board of Directors 董事会



ANG SWEE TIAN, 68
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:**
8 years 1 month
(as at 31 December 2016)

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 2016)

Listed companies:

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

Other principal directorships

- Amare-Greenland Hospitality Investments (AGHI) Pte. Ltd (Non-Executive Director)
- ICE Futures Singapore Pte Ltd (Non-Executive Director)
- ICE Clear Singapore Pte Ltd (Non-Executive Director)
- Tuas Power Generation Pte Ltd (Non-Executive Director)
- TP Utilities Pte Ltd (Non-Executive Director)
- Tuas Power Ltd (Non-Executive Director)

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

**Past Directorships held over the
preceding 3 years
(from 1 January 2014 to 31 December 2016):**
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, 68岁
非执行独立董事

首次当选董事时间:
2008年11月14日

上次董事轮选时间:
2014年4月24日

供职董事年限:
8年零1个月
(截至2016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2016年12月31日)

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

其他主要董事席位:
• Amare-Greenland Hospitality Investments (AGHI) Pte. Ltd (非执行董事)
• 洲际交易所新加坡期货私人有限公司(非执行董事)
• 洲际交易所新加坡清算所私人有限公司(非执行董事)
• 大士发电(私人)有限公司(非执行董事)
• TP Utilities Pte Ltd (非执行董事)
• 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
(2014年1月1日至2016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, 54

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:

6 years 10 months
(as at 31 December 2016)

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 2016)

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 2014 to 31 December 2016):

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, 54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:

6年零10个月
(截至2016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2016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

(2014年1月1日至2016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 2017)

DIRECTORS

Xi Zhengping

(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

Deloitte & Touche LLP

(Appointed on 20 April 2016)

6 Shenton Way #33-00

OUE Downtown 2

Partner in charge: Tay Boon Suan

(Since financial year 2016)

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place #32-01

Singapore Land Tower

Singapore 048623

PRINCIPAL BANKERS

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

JP Morgan

OCBC Bank

Société Générale, Singapore Branch

The Hongkong and Shanghai Banking

Corporation Limited

United Overseas Bank Limited

REGISTERED OFFICE

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Website: www.caosco.com

公司信息 (截至2017年3月)

董事

奚正平

(董事长/非独立、非执行董事)

王家園

(副董事长/首席独立董事)

孟繁秋

(首席执行官/执行董事)

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

德勤有限责任公司

(受聘于2016年4月20日)

珊顿大道6号, OUE Downtown 2, 33楼

新加坡邮区068809

负责合伙人: 郑文漩

(从2016财年起)

股票登记处和转让处

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place #32-01

Singapore Land Tower

Singapore 048623

主要银行

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

JP Morgan

OCBC Bank

Société Générale, Singapore Branch

The Hongkong and Shanghai Banking

Corporation Limited

United Overseas Bank Limited

注册办公室

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网址: www.caosco.com

OUR VISION

To be a global top-tier integrated transportation fuels provider, constantly innovating and creating value for our shareholders, employees, business partners and the community.

NURTURING A GLOBAL



OUR MISSION

- To maintain our position as the preferred importer and most important supplier of jet fuel in the People's Republic of China
- To be a global leading jet fuel supplier/trader and a well-known international trader/supplier of other transportation fuels
- To maximise value for shareholders and to deliver and add value for customers through continuous innovation
- To adhere to high Health, Safety, Security & Environment ("HSSE") standards and ensure that our operations are safe, reliable and efficient, with minimal impact on the environment.
- To foster a people-oriented corporate culture of Fairness, Integrity, Innovation and Transparency where our people can grow and develop together with the company
- To be a socially responsible company, proactively pursuing economic, cultural, educational and environmental initiatives



ENTERPRISE

With eyes on international markets, CAO's strategy is underpinned not only by the burgeoning civil aviation market in China today but also by the **expansion** of its business globally.

The Group remains focused on pursuing **steady** and **sustainable growth** while seeking new expansion opportunities through acquisitions or investments in synergetic businesses and oil-related assets.



Meng Fanqiu
Chief Executive Officer/
Executive Director

孟繁秋
首席执行官/执行董事

CEO's Message

Dear Shareholders,

Ten years have passed since the transformational restructuring of China Aviation Oil (Singapore) Corporation Ltd ("CAO" or "the Group") in 2006. Over the last decade, the Group has achieved extraordinary growth and many corporate milestones. Today, with subsidiaries in Asia, North America and Europe, as well as businesses spanning Asia Pacific, Middle East, Europe and North America, the Group is the single largest physical trader of jet fuel in the Asia Pacific, supplying jet fuel to more than 40 international airports outside mainland China even as it continues to fulfill its vital role as the sole licensed importer of jet fuel to the burgeoning Chinese civil aviation industry.

Over the years, we have successfully built a brand name globally which emanates good stewardship, operational performance and corporate governance, remaining true to our vision to transform ourselves into a constantly innovating global top-tier integrated transportation fuels provider. Enroute to fulfilling our vision, we faced challenges and difficulties, particularly in recent years when we faced the protracted impact of the 2014 oil slump and witnessed the financial meltdown of many of our peers in the oil and gas industry. Through each crisis, we have emerged stronger and more resilient to achieve an all-time record high results performance which validates the efforts we have put in over the last ten years to build an effective platform to support our growth whilst strengthening the jet fuel supply and trading business and harnessing our competitive edge even as we continued to diversify and grow the business in terms of products, geographies and customer base. At the same time, we have honed our capabilities to reap operational efficiencies from our global supply and trading network and significantly strengthened our core competencies as an international organisation, which further anchors the foundation for the Group's sustainable growth going forward.

CHARTING NEW HEIGHTS

2016 was a year of uncertainties in the geopolitical and macro-economic environment. Compounded by the volatility in oil prices which made trading decisions increasingly challenging, the competition among market players was also more intense.

Despite the weak and challenging market conditions, the Group continued to look for new markets, and at the same time strengthened and expanded its global platform to boost trading volume and scale up the Group's business. Concurrently, CAO also continued to enforce

rigorous risk controls and made prudent investments. Against the turbulent and volatile trading landscape, the Group steadfastly developed and leveraged on its globally integrated supply and trading value chain to create synergistic value and achieved stellar business performance with all-time record high volumes and net profit in 2016. Without doubt, 2016 will go down as one of the Group's best performing years in its corporate history as the year saw major breakthroughs in the Group's globalised operations, enhanced synergies from its global integrated supply and trading network as well as steady progress in the Group's diversification strategy in terms of new products, new geographies and new clientele.

For the financial year ended 31 December 2016 ("FY2016"), volume for middle distillates increased 41.8% from 13.1 million tonnes a year ago to 18.6 million tonnes, driven primarily by a 26% increase in jet fuel supply and trading volume to 15 million tonnes for FY2016 compared to 11.9 million tonnes for FY2015. The group's total aviation marketing volume has increased 35.3% from 1.7 million tonnes in 2015 to 2.3 million tonnes in 2016. On the back of the Group's product diversification strategy which included the sale of crude oil to China and fuel oil to the Middle East during the year, volume of other oil products surged 98.2% from 7.1 million tonnes in FY2015 to 14 million tonnes in FY2016. Correspondingly, the total supply and trading volume for middle distillates and other oil products jumped 61.5% to reach a record 32.6 million tonnes in FY2016, compared to 20.2 million tonnes in FY2015.

Group revenue rose 30.2% to US\$11.7 billion from US\$9.0 billion a year ago, mainly attributable to the increase in supply and trading volumes. FY2016 gross profit was US\$44.1 million, a 24.3% increase compared to US\$35.4 million for FY2015 on higher supply and trading volumes as well as higher gains from trading and optimisation activities. The Group's FY2016 net profit grew 45.1% to a record US\$88.9 million from US\$61.3 million in FY2015, with significant returns from investments in oil-related assets and higher gross profits. CAO's earnings per share improved to 10.34 US cents for FY2016 with a return on equity of 14.3% compared to 7.12 US cents and a return on equity of 10.7% in FY2015.

TRULY GLOBAL

Whilst 2016 was beset with uncertainties, the Group has achieved major breakthroughs with its push for globalisation. Today, together with its subsidiaries NAFCO and CAO, CAO collectively runs independent supply

CEO's Message

shipments from Asia to North America and Europe, and successfully extended its reach to South America, paving a smooth physical supply channel across the continents, substantiating a breakthrough in CAO's synergistic integrated supply and trading business and further validating the effectiveness of its integrated business model.

In 2016, the Group also successfully exported China-produced jet fuel at an average of one to two vessels per month to North America, with a total volume of 720,000 tonnes shipped to the US West Coast and Hawaii for the year. The Group also delivered its first arbitrage cargo of 90,000 tonnes of jet fuel to Europe, which provides the footing for the Group to build up its integrated supply chain from Asia to Europe even as the Group continues to augment its trading teams in NAFCO and CAO E to support its growing global trading network.

China's development strategy of "One Belt, One Road" will be supported by the burgeoning growth of the aviation industry in resultant emerging markets, and has begun to bring CAO new growth opportunities for out of the 43 international airports outside mainland China that the Group supplies to today, 17 international airports are identified "One Belt, One Road" locales. Accordingly, the Group's aviation marketing volume has increased 35.3% year-on-year, with an enlarged customer base of international airlines comprising 42% of its total clientele base in addition to the major Chinese airlines. CAO's brand value was substantially strengthened globally.

That CAO is on track in the establishment of its brand name internationally as a specialised jet fuel provider is clearly reflected in the Group's steady progress in its aviation marketing segment, having made significant inroads into the world's largest aviation market, the United States of America, as well as the world's busiest airport, Hong Kong International Airport, during the year. The Group will continue to build depth and breadth at its wholly owned subsidiaries – CAO HK, NAFCO and CAO E.

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 our globalisation strategy, the Group will continue to penetrate new airports along "One Belt, One Road" as well as increase supply locations and business volumes by penetrating aviation markets globally whilst seizing opportunities to invest in assets synergistic to the core jet fuel supply and trading business. CAO is therefore

set to capture the impending opportunities in the global arena and maintain a leading position by penetrating new markets in the year ahead.

CREATING VALUE

In 2016, CAO reached a significant milestone by becoming the largest energy company listed in Singapore with a market capitalisation of S\$1.2 billion given the doubling of its share price during the year. This further augmented its status as the largest jet fuel trader in Asia Pacific since 2012 and was the result of our exceptional operating performance as well as heightened focus on investor relations, resulting in a growing traction with the investment community. The year also saw CAO clinching the "Most Transparent Company" award as the winner in the energy category by SIAS, validating that the Group's effort to create value for our shareholders have not been in vain.

The Group is set for even greater things to come, having put in place pillars of growth to fuel CAO's future development in the global arena. We will remain focused on strengthening the foundation for these pillars of growth - building depth at our international subsidiaries, expanding our global supply and trading network organically and via acquisitions, strengthening our core competencies and creating value for our stakeholders. These are compelling growth drivers for the Group that will provide a resilient and formidable platform for CAO to grow organically, deepen market penetration in key existing markets and broaden our geographical footprint by opening up new markets even as CAO remains fundamentally strong and its long-term prospects attractive.

Over the last 10 years, the Group has grown manifold and created value for our stakeholders. As CAO's brand equity continues to ascend and the CAO brand name increasingly resonates with robust risk management and strong corporate governance as well as a well-managed Singapore-listed company, our mounting reputé underpins the Group's sustainable growth going forward. These key corporate strengths developed since our corporate restructuring a decade ago will continue to elevate the Group's resilience to overcome the challenges ahead 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 shareholders, employees, business partners and the society, ready to seize any opportunities that may arise and invest prudently, to realise the next phase of growth.

CEO's Message



CAO was conferred "Most Transparent Company" award (Overall Winner for Energy category) at SIAS Investors' Choice Award 2016
CAO获颁2016年SIAS投资者选择奖“最透明公司”（能源行业组第一名）

APPRECIATION

I wish to thank our parent company, CNAF, and major shareholder, BP for their tremendous support on behalf of the management team and all CAO employees. I would also like to thank all our shareholders for their unstinting understanding and trust all these years.

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

A heartfelt thank you to our associated companies – SPIA, TSN-PEKCL, Xinyuan and OKYC as well as all employees at CAO and its subsidiaries as well as CNAF HKR. The Group could not have achieved all that we have without each and every of your hard work nor rebuilt itself if not for your commitment and perseverance through the years. Finally, my appreciation to all other stakeholders for their continued support! CAO will work doubly hard going forward!

GREATER CONFIDENCE TO ACHIEVE GREATER GROWTH

Although the structural changes in global oil markets are set to continue with heightened uncertainty, the Group is optimistic for 2017. The global aviation industry is on a steep growth trajectory, from which CAO will undoubtedly benefit under the ambit of its 2020 strategy.

The Group will continue to focus on improving its global jet fuel supply and trading network, build up structural advantages for fuel oil trading, and achieve new breakthroughs in mergers and acquisitions in 2017. I firmly believe that with the continued support of our shareholders and under the sterling leadership of our Board of Directors, we are poised to leverage on the strengths accumulated this past decade and seize new growth opportunities to take CAO to the next level! We will continue to drive forward to realise our vision to be a constantly innovating global top-tier integrated transportation fuels provider. I remain confident in the future growth of CAO!

Meng Fanqiu

Chief Executive Officer/Executive Director

首席执行官致辞

尊敬的股东，

2016年是中国航油(新加坡)股份有限公司(简称“CAO”或“集团”)重组后的第十个年头。在过去的10年中,集团取得了令人瞩目的发展,也见证了许多里程碑。CAO现在是亚太区最大的航油实货贸易商。在亚洲、北美和欧洲皆设有子公司,业务遍布亚太、中东、欧洲和北美。为中国大陆之外超过40个国际机场供应航油。同时,公司也是中国独家航油进口商,服务于中国蓬勃发展的民用航空业。

通过我们多年的努力,CAO已经成为了一家治理良好、运营有效、财务表现卓越的全球化企业。我们志于将其打造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。在实现公司愿景的过程中,我们面对许多挑战,也遇到很多困难,尤其是2014年油价下跌带来的持久影响,我们也目睹了油品行业中众多同行企业的退出。面对挑战,我们知难而进,逆势而上,取得了历史最好的经营业绩。这主要得益于我们在过去十年内打造了稳固有效的发展平台,通过强化航油供应与贸易业务,培育自身独特竞争优势,以及在产品、地域和客户方面的多元化发展。全球化供应与贸易网络提高了运营效率,也加强了CAO作为一家全球性企业的核心竞争力,为集团的可持续发展奠定了基础。

再上新高

2016年的地缘政治和宏观经济环境充满不确定性,加之油价波动,贸易环境愈发困难,市场竞争也愈发激烈。

尽管2016年行业疲软、环境恶劣,但是集团继续努力巩固和扩大战略发展平台,寻找新市场,增加贸易量,扩大业务规模。同时继续实施严格的风险控制,审慎投资。在满布暗礁险滩的贸易环境中,集团稳步发展,通过打造全球一体化的供应与贸易链来创造协同价值,取得了亮眼的经营业绩——业务量和净利润双双刷新历史记录。毋庸置疑,2016年会成为CAO历史上表现最优秀的年度之一。这一年全球化运作取得重大突破,全球一体化供应与贸易链协同性进一步加强,多元化战略取得了显著成果——增加了新产品、进入了新市场、开发了新客户。

2016年,中馏分业务量从去年的1310万吨增长41.8%至1860万吨,主要由于航油供应与贸易量从2015年的1190万吨增加26.0%至1500万吨。集团的航空市场营销业务量从2015年的170万吨增加35.3%至230万吨。集团继续执行产品多元化战略,向中国销售原油,将燃料油销往中东,其它油品业务量从2015年的710万吨增加98.2%至1400万吨。相应地,供应与贸易总量从2015年的2020万吨增加61.5%至3260万吨,创历史新高。

得益于供应与贸易量的增加,截至2016年12月31日,集团收入从去年的90亿美元增加30.2%至117亿美元。加之贸易优化盈利增加,毛利从去年的3540万美元增加24.3%

至4410万美元。得益于投资收益和毛利的大幅增加,集团2016年净利润为8890万美元,相比去年的6130万美元激增45.1%,创历史新高。2016年每股盈利为10.34美分,净资产回报率为14.3%;2015年每股盈利为7.12美分,净资产回报率为10.7%。

全球拓展

虽然2016年充满不确定性,但CAO在推进全球化战略方面依然实现了突破性进展。如今,CAO与北美公司和欧洲公司一起,独立运作亚洲至北美和欧洲的货物交付,并将市场拓展至南美。进一步打通了不同大陆间的供应与贸易渠道,实现供应与贸易的有机结合,努力打造一体化业务模式。

集团每月出口1至2船中国生产的航油到北美,共计向美国西海岸和夏威夷供应72万吨航油。集团也完成了第一船供应给欧洲的9万吨套利航油,打通亚洲至欧洲的供应与贸易渠道。同时集团继续发展壮大北美公司和欧洲公司的贸易团队,支持全球贸易网络。

新兴市场蓬勃发展的民航业为中国“一带一路”战略的实施提供了有力支撑,也为CAO带来了新的发展机遇。2016年,CAO在中国大陆以外的供油机场由2015年的38个增至2016年的43个,而其中17个都是“一带一路”沿线国家的机场。相应地,集团的航空市场营销业务量增加35.3%,客户得到拓展,除了中国航空公司外,外航比例高达42%。CAO的品牌价值在全球范围内得到提升。

随着集团在航空市场营销领域取得稳定进展,尤其是在全球最大的航空市场——美国 and 全球最繁忙的机场——香港国际机场,CAO正在逐渐打造自己作为专业的航油供应商的国际品牌形象。CAO也会继续帮助香港公司、北美公司和欧洲公司拓展业务的深度和广度。

CAO有着深厚的中国国企背景,自然是执行“一带一路”发展战略的坚定执行者。集团会借助推进全球化战略,继续进入“一带一路”沿线新机场,增加供应点和供应量,把握机会,投资与核心航油供应与贸易业务有协同效应的资产。CAO有能力把握全球发展机会,通过进入新市场,进一步打造全球优势。

创造价值

2016年,CAO关键的里程碑之一是股价翻番,市值12亿新元,成为新加坡最大的能源类上市企业,这也进一步巩固了CAO作为亚太区最大的航油贸易商的市场地位。这个突破应归功于公司出色的运营表现、不断提高的市场声誉以及对投资者关系工作高度重视,逐步增强了公司对投资者的吸引力。本年度,CAO还获得了新加坡证券投资者协会(简称“SIAS”)颁发的“最透明公司”奖(能源行业组第一名),公司为股东创造价值的努力得到认可。

首席执行官致辞



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

集团已经为全球化发展做好布局,准备好迎接更大的发展机遇。我们会继续专注于强化发展基础,为全球子公司的发展打造竞争优势,拓展全球供应与贸易网络,通过收购,加强核心竞争力,为利益相关方创造价值。这些举措将为CAO提供源源不断的发展动力,帮助CAO打开新市场,深入渗透关键市场,拓展业务区域,在确保长期发展潜力的同时,保持基本面的稳定和强健。

在过去的十年中,集团在多方面实现了发展,并为股东创造价值。CAO作为一家管理良好的新加坡上市公司的品牌价值不断提高,风险管理实践和公司治理得到认可,这些都为未来的可持续发展打下了坚实基础。公司在重组后的十年间打造的自身优势将为未来发展保驾护航,公司将继续把握发展机遇,谨慎投资,实现下一个阶段的发展,更积极地为股东、员工、合作伙伴和社会创造价值。

致谢

我代表管理层和全体员工,感谢母公司CNAF的大力帮助以及大股东BP的支持!感谢所有股东这些年来的理解和信任!

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、船东、银行、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。

感谢联营公司浦东航油、管输公司、新源公司和OKYC!感谢CAO和子公司以及香港供油公司的所有员工,如果没有你们的付出和坚持,CAO无法成功取得今日的成绩!最后,衷心感谢社会各界朋友的关注和支持!我们会加倍努力!

坚定信心 再创佳绩

全球油品市场的结构性变化将在2017年将持续,不确定性进一步增强。但展望未来,2017年对集团来说依然是充满希望的一年。全球航空业发展方兴未艾。在2020年战略的指导下,CAO一定能够从航空业的快速发展中受益。

集团将继续完善航油全球供应与贸易网络,打造燃料油的结构优势,并在并购项目方面取得历史性的突破。我相信在股东的持续支持和董事会的卓越领导下,在2016年良好发展的基础上,充分利用10年来积累下来的自身优势,我们有能力把握发展机遇。凭借集团的韧性和能力,携手应对挑战,使CAO再上一个新台阶!进一步实现公司的愿景,即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。我对公司的前景充满信心!

孟繁秋
首席执行官/执行董事

CEO's Message — Operations Review

MIDDLE DISTILLATES – JET FUEL & GAS OIL

2016 continued to be a tumultuous year for the oil and gas industry with oil prices touching a low of US\$27.88 per barrel during the year and rebounding on OPEC and non-OPEC production cuts to reach US\$56.22 per barrel in December. Exacerbated by increased geopolitical and macro-economic uncertainties, the Group faced augmented market risks and credit risks, making the trading environment significantly challenging.

Oil market fundamentals remained principally in oversupply and demand was affected by increased uncertainties in the global economy presented by Brexit, the “new normal” in the Chinese economy as well as the US elections. Whilst middle distillates too remained in oversupply in Asia Pacific, steady increases in the demand for jet fuel were seen globally, particularly in USA, where growth in the world's largest aviation industry underpinned demand for jet fuel, driven in part by lower crude oil prices, aggressive Chinese and Middle East airlines expansion and healthy passenger demand.

The middle distillates team continued to extend its jet fuel business globally, penetrating key aviation markets in the international arena. Importantly, apart from regular monthly jet fuel cargoes to Los Angeles, the Group also expanded jet fuel supply into Central America, Alaska and Hawaii. 90,000 tonnes of jet fuel cargo was also supplied to the European market. Volume for middle distillates increased 5.5 million tonnes to 18.6 million tonnes for FY2016 from 13.1 million tonnes for FY2015.

Additionally, as Chinese refineries stepped up jet fuel and gas oil exports in 2016, the Group successfully facilitated the export of gas oil to different parts of Asia Pacific and supplied jet fuel to new markets such as Vietnam and North Asia.

Leveraging on the Group's global supply and trading network, the Group increased operational efficiencies by optimising storage and time charters efficiently to achieve good yield. In 2016, the jet fuel market remained mostly in contango during the year, and expanded its storage in Korea and China to benefit from the contango play.

AVIATION MARKETING

Irrespective of the many uncertainties faced in 2016, air travel growth remained strong for the aviation industry driven by affordable air fares on low fuel prices, the growing affluent middle class globally, and robust Chinese outbound travel.

The rapid rise of new air hubs in recent years, particularly in the Asia Pacific and Middle East regions, has boosted the growing number of airlines, which stands at about 1,400 commercial airlines, today. The liberalisation of aviation markets and further development of aviation infrastructure such as airport capacity in developing countries led to a proliferation of low cost carriers, increasing the number of routes and frequency of connectivity between cities. State and government leaders of emerging economies cannot ignore the value aviation brings in driving growth in trade, tourism and creating employment in their respective economies. Globally, growing passenger traffic has been boosted by strong travel demand from the rise of the middle-income class, notably in China, the Middle East and other Asia Pacific countries. Capitalising on the buoyant growth of the global aviation industry, the Group's aviation marketing segment further expanded and entrenched its footprint in key aviation markets worldwide. In FY2016, total volume supplied to commercial airlines increased 35.3% to 2.3 million tonnes, with the underlying volume growth momentum primarily underpinned by extended market reach and expanding supply network at key regional aviation hubs, bringing the number of supply locations at international airports outside mainland China to 43 by the end of 2016, spanning Asia Pacific, North America, Europe and the Middle East.

In 2016, lower oil prices continued to suppress fuel costs for airline companies. As the cost of jet fuel constitutes a significant portion of the operating costs for commercial airlines, low fuel costs lifted the profitability of airline companies; compounded by increased competition among airlines, this resulted in low air fares which in turn spurred strong travel demand globally. According to statistics from Los Angeles World Airports, the Los Angeles International Airport (“LAX”) saw a third consecutive year of record-setting passenger traffic in 2016, with LAX handling 80.9 million passengers, up 8% from 2015. Data from the Los Angeles Tourism & Convention Board has also shown that Los Angeles has become the first U.S. city to welcome one million visitors from China last year, a year-on-year increase of 21.9% from 2015. For FY2016, this strong air travel demand enabled the Group to further embed its position as a credible and competitive jet fuel supplier to airline customers at LAX. An additional dimension was the focus on expanding its customer base, which boosted its supply volume for the North America market to reach 45% of the Group's total aviation marketing volume supplied. The group's total aviation marketing volume has increased from 1.7 million tonnes in 2015 to 2.3 million tonnes in 2016.

CEO's Message — Operations Review



Into-plane refuelling operations at Shanghai Pudong International Airport
在上海浦东国际机场为飞机加注

Notwithstanding the macro-economic and geopolitical uncertainties, China's outbound travel traffic has continued to grow with the number of outbound Chinese reaching 122 million¹ in 2016, an increase of 4.3% over 2015. Concurrently, the Chinese outbound travel market has also bolstered the growth of international air routes and secondary Chinese airlines. Even as the Group maintained its leading position as the largest key supplier by volume to the three major Chinese airlines namely Air China, China Eastern Airlines and China Southern Airlines, the Group has successfully engaged secondary Chinese airlines, with supply contracts from this growing segment contributing about 3% of the total aviation marketing volume for FY2016. At the same time, global passenger traffic grew 5.5%² in 2016, with Asian countries, such as South Korea, Japan and Thailand, North America and European cities, and increasingly the Middle East, dominating as preferred destinations by the Chinese traveller. Leveraging on the Group's growing supply and trading network, the aviation marketing team developed new aviation markets along the "One Belt, One Road" route during the year, successfully secured contracts in Cambodia, Laos and Vietnam, as well as maintained and grew its market share globally at regional air hubs in Asia and Europe.

Whilst 2017 looks beset with uncertainty which might invariably impact global travel demand, the Group will continue to focus on expanding its customer portfolio with international airlines whilst fostering closer working

relationships with the Chinese airlines. Additionally, the aviation marketing team will continue to grow CAO's global airport supply network, as well as drive synergies for marketing and trading optimisation activities to enhance the Group's competitiveness in core markets internationally.

AVGAS

In 2016, China reduced avgas import substantially due to increased domestic production. The avgas team however, continued to develop new markets outside mainland China by supplying to the Philippines and Saudi Arabia, leveraging on its integrated global value chain. CAO continues to be one of Asia's foremost avgas supplier, even as it fulfills its role as a key supplier to the PRC.

FUEL OIL

In 2016, CAO's fuel oil business grew rapidly, bringing forth record volumes and strong profitability. Whilst fuel oil demand remained weak in Asia Pacific for much of 2016, the fuel oil team continued to develop structural advantage in fuel oil trading, successfully developing new business and clientele and expanded into the Middle East, mainly Jebel Ali & Fujairah, to complement its Singapore bunker activities.

CRUDE OIL

With the new Chinese government's policy granting crude oil import license to independent refineries, commonly known as teapot refineries, 2016 saw the Group venturing into the supply and trading of crude oil by leveraging on its strong Chinese relationships. CAO commenced crude oil supply and trading, working closely with Chinese independent refineries and utilising its North Asian storage facilities to supply crude oil into China. In 2016, the Group's maiden crude oil team saw outstanding performance, achieving high trading volume and collaborated with the Group's risk management team to put in place its crude oil trading credit risk control programme. Volume of other oil products increased 6.9 million tonnes or 98.2% to 14.0 million tonnes for FY2016 compared to 7.1 million tonnes for FY2015.

With the steady progress of the Group's global business, total supply and trading volume for middle distillates and other oil products reached a record 32.6 million tonnes for FY2016, an increase of 61.5% from the 20.2 million tonnes in FY2015.

¹ http://news.travel168.net/focus_on/20170203/43145.html

² ACI - <http://www.aci.aero/News/Releases/Most-Recent/www.aci.aero/News/Releases/Most-Recent/2013/08/06/Passenger-Traffic-Expands-by-4-for-the-Month-of-June>

CEO's Message — Operations Review

ASSOCIATED COMPANIES

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

Established in 1997, SPIA is the exclusive supplier of jet fuel to over 100 airlines operating at Shanghai Pudong International Airport ("Pudong Airport"), the second largest airport in the PRC by air passenger traffic. At Pudong Airport, SPIA provides jet fuel distribution and refuelling services to both Chinese and international airlines serving 226 destinations in 2016. SPIA owns and operates all the refuelling facilities at Pudong Airport, including a full suite of hydrant systems, dispenser fleet, refuelling stations, airport tank farm, a 42-km dedicated jet pipeline connecting Pudong Airport to Waigaoqiao terminal and storage facilities of 200,000 m³ in total capacity. CAO owns a 33% stake in SPIA. The other two shareholders of SPIA are Shanghai International Airport Co., Ltd (40%) and Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd (27%).

SPIA's jet fuel refuelling volume reached 2 million tonnes in 1H2016 on the back of buoyant Chinese outbound tourist growth, underpinned by key drivers including the emerging Chinese middle class, easing of travel restrictions and growing Chinese demand for air travel. In addition, with the opening of Shanghai Disneyland in the third quarter of 2016 and the annual Golden Week, the spike in both domestic and international air traffic further boosted SPIA's total jet fuel refuelling volumes to reach a record 4.1 million tonnes, an increase of 7.9% year-on-year for 2016. In 2016, SPIA handled 479,902 takeoffs and landings, an increase of 7.1% over 2015.

As a key profit contributor to the CAO Group, share of profits from SPIA was US\$60.6 million in FY2016, up 56% from the prior year. Maintaining an exceptional safety

performance record, SPIA achieved another year without any accident or injury and zero damage to the environment across all its operations in 2016.

Looking ahead, supply volumes at SPIA is expected to increase, benefitting from the ongoing infrastructure expansion at Pudong Airport, with its fifth runway expected to be up by 2018 and a satellite terminal under construction which is expected to handle 38 million passengers annually when it commences operations in 1H2019, enabling Pudong Airport to handle 80 million passengers annually.

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

A logistics services operator, TSN-PEKCL transports the jet fuel requirements of Beijing Capital International Airport ("Beijing Airport"), the world's second largest airport in terms of passenger traffic, and Tianjin Binhai International Airport ("Tianjin Airport") through its key asset, a 185-km long multi-oil product pipeline ("the Pipeline").

The Pipeline, which runs from the Tianjin Nanjiang Port to Beijing Airport and Tianjin Airport, is the longest multi-oil product pipeline with the biggest diameter and highest transfer volume in the PRC civil aviation industry. China National Aviation Fuel Group Logistics Co., Ltd. and CAO hold 51% and 49% equity stakes in TSN-PEKCL respectively.

In 2016, TSN-PEKCL improved its operations to enhance the transportation flow of the Pipeline with a new pumping station. Also, due to the scheduled facility maintenance shutdown of Sinopec Beijing Yanshan refinery, more supply volume for the Beijing Airport was routed to transport through the Pipeline.



CNAF HKR operations at Hong Kong International Airport
香港供油公司在香港国际机场运作场景

CEO's Message

— Operations Review

This has enabled TSN-PEKCL to sustain healthy growth to reach a record jet fuel transportation volume of 3.1 million tonnes in 2016, up 10.7% compared to 2015. As the key transportation channel for the supply of jet fuel to Beijing Airport, the largest airport in China, and Tianjin Airport, TSN-PEKCL has also benefitted from the consistently high air traffic throughput in Beijing Airport and a buoyant domestic aviation sector to contribute profits of US\$2.2 million for the Group. For 2016, TSN-PEKCL achieved yet another zero accident record for the year.

Going forward, TSN-PEKCL is expected to sustain its momentum as air traffic at Beijing Airport and Tianjin Airport are set to grow with the aviation infrastructure development that is currently underway.

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

Xinyuan provides storage services and is also engaged in the trading of jet fuel and other oil products. Its key asset is a storage tank farm with a total capacity of 79,000 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 continued volatility in global oil markets, Xinyuan's storage business remained healthy and enjoyed full utilisation throughout 2016. In 2016, Xinyuan completed building and adding two storage tanks with capacity of 2,000 m³ each to cater to growing demand for storage facilities in the region. As for its safety performance, Xinyuan has complied to meet the safety, health and environment requirements to achieve another year of zero impact. The Group's share of profits from Xinyuan was US\$0.3 million for FY2016.

Going forward, Xinyuan will proactively work to enhance its logistics services, maximise value from its storage operations and establish closer collaborations with major Chinese refineries to pursue profitability for its supply and trading activities.

Oilhub Korea Yeosu Co., Ltd (“OKYC”)

OKYC, the largest independent storage tank terminal in South Korea, is CAO's joint investment with six other companies to develop and operate a commercial tank storage terminal with a capacity of 1.3 million m³ for crude oil and other 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 Korean conglomerates such as Samsung C&T Corporation and LG International Corp.

In 2016, persistently challenging oil market conditions compounded by supply disruptions triggered by Canadian wildfires as well as geopolitical events such as the civil war in Libya, created favourable structural opportunities to drive storage demand globally. With storage utilisation rate at 100% throughout 2016, the Group's share of profits from OKYC increased 206.2% year-on-year to US\$4.1 million.

Even as structural challenges in the oil industry is expected to persist into 2017, OKYC will continue to focus on delivering safe and efficient operations as it steps up to improve its customer experience and work towards its goal of becoming a best-in-class oil terminal.

CNAF Hong Kong Refuelling Limited (“CNAF HKR”)

CNAF HKR, an associated company for which CAO's wholly owned subsidiary, CAOHK, is a controlling shareholder, provides into-plane fuelling services at Hong Kong International Airport at Chek Lap Kok (“HKIA”). As the third licensed refueller at HKIA, CNAF HKR is well equipped with a fleet of dispensers and refuellers which are supported by a refuelling station that comes with an administration and scheduling office sited in a 3,000 m² compound. Shareholders of CNAF HKR include CAOHK, Shenzhen Cheng Yuan Aviation Oil Company, China United Petroleum (Holding) Company Limited and Cheer Luck Investment Limited. CAOHK holds 39% of the total issued shares of CNAF HKR, while the other three companies hold equity stakes of 37%, 14% and 10% respectively.

CNAF HKR currently handles an average of 85 airplanes daily and fuelled over 30,000 airplanes, with total refuelling volume of 0.56 million tonnes in 2016. Having commenced operations only in August 2015, CNAF HKR recorded a loss of US\$0.9 million for FY2016. Nonetheless, CNAF HKR reported good safety performance and a satisfactory service level with no flight delay or customer complaints lodged in 2016.

In 2016, HKIA handled 70.5 million passengers and 4.5 million tonnes of air cargo, representing an increase of 2.9% and 3.2% year-on-year respectively. As HKIA continues to grow going forward, CNAF HKR will remain committed to deliver superior operational performance and to further entrench and expand its footprint at HKIA by working towards expanding its customer base.

首席执行官致辞 ——经营概况

中馏分——航油与柴油

2016年油品市场跌宕起伏。油价一度低至27.88美元/桶。欧佩克和非欧佩克生产国达成减产协议后，油价于12月反弹至56.22美元。受到不断增加的地缘政治和宏观经济不确定性的影响，集团所面临的市场风险和信用风险增大，贸易环境十分具有挑战性。

油品市场整体基本面依然处于供应过剩的状态。英国退欧、中国经济新常态和美国大选给全球经济带来的不确定性影响了对油品的需求。尽管亚太地区的中馏分市场依然供应过剩，但全球航油需求也出现了稳定增长，这主要是由于美国这个世界最大的航空工业市场所带来的对航油的需求，低原油价格的刺激、中国和中东航空公司积极扩张以及乘客航空出行的健康需求的推动。

中馏分团队继续拓展全球航油业务，进入重要的航空需求市场。除了每月供应给洛杉矶的航油，也拓展了到中美洲、阿拉斯加和夏威夷的航油供应业务，另外还向欧洲市场供应了9万吨的航油。2016年中馏分业务量达到1860万吨，比去年的1310万吨增加了550万吨。

除此之外，随着中国炼厂在2016年加大航油和柴油出口，集团成功从中国炼厂出口柴油至亚太不同地区，并且开拓了越南和北亚等航油供应新市场。

在全球供应与贸易网络的支持下，集团利用储罐和期租船，提高了运营有效性，获得可观回报。2016年，航油市场大部分时候保持远期溢价的的市场结构，韩国和中国储罐的存油为集团带来盈利。

航空市场营销

尽管2016年充满变数，但受低油价带来的低票价刺激全球中产阶级壮大的影响以及中国出境游热潮的带动，航空业在这一年增长势头依然稳健。

近年来新兴枢纽机场的快速崛起——尤其是在亚太和中东地区，也带动了航空公司的兴旺，目前全球已有1400家商业航空。此外，航空市场的开放以及航空业基础设施的建设（如发展中国家机场扩建）也推动了廉价航空的发展，航线的增加以及城市间航班数量的增多。新兴经济体的政府也十分重视航空业在促进贸易、旅游以及创造就业方面的价值。而以中国为代表的亚太、中东中产阶级的崛起创造了可观的航空旅游需求，导致全球乘客数量激增。在这样的行业背景下，CAO集团的航空市场营销业务在不断巩固现有市场的基础上，加快了新市场的进入步伐。2016财年，CAO集团对商业航空的供应量增至230万吨，增幅达35.3%，增长主要来自于营销覆盖面的扩大以及枢纽机场供应网络的扩张。截至2016年底，我们在中国大陆以外供应的机场数量达43个，覆盖亚太、北美、欧洲和中东。

2016年，低油价继续保障了航空公司的低油料成本。由于航油成本仍占商业航空运营成本的较大比重，低油价有效地提升了航空公司的利润水平；而另一方面航空公司之间竞争加剧，低票价竞争进一步刺激了需求的增长。根据Los Angeles World Airports组织的统计，目前洛杉矶机场旅客数目已连续三年创新高——2016年旅客吞吐达8090万人次，较2015年增加8%。洛杉矶会议及旅游局的数据统计显示，洛杉矶在去年已成为美国首个中国旅客数量突破百万的机场，较2015年同比增加21.9%。2016年，航空出行的强劲需求进一步巩固了CAO集团在洛杉矶机场的市场信誉与地位。与此同时，集团也十分重视客户群的管理与培养——多元化的客户基础使得我们在北美的供应量占集团整个海外机场营销业务的45%。集团的航空市场营销总业务量从2015年的170万吨增至230万吨。

尽管宏观经济以及地缘政治仍存在诸多不确定因素，中国出境游人数仍在上升——2016年中国公民出境人数达1.22亿，同比增幅达4.3%。中国出境游市场的繁荣也为国际航线的开拓以及中国二线航空公司的发展创造了契机。目前CAO集团仍是中国三大航空公司——国航、东航以及南航在海外的最大供应商，同时我们也在不断深化与中国二线航空公司的合作。2016年，对中国二线航空的海外供应量占海外营销业务的3%。全球航空乘客数量在2016年增加了5.5%。传统的中国境外游市场韩国、日本、泰国等亚洲国家依然火热，而一些北美和欧洲城市，甚至中东城市，也愈发受到中国游客的青睐。2016年CAO的航空市场营销业务，有效地利用了集团在全球不断扩张的供应与贸易网络，成功地开发了“一带一路”沿线的新市场，如柬埔寨、老挝和越南，同时也巩固了亚洲和欧洲枢纽机场的市场份额。

2017年前景尚不明朗，这也为全球航空业蒙上了一层不确定因素，但CAO集团将在巩固与中国航空公司合作的基础上，继续拓展国际航空客户。航空市场营销团队会继续开展全球供应网络的布局，加大营销与贸易协同性，优化运作，以此来提高CAO集团在核心市场的竞争力。

航汽

2016年，由于国内产能增加，中国显著减少了航汽进口。航汽团队继续拓展中国以外的新市场，利用一体化供应链，向菲律宾和沙特阿拉伯两地供应航汽。现在CAO不仅是中国的，也是亚洲重要的航汽供应商之一。

燃料油

2016年，燃料油业务迅速增长，业务量和利润创历史新高。虽然2016年大部分时候亚太的燃料油需求一直疲软，燃料油团队仍然打造出了贸易结构性优势，成功拓展新客户和新市场，将燃料油业务从新加坡拓展至中东，主要是在中东的阿里山港口和富加瑞地区。

首席执行官致辞 ——经营概况



Routine checks at TSN-PEKCL Pipeline
管输公司的管线常规检查

原油

随着中国政府开始向独立炼厂，也称为地炼，发放原油进口牌照，集团在2016年利用与地炼的良好关系，开始了原油供应和贸易业务，通过北亚的储罐，向中国进口原油。2016年，集团的原油团队表现出色，完成了较高的贸易量，并与风险管理团队一起制定了原油贸易的信用风险控制框架。集团其它油品总业务量达到1400万吨，比2015年的710万吨增加690万吨（98.2%）。

随着集团全球业务的稳步发展，中馏分和其它油品业务的供应与贸易总量在2016年达到3260万吨，相比2015年的2020万吨增加61.5%，刷新历史记录。

联营公司

上海浦东国际机场航空油料有限责任公司（“浦东航油”）

浦东航油成立于1997年，是中国客流量第二大机场——上海浦东国际机场（简称“浦东机场”）的唯一航油供应商。浦东航油在浦东机场向中外航空公司提供航油分销和加注服务，2016年共保障飞机飞往226个目的地。浦东航油拥有并经营浦东机场全部加油设施，包括一整套机坪管网、管线加油车队和罐式加油车队、航空加油站、机场内油库，连接浦东机场与外高桥码头的42公里专用航油管线以及总库容达20万立方米的储罐设施。CAO拥有浦东航油

33%的股份。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%）和中国石化上海高桥石油化工有限公司（持股27%）。

得益于中国出境游客的显著增长，2016年上半年浦东航油的加注量达到200万吨。这主要是由于中国中产阶级的崛起、旅行限制的放松以及中国公民对航空出行需求的增加。除此之外，上海迪士尼乐园于2016年三季度开放，加上每年的黄金周高峰期，国内和国际的航空运输量均有提高，使得浦东航油2016年全年的航油总加注量达到410万吨，同比增长7.9%。2016年全年，浦东航油共计服务起降约48万架次，较2015年增长7.1%。

作为CAO集团主要的利润贡献者，浦东航油在2016财年的并账利润为6060万美元，较前一年增长56%。与往年一样，浦东航油2016年运营无安全事故、人身伤害或环境损害事件。

展望未来，受益于浦东机场基础设施的扩建，浦东航油的供应量预计将继续增长。浦东机场第五条跑道预计2018年完成，正在建设中的卫星厅预计于2019年上半年投入运营，每年预计可接待3800万人次，浦东机场旅客年吞吐量将随之达到8000万人次。

首席执行官致辞 ——经营概况



OKYC storage facilities
OKYC的储罐设施

中国航油集团津京管道运输有限责任公司 (“管输公司”)

作为一个物流服务运营商，管输公司的主要资产是一条全长185公里的多油品运输管道（简称“津京管道”），为全球第二大机场（以客流量计）北京首都国际机场（简称“北京机场”）和天津滨海国际机场（简称“天津机场”）输送航油。

津京管道连接天津南疆码头和北京机场及天津机场，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%。

2016年，管输公司改善了运营，并通过一座新的泵站增强了管道的运输能力。与此同时，由于中石化北京燕山炼厂的检修，更多供往北京机场的航油需通过津京管道运输。这使得管输公司保持了良好的增长态势，2016年航油管输量达到310万吨，较2015年增长10.7%，创下历史新高。作为中国最大的机场—北京机场以及天津机场航油供应的关键运输通道，管输公司也受益于北京机场航空运输吞吐量的增长，以及国内民航业的蓬勃发展，2016年向集团贡献利润220万美元。2016年，管输公司继续保持全年零安全事故的记录。

展望未来，由于北京机场和天津机场的航空运输吞吐量将随着航空基础设施的建设进一步增长，预计管输公司也将继续稳定增长。

中国航油集团新源石化有限公司 (“新源公司”)

新源公司提供仓储服务，同时也从事航油和其它油品贸易。新源公司主要资产为位于中国广东省茂名市的总库容为7.9万立方米的水东油库罐区。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%和1%。

尽管全球石油市场持续动荡，新源公司的仓储业务发展良好，出租率在2016年达到100%。2016年，新源公司完成建设了两座单体2000立方米的油罐，以满足区域对仓储设施日益增长的需求。安全表现方面，新源公司的运营遵守合规，符合安全、健康及环境方面的要求，无安全事故发生。集团2016财年来自新源公司的并账利润为30万美元。

未来，新源公司将积极加强物流服务，增强仓储运作的价值，并与中国各大炼厂建立更密切的合作关系，力争实现供应和贸易活动的盈利。

韩国丽水枢纽油库有限公司 (“OKYC”)

OKYC是韩国最大的独立储罐码头，由CAO与另外6家公司合资建立和运营。OKYC原油和成品油油库的商业仓储能力达130万立方米。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物产股份有限公司及LG国际集团公司等韩国大型企业持有。

2016年，油气行业面临的挑战，伴随加拿大森林火灾和利比亚内战等地缘政治事件导致的供给中断，创造了有利的市场结构，拉动全球范围内的仓储需求。OKYC在2016年的储罐出租率达到100%，贡献的并账利润同比增长206.2%，达410万美元。

尽管石油行业在2017年预计仍将面临诸多结构性的挑战，OKYC将继续关注安全高效的运作，为客户提供更好的服务，并朝着成为世界一流的储罐码头的目标努力迈进。

中国航油香港供油有限公司 (“香港供油公司”)

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

香港供油公司目前日均加油服务85架次，2016财年全年累计加油3万余架次，累积加油量56万吨。香港供油公司于2015年8月投入运营，2016财年亏损90万美元。尽管如此，香港供油公司不断努力，在2016年度安全运营表现良好，客户满意度高，全年未发生航班延误和有效的客户投诉。

2016年，香港国际机场接纳旅客7050万人次，处理货物450万吨，同比分别增长2.9%和3.2%。随着香港国际机场的继续发展，香港供油公司仍将确保优质的客户服务，并努力拓展客户，进一步巩固和扩大在香港国际机场的加注业务。

CEO's Message

– Investor Relations

Creating shareholder value is a mission CAO assumes earnestly. We place a top priority on maintaining active, open and fair communication with our shareholders underpinned by a firm commitment to ensure high corporate governance and transparency standards. In 2016, notwithstanding a tepid equity market, the Group continued to step up its investor relations efforts globally 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. Such sustained efforts in investor relations underscore the Group's commitment to create long-term value for its stakeholders.

ENHANCING SHAREHOLDER VALUE

2016 was a year marked by two halves. The first half of 2016 was marked by higher volatility, a drop in global equity markets and a rise in government bonds while the second half of the year (following Brexit) was highlighted with lower volatility, a gradual increase in equity markets and a spike in government bond yields even as analysts continued to cast doubts over oil stocks globally. For much of 2016, the global investing community remained unsettled over the battered oil and gas industry as well as the uncertain geopolitical and macro-economic environment which collectively affected market sentiments throughout the year.

Notwithstanding this lackluster backdrop, CAO's Senior Management and Investor Relations team continued active engagement with the global investment community, proactively communicating with existing and potential institutional investors, financial analysts, the media as well as retail shareholders on various communication platforms. These persistent efforts to engage globally brought forth compelling results and 2016 was a breakthrough year for CAO's investor relations efforts. The year saw the initiation of four sell-side analyst reports on the CAO stock which helped to profile the Group further afield. On the back of heightened institutional investors' interest, fuelled by active sell-side coverage and participation from investment managers globally and further augmented by the Group's sterling quarterly financial results, CAO's share price advanced two-fold in 2016 to close at \$1.40 for the year, making it one of the best performing stocks on the Singapore Exchange (SGX) in 2016. Based on CAO's closing price of S\$1.40 on 31 December 2016, the market capitalisation of CAO was about S\$1.2 billion, making the counter the largest energy stock listed on the SGX.

In 2016, CAO's Senior Management and Investor Relations team held over 300 investor meetings and conference calls with institutional investors and undertook several investor conferences in Asia Pacific, presenting CAO to shareholders and potential investors across various asset classes through one-on-one and group meetings, conference calls and investor forums. At these meetings, Senior Management actively engaged investors, keeping them abreast of the Group's strategic direction, increasing operational competitiveness and expanding global business portfolio. To further engage retail shareholders, Senior Management undertook to present the Group's FY2015 business performance to 190 attending retail shareholders at its 2016 Annual General Meeting, providing them insights into the Group's business, with a lively question-and-answer session where the Board of Directors and Senior Management addressed each and every investor query and concern. In the third quarter of 2016, CAO convened its Corporate Access Day where Senior Management shared with shareholders, analysts and investors on "Risk Management at CAO" to deepen understanding on the Group's rigorous risk management approach and its importance for the Group's business. Alongside our interaction with the global investor community, we also heightened outreach efforts with the international investing and financial community through international media engagements, as a means to engage both retail as well as institutional investors globally. In 2016, CAO's share of voice surged to close to 200 international media articles written about the Group's advancement in the global aviation industry, sterling financial performance and strategic initiatives.

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

GOING GLOBAL

As the Group's investor base broadened to include global and institutional fund managers, CAO adopted new media platforms to enhance communication, particularly through the use of the internet to extend its reach to investors worldwide. With the proliferation of mobile devices, the Group enhanced its mobile compatible corporate website

CEO's Message — Investor Relations

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



to further improve the Group's communication with investors. Designed as an easy-to-use tool, the use of this digital platform further reinforced CAO's global investor outreach strategy, supporting our efforts to provide useful information to investors in a timely manner.

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

Going global is an investor relations strategy to engage globally espoused by CAO that has proven to be highly successful, for the international capital markets responded positively to CAO's active engagement with improved liquidity of CAO shares, sustaining CAO share price to its highest levels in close to six years during 2016.

To further strengthen and promote transparency of the Group's business performance, provide deeper insights into CAO's business model and strategy, as well as discuss the risks and opportunities it faces in a constantly changing macro-environment, the Group has undertaken since FY2014 to structure its corporate reporting format, incorporating elements of the International Integrated Reporting Framework into its annual reports. To advance CAO's investor relations efforts, this initiative was further improved for FY2016, with the development of a sustainability report based on the international Integrated Reporting Council's Framework approach to provide a holistic view on how the inter-relation between CAO's business operations and Environmental, Social and Governance ("ESG") performance indicators lead to value creation over time.

CEO's Message

– Investor Relations

August 2016

2016年8月

- Non-deal Equity Roadshow with UOB Kay Hian, Kuala Lumpur
大华继显证券非交易性路演, 吉隆坡
- SGX & IRPAS Lunchtime Session "The Strategic Value of Investor Relations: China Aviation Oil"
– Presentation to S-Chips by CEO
新交所和新加坡投资者关系专业协会联合举办的午餐会“投资者关系的战略价值—中国航油”—CAO首席执行官为中资企业介绍经验
- Non-deal Equity Roadshow with DBS Vickers, Hong Kong SAR
星展维高达非交易型路演, 香港特区
- Lunchtime Presentation @ UOB Kay Hian, Singapore
大华继显证券午餐介绍会, 新加坡

October 2016

2016年10月

- UOB Asian Gems Conference, Singapore
大华继显亚洲路演, 新加坡

January 2017

2017年1月

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

September 2016

2016年9月

- Corporate Access Day 2016
CAO 2016年投资者接待日

December 2016

2016年12月

- SGX-Haitong International Securities Corporate Day, Hong Kong SAR & Shenzhen
新交所—海通国际证券公司推介会, 香港特区和深圳

February 2017

2017年2月

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

ACCOLADES

In 2016, the Group's best-in-class investor relations approach and commitment to corporate transparency was again recognised by the investment community. CAO was named overall winner of the "Most Transparent Company" award in the energy category by the Securities Investors Association (Singapore) ("SIAS"), placing CAO at the forefront of leading Singapore-listed companies. This was preceded with several corporate honours the Group had garnered in recent years for its investor relations efforts such as the "Best Investor Relations" (Gold) award amongst listed companies with market capitalisation of S\$300 million to S\$1 billion in 2015, the "Best Investor Relations" (Silver) award and "Best Annual Report" (Bronze) award in 2014 at the Singapore Corporate Awards as well as being recognised as the "Most Transparent Company" at the SIAS Investors' Choice awards for seven consecutive years between 2010 and 2016 to name a few. These awards not only celebrate the successes CAO has attained post restructuring but also attest to the importance placed on enhancing and creating shareholder value by the management team of CAO.

DELIVERING SUSTAINABLE RETURNS

Apart from creating long-term value for shareholders, CAO stands by its commitment to deliver returns to shareholders. Recognising shareholders' unwavering support over the years and in keeping with its corporate objective to enhance returns to shareholders, the Board of Directors had adopted a dividend policy based on a growth-based dividend payout formula comprising 30% of CAO's annual consolidated net profits attributable to shareholders (one-tier, tax exempt) for each financial year, rounded to the nearest Singapore cent as part of CAO's commitment to allow shareholders to participate in its growth.

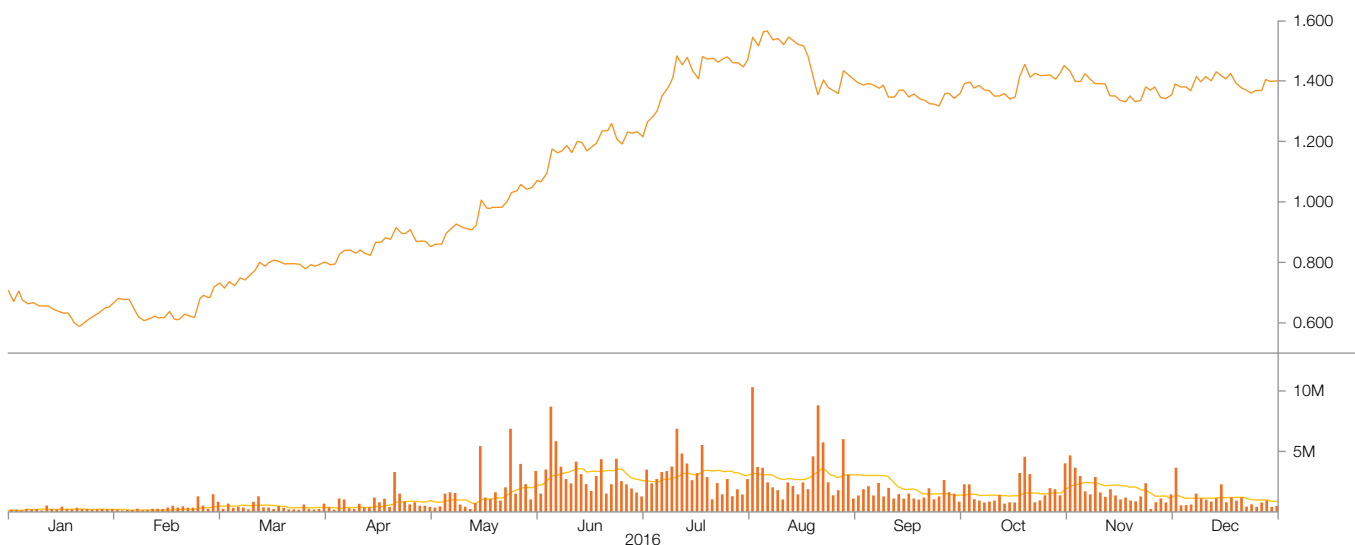
Given the Group's record financial performance for FY2016, the Board of Directors has therefore recommended that shareholders receive a first and final (one-tier, tax exempt) dividend of S\$0.045 per share as compared to a FY2015 dividend of S\$0.03 per share and a fixed final dividend payout of S\$0.02 per share for FY2014 and afore.

CEO's Message — Investor Relations

As the Group continues to strengthen the resilience of its business portfolio and leverage on its core capabilities in operations and global supply chain, pursuing opportunities and investments that add scale to its core business with accretive income streams, investor relations takes on a strategic function and a global stage. Helmed by Senior Management, CAO will relentlessly create long-term value

for its shareholders and strive to deliver sustainable returns to shareholders as the Group further engages with global investors at a heightened level, moving CAO toward its vision to be a global top-tier integrated transportation fuels provider, constantly innovating and creating value for its shareholders, employees, business partners and the community.

2016 CAO SHARE PRICE MOVEMENT & TRADING VOLUME



SHARE PRICE INFORMATION 股价信息

Share Price (S\$) 股价 (新元)	2012	2013	2014	2015	2016
As at last trading day of the year 截至当年的最后一个交易日	1.000	1.045	0.670	0.710	1.400
High 最高价	1.335	1.230	1.070	0.900	1.580
Low 最低价	0.920	0.890	0.655	0.500	0.580
Average 平均	1.041	1.007	0.840	0.730	1.123

Source: Bloomberg 资料来源: 彭博社

CORPORATE CALENDAR 公司事务时间表

2017	
Announcement of 4Q 2016 and 2016 full-year financial results 2016年第四季度和全年业绩公告	23 February
Dispatch of Annual Reports to shareholders 向股东派发年报	On or about 31 March
23 rd Annual General Meeting 第23届常年股东大会	18 April
Proposed First and Final Dividend for FY2016 2016年首次及年终股息 Books closure date 关账日 Payment date 付款日	28 April 9 May
Announcement of 1Q 2017 results 2017年第一季度业绩公告	April
Announcement of 2Q 2017 results 2017年第二季度业绩公告	July
Announcement of 3Q 2017 results 2017年第三季度业绩公告	November
2018	
Announcement of 4Q 2017 and 2017 full-year financial results 2017年第四季度和全年业绩公告	February

首席执行官致辞 ——投资者关系

创造股东价值是CAO的使命。我们致力于确保高水准的公司治理和信息透明，与股东保持积极开放的沟通。2016年，即使股市整体表现不佳，集团继续在全球范围内推进投资者关系工作，保持畅通的信息渠道，及时向投资界提供有关CAO经营状况和财务业绩的真实准确信息。这也体现了集团为相关方创造长期价值的决心。

加强股东价值

2016年的股市在上下半年呈现不一样的景象。上半年波动性较强，全球股市有所滑落，政府债券上涨；下半年（英国脱欧后）波动变缓，股市略微上涨，政府债券收益率增加，但分析师依然对全球油品股票持怀疑态度。2016年的大部分时候，全球投资者对受挫的油气行业和充满不确定性的地缘政治和宏观环境举棋不定，很大程度上影响了市场情绪。

即使大环境如此疲软，CAO的高管和投资者关系团队依然积极接洽全球投资者，通过多个平台，接洽现有和潜在的机构投资者、分析师、媒体和散户，并取得了不错的成绩。CAO投资者关系团队在2016年取得了重大突破——4篇有关CAO的卖方分析师报告为公司产生了积极的宣传作用，机构投资者兴趣大增，加之公司亮眼的季度业绩，公司2016年股价翻番，年底达到1.4新元，CAO也因此成为新加坡交易所表现最好的股票之一。CAO于2016年12月31日的闭市价为1.4新元，据此计算，CAO的市值大约12亿新元，是新交所上市的最大能源类股票。

2016年，CAO高管和投资者关系团队参与了超过300个投资者会议、机构投资者电话会议，以及亚太区的数个投资者会议，向不同类型的投资者推介CAO股票。在这些会议上，CAO高级管理层与投资者积极沟通，帮助他们了解公司的战略方向、与日俱增的运营竞争力、不断扩大的全球业务。为了进一步接洽散户，高级管理层在2016年常年股东大会向190名到场股东介绍了公司2015年的业务表现。在投资者提问环节，董事会和高管细致回答股东的提问。2016年第三季度，CAO召开了投资者接待日，高管与股东、分析师和投资者分享了“CAO的风险管理”，加深大家对集团严格的风险管理实践的了解，以及风险管理对集团业务的重要性。除了与全球投资者互动，我们还通过国际媒体进一步接洽遍布全球的散户和机构投资者。2016年，全球媒体对CAO报道接近200次，介绍集团在全球航空市场的进展、优异的财务表现和战略举措。

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

走出去

随着投资者数量和类型的增加，如增加了全球投资者、机构投资者，CAO通过新的媒体渠道加强沟通，尤其是通过网络接洽全球投资者。随着移动设备的增加，集团加强了公司网站与移动设备的兼容性，操作简单的数码平台进一步加强了CAO的全球投资者关系战略，使我们可以及时向投资者提供有用信息。

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

实践证明，CAO“走出去”的投资者关系战略是卓有成效的，全球资本市场对CAO积极接洽股东的做法反映热烈，CAO的股票流动性也有所增加，2016年股价达到近6年来最高点。

为了进一步加强集团业务的透明度，帮助投资者更好理解CAO业务模型和战略，认识不断变化的宏观环境中存在的风险与机遇，集团从2014年起就在年报中嵌入国际综合报告框架的元素，并在2016年基于国际综合报告学会框架的要求制作了可持续性报告，完整呈现CAO业务运营与环境、社会和治理表现的关系以及价值创造流程。

投资者的认可

2016年，集团良好的投资者关系工作和对信息透明的坚持得到了投资者的肯定。CAO获得了新加坡证券投资者协会（简称“SIAS”）颁发的“最透明公司奖”（能源行业组第一名），使得CAO成为新加坡领先的上市公司之一。近年来，公司还获得了其它奖项，如在2015年获得新加坡企业大奖的“最佳投资者关系”金奖（市值3至10亿新元区间），2014年获得新加坡企业大奖的“最佳投资者关系”银奖和“最佳年报”铜奖。2010年至2016年间，连续七年获得SIAS的最透明公司奖。这些奖项不仅肯定了CAO重组后取得的成绩，也证明了CAO管理层对加强股东价值的重视程度。

创造可持续回报

除了为股东创造长期价值，CAO还致力于为股东创造回报。为了感谢股东的不懈支持，董事会批准了与业绩挂钩的股息分配政策，将CAO年度可分配净利润的30%（单层免税，精确至0.01新元）作为股息分配给股东，使股东分享CAO的成长。

考虑到集团2016年刷新历史记录财务业绩，董事会提出分配每股0.045新元的股息，2015年是每股0.03新元，2014年前采用固定股息政策，每股0.02新元。

集团会继续加强业务，打造运营、全球供应链的核心竞争力，寻找可以加强核心业务和带来高额回报的投资机会。为了配合公司的发展，投资者关系工作将更具战略意义，更加全球化。在高级管理层的领导下，CAO会不懈为股东创造长期价值，带来可持续回报。集团也会继续接洽全球投资者，推动CAO实现愿景，即成为富有创新精神的全球一流运输燃料一体化方案提供商，为股东、员工、业务伙伴和社会创造价值。

Senior Management



From left to right 从左至右:

Wang Chunyan 王春焱, Wang Zhaopeng 王兆鹏, Meng Fanqiu 孟繁秋, Zhang Xingbo 张兴波, Teo Lang Lang Jean 张娜娜

Senior Management

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 CAO 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

Mr Wang Chunyan, as the Chief Financial Officer of CAO, directs and manages the Group’s overall financial plans and accounting practices. He is responsible for the day-to-day management of the Group’s Finance, Treasury, Accounting and Tax functions across all business units and countries. Concurrently, Mr Wang also assists the CEO to oversee the IT and Risk Management functions. He is also the 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 the 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

Ms Jean Teo, as Chief Operating Officer, 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, which includes a growing product portfolio of jet fuel, gasoil, fuel oil, avgas and crude oil. 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. In addition, she is also a qualified Associate Mediator with the Singapore Mediation Centre since 2015.

Senior Management

WANG ZHAOPENG

President, CAOHK

Mr Wang Zhaopeng, as President of China Aviation Oil (Hong Kong) Corporation Limited (“CAOHK”), directs and manages the day-to-day business operations in Hong Kong SAR 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 businesses and activities. Mr Wang is also the Chairman of CNAF Hong Kong Refuelling Limited.

Mr Wang has over 30 years of experience in the petroleum and chemical industry in China covering all facets of business operations, including engineering, sales and marketing as well as 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. Mr Zhang 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 encompass 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 businesses 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.

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集团在所有业务所在地的财务、资金运作、会计核算和税务事宜。王先生也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、航空汽油和原油）的发展战略及业绩指标。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资深会员，于2013年获得了新加坡国立大学的国际仲裁毕业证书，并于2015年获得新加坡调解中心的调解员资格。

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（简称“香港公司”）总裁，王兆鹏先生指导和管理香港特区业务的日常运作，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，管理财务汇报，以及监管香港公司所有职能部门的风险管理工作。王先生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，他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。王先生也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30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（简称“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，1999年升职为乌鲁木齐石化总厂（中国石化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。

张兴波

北美航油有限公司总裁

作为北美航油有限公司（简称“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。张先生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（简称“CNAF”）积累了丰富的的工作经验，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。



GROWING RESPONSIBLY, GROWING SUSTA



ECONOMIC PERFORMANCE

- Economic and financial contribution to the business and its stakeholders



CORPORATE ENVIRONMENT

- Compliance and Internal Audit
- Risk Management



PEOPLE & COMMUNITY

- Human Capital Management
- Health & Safety
- Community Engagement



GOVERNANCE

- Corporate Governance

A hand is shown pouring water from a green watering can onto a large, leafy green tree. A blue butterfly is flying near the tree. The background is a light green color with a pattern of small, darker green dots.

INABLY

Sustainability across all aspects of our operations will always play a critical role in our corporate agenda and serve as the foundation on which we **build** and **elevate** the CAO name.



Sustainability Report Overview

INTEGRATED REPORTING AND VALUE CREATION

Committed to delivering long-term value to its stakeholders, CAO recognises that a comprehensive business sustainability plan is key to its value creation process. At CAO, it is an entrenched belief that a sound business sustainability plan needs to include strong economic, environmental and social performance with high standards of corporate governance for long-term competitiveness. This ensures that business decisions and Group operations contribute positively to the long-term well-being of the societies and communities where CAO operates. The Group's success is measured not just by financial value creation to stakeholders but also sustainable governance measures such as high-level accountability and robust risk management, as well as building an inclusive and engaged workforce and contributing meaningfully to the community at large. Together, these form the building blocks of CAO's sustainability development programme.

This sustainability report follows the international Integrated Reporting Council's ("IRC") Framework approach to provide a holistic view on how the inter-relation between CAO's business operations and Environmental, Social and Governance ("ESG") performance indicators leads to value creation over the short, medium and long term. The IRC approach towards value creation allowed CAO to focus on ESG issues that are material to its businesses and identified as strategic risks, prioritised review of risk mitigation measures and determined areas for further improvement whilst at the same time, enabled the Group to identify opportunities for sustainable growth and results performance in relation to its corporate strategy.

The following key materiality factors have been identified in the context of CAO's value chain and determined as ESG material issues or strategic risks that could materially impact 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:

CAO's Top Material Issues			
Economic Performance	Corporate Environment	People & Community	Governance
<ul style="list-style-type: none"> Economic and financial contribution to the business and its stakeholders 	<ul style="list-style-type: none"> Compliance and Internal Audit Risk Management 	<ul style="list-style-type: none"> Human Capital Management Health & Safety Community Engagement 	<ul style="list-style-type: none"> Corporate Governance

Recognising that effective management of these material ESG issues is key to the sustainable development of the Group, CAO upholds a robust strategic risk management model that transcends across its global functions that is designed to assist the Group in achieving its strategic objectives, infusing material ESG risk recognition, evaluation and mitigation into business decision-making, thereby enhancing shareholder value through risk-adjusted business decisions. The Group has embedded strategic risk management into critical decision-making processes and management decisions with regards to business strategy, investments and operations, noting that such ESG issues are in fact strategic risks which may be near or longer-term in nature and reflective of CAO's material sustainability issues. In identifying these material issues, the Group seeks to ensure that pertinent implications of legislative and regulatory changes as well as socio-economic and reputational drivers are effectively and efficiently managed. As a group, CAO will proactively seek to integrate sustainability considerations in its businesses, mitigate risks and continuously improve business operations to achieve value creation for its stakeholders.

The following table sets out identified key ESG issues/strategic risks over the long-term and near term, details mitigation plans for CAO's sustainability development and how the respective ESG issues link to our corporate strategy.

Sustainability Report Overview

Risk	Context	Mitigation	Link to Strategy
Economic Performance			
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 Chinese civil aviation industry, the Group is susceptible to the constantly changing demand and supply dynamics in the PRC.	<p>CAO is building an integrated and global jet fuel supply and trading network 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 be volatile, total supply and trading volume of the Group reached new heights with its diversification strategy.</p> <p>The Group will continue to build structural advantages for its businesses by strengthening its integrated and global value chain.</p>	<p>CAO envisions to be a constantly innovating global top-tier integrated transportation fuels provider, and its 2020 strategy towards sustainable growth is based on the following objectives:</p> <ul style="list-style-type: none"> – A global leader in international aviation fuel 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. <p>These are underpinned by strategic imperatives of establishing a global jet fuel supply and trading network, developing structural advantages for other oil products and clean energy, as well as synergistic asset investments to create end-demand, optimise logistics and secure resources.</p>
Exclusive importer of jet fuel to the PRC	CAO's exclusive import rights into the PRC provides the Group competitive advantages, and the loss of it through regulatory changes such as market liberalisation could materially impact CAO's market share and financial performance.	<p>CAO has increased its portfolio strengths through both geographic and product diversification. Extending its jet fuel supply and trading activities as well as aviation marketing business beyond mainland China through its global supply and trading network, revenues from outside mainland China have increased from 20% in 2010 to 49% in 2016.</p> <p>CAO will further develop and optimise its integrated business model to penetrate new markets globally.</p>	

Sustainability Report Overview

Risk	Context	Mitigation	Link to Strategy
Economic Performance			
Financial			
<p>CAO's business sustainability and strategy has been developed to mitigate macro-economic risks</p>	<p>Macro-economic uncertainty in particular the health of the Chinese economy and the increase in its domestic refining capacity may have an impact on jet fuel import requirements, resulting in reduced imports of jet fuel into the PRC for the Group. In addition, the international jet fuel supply and trading and aviation marketing segments, as well as other oil products business are sensitive to global economic performance. Also, oil price fluctuation has implications on the profitability of the Group's associates in the short term. In the long term, the development of clean energy may have implications for the Group's businesses as well.</p>	<p>Over the years, CAO has focussed on expanding its global supply and trading network to capture increasing trading opportunities from global oil trade flows.</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 generate multiple sources of income and lessen over reliance on the jet fuel business.</p> <p>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>The Group continuously focuses on providing high quality integrated jet fuel supply services to our airline customers in both the PRC and international markets.</p> <p>The Group also supports associate companies to develop core competencies to better respond to oil price volatility.</p> <p>In the long term, CAO will be monitoring and developing plans for the clean energy sector to gain a first movers' advantage to grow the Group's business in the clean energy segment.</p>	<p>As part of developing CAO's long-term strategy, the Group reviews long-term macro-economic and supply and demand dynamics on an ongoing basis, as well as the competitive landscape likely to influence markets where CAO operates in the future, to ensure that the Group's business strategies take them into account.</p> <p>Globalisation, integration and diversification are business strategies paramount to CAO's overarching sustainability strategy which is reviewed and fine-tuned on an ongoing basis according to market dynamics.</p>



As a responsible corporate citizen, CAO will continually work with key stakeholders and local communities, leveraging the Group's unique skills and expertise to create value and a lasting impact on society

作为负责任的企业公民, CAO会继续通过集团的独特优势和经验, 与利益相关方和本地社区一同创造价值, 并为社会带来持久的积极影响

Sustainability Report Overview

Risk	Context	Mitigation	Link to Strategy
Corporate Environment			
Internal Environment			
Exposure to internal risks caused by non-compliance of business processes and practices	<p>Failure to mitigate internal risks such as fraud, information breaches and operational risk hampers the Group's growth trajectory.</p> <p>Frailties in CAO's internal environment on matters involving internal controls, fraud, financial and accounting matters, compliance with business policies and procedures pose reputational risks and impedes its sustainability development.</p>	<p>CAO adopts a stringent approach to limit such risk exposures, predominantly through a comprehensive set of Standard Operating Procedures ("SOPs") established to ensure effective oversight on all business activities within the organisation.</p> <p>Based on the Audit Committee's approved internal audit plan, the Compliance and Internal Audit function commissions an independent external audited review on a biennial basis to assess proper compliance of business activities and/or address the gap in operational processes. Detailed operational reports to Board committees are submitted on a regular basis for evaluation and assessment to highlight performance challenges which will impact Group operations.</p>	The realisation of CAO's long term strategy depends on how the Group responds to its internal risks inherent within the organisation such as non-compliance, fraud, information breaches and operational risks.
External Environment			
Changes in the geopolitical and macro-economic landscape impacts on the economic performance, growth and sustainability development of the Group.	<p>Uncertainties and risks in the external environment affect the operational health of the Group.</p> <p>While external factors may be beyond the direct control of CAO management, the Group believes that proactive risk management is key to the sustainability of CAO.</p>	<p>CAO adopts a prudent approach to managing external risks and continues to actively develop and refine its centralised risk control framework to enable its global businesses.</p> <p>CAO's comprehensive risk management framework is aligned with key risks identified with the Group's businesses. It covers a comprehensive range of practices, from risk management policies, VaR limits as well as systems of internal controls which are put in place to identify, measure and control various risks encountered in its business operations enabling the Group to quickly respond to the constantly changing market conditions.</p> <p>To ensure that business operations are carried out as outlined in the CAO Board approved risk management framework, regular enterprise-wide stress scenarios are performed to ascertain the impact on the Group and relating implications on CAO's business growth strategy. The stress scenarios will test performance impact arising from geopolitical changes that have credit, market, contractual, operational, supply security, funding and foreign exchange implications to the Group's business. Such exercises are done on a quarterly basis or as and when the changes in geopolitical and macro-economic landscape warrant it.</p>	CAO's risk management team continually improves on its risk control policies and procedures to mitigate the growing uncertainties that will impact the Group's operations and affect its strategic performance.

Sustainability Report Overview

Risk	Context	Mitigation	Link to Strategy
Corporate Environment			
External Environment			
Changes in the fuel landscape	Clean energy will become increasingly relevant in the long run.	CAO has a long term strategy to be a niche market player in clean transportation fuels. Over the short to medium term, we have developed plans and trial operations for specific clean transportation fuels.	CAO continuously seeks to improve the sustainable performance of its businesses and to strengthen the long-term competitiveness of the Group, clean transportation fuels have been identified as a growing focused product strategy.
Heavy reliance on jet fuel	Whilst a compelling competitive advantage, CAO's entrenched positioning in the jet fuel sector also results in a heavy reliance on jet fuel.	<p>CAO's long term strategy is to be a strong competitor in the global supply and trading of other oil products, with a focus on transportation fuels.</p> <p>The Group will proactively maintain its global leading position in jet fuel and has also adopted a diversification strategy to further develop capabilities in other oil products. With the implementation of its product diversification strategy, CAO has developed trade know-how in other oil products such as fuel oil and aviation gas today.</p> <p>In the near term, the trading and business development teams are actively building structural advantages for other oil products. Concurrently, the Group also seeks to develop and provide other aviation related services to better meet the needs of its airline customers.</p>	The Group has adopted and implemented a diversification strategy in terms of product, geography and customer base to support and realise its 2020 Vision to be an innovating global top-tier integrated transportation fuels provider.
Highly volatile oil market and difficult trading environment	The Group operates in an uncertain oil market environment that is subject to geopolitical and macro-economic changes and as such, challenging market conditions and global dynamics may bear substantial impact on the Group's performance.	<p>CAO will actively build up an integrated supply and trading network with structural advantages to realise synergistic value. The Group will continue to build on its existing structures and create new demand centres to develop sustained structures for trading of jet fuel and other oil products via aviation marketing activities and asset investment to stand against volatile market dynamics.</p> <p>The Group also actively seeks to enable growth opportunities through asset investments to generate sustainable returns to diversify its income streams as it continues to leverage on its globalised integrated value chain to develop new businesses and gain entry into new geographic markets.</p>	CAO's robust risk management framework is integral to its global operations and instrumental in ensuring swift response to changes in the external environment.

Sustainability Report Overview

Risk	Context	Mitigation	Link to Strategy
People & Community			
Human Capital Management			
Skills mismatch and weak workforce capacity development will impede growth of the Group's international operations	To develop capabilities to meet CAO's growth ambitions of an international company, the Group needs to strengthen its human capital through investment in training and education as well as building competencies to attract, retain and nurture talents as talent development is fundamental to the sustainability of the business.	<p>In the Group's drive to attract and recruit relevant talents, building up a strong knowledge-based talent pool, investing in skills enhancements and accelerating employees' professional development are key components in strengthening the competencies and enhancing the capabilities of the workforce.</p> <p>Also, as part of the Group's strategic focus to realign and optimise organisational structure to sustainably improve CAO's competitiveness, the Human Resources function is presently working to map current activities across the Group and review opportunities for investments in skills development and training as well as education to build and enhance the workforce skills base to safeguard the Group's ability to continuously adapt to constantly changing market challenges and to meet future business needs.</p> <p>Investment in skills development and capabilities enhancement of the workforce in CAO is an integral part of the Group's human resources strategy. As such, CAO's skills upgrading initiatives balance standardised curriculum-based learning with on-the-job application to achieve a culture of lifelong learning.</p> <p>CAO is also committed to build a capable and motivated workforce to sustain its performance and the Group offers competitive pay, short-term and long-term incentive packages and advancement opportunities which are regularly reviewed through benchmarking studies to ensure competitiveness in line with industry practices in markets where the Group operates.</p>	Guided by the Group's vision, mission and core values, CAO has in place a multi-pronged human resource strategy that is aligned to its business objectives to build the required workforce skills base that will strengthen its competitive edge for sustainable growth.



We are committed to providing employees with high quality learning opportunities for education and skills development
我们致力于向员工提供高水准的教育培训和技能拓展机会

Sustainability Report Overview

Risk	Context	Mitigation	Link to Strategy
People & Community			
Health & Safety			
Workplace safety, health, and environment (“SHE”)	<p>As a global oil products supplier and trader, the Group’s working environment and operational facilities are subject to various risks including fires, explosions, leaks and other industry-related incidents and/or accidents.</p> <p>CAO remains committed to provide a safe, secure and healthy environment for all its stakeholders with a continuous focus to achieve zero harm for safety performance which contributes to business profitability.</p>	<p>The Safety, Health and Environment (“SHE”) Policy of the Group establishes the framework to create and foster an internalised safety culture where safety, health and environment are a top priority with everyone.</p> <p>At CAO, compliance and adherence to SHE related policies and initiatives are managed Group-wide at the functional level on a day-to-day basis. SHE training sessions for the workforce such as fire drills and fire safety briefings to visiting stakeholders are conducted regularly and compliance assessments are done periodically for management reviews.</p> <p>Group wide workplace safety and health guidelines are implemented to ensure operations are in compliance with national and international legislation and regulations wherever the Group conducts its business.</p> <p>As the travel frequency of the Group’s workforce increases in tandem with growing global operations, travel-related risks were identified and the Group has in place a monitoring system in accordance with procedures and processes implemented under CAO’s Business Continuity Plan (“BCP”) such as the tracking of travelling employees.</p>	Workplace safety and health is of paramount importance to CAO and continues to be the Group’s highest sustainability priority in all aspects of its business which is in line with CAO’s corporate mission to maintain high SHE standards and to conduct its business in a safe, reliable and efficient manner, with minimal impact on the environment.
Supply disruption	CAO recognises that jet fuel delivery to end-receivers in mainland China and airline customers at international airports worldwide may be subject to procurement risks including safety, quality, on-time delivery challenges.	<p>With a global supply and trading network spanning Asia Pacific, North America, Europe and Middle East, CAO is committed to ensure a secured supply of jet fuel to customers worldwide.</p> <p>As security of supply is a significant priority at CAO, the Group invests and/or leases storage facilities to build up a logistics chain, particularly at end markets, supply and pricing centres to enable strategic deployment and through term leasings to better facilitate operations flow to enhance the Group’s supply capabilities and ensure supply continuity.</p> <p>The global supply and trading network provides synergies within the Group’s businesses, so that CAO can move efficiently and reduce the risk of shortfalls caused by shipping and weather issues in particular with any single supplier. Contingency back-up plans in the event of any supply emergencies are also put in place to ensure little material effect on the Group’s businesses.</p> <p>A key factor in sustaining CAO’s business performance is the close working relationships with Chinese end users and customers worldwide, and the Group has established and utilises various engagement platforms to proactively foster and strengthen these working relationships to build long-term business partnerships.</p>	To align with with the Group’s corporate mission to maintain high SHE standards and to conduct its business in a safe, reliable and efficient manner, with minimal impact on the environment, CAO will proactively focus on maximising value from business operations to ensure efficient deliveries to customers.

Sustainability Report Overview

Risk	Context	Mitigation	Link to Strategy
Governance			
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 behaviour in particular. Various jurisdictions have specialised legislation aimed at combating corruption and companies found guilty of contraventions face fines and damaged reputation. 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 national, regional and international laws and regulations.</p>	<p>CAO has in place a centralised risk management and governance structure with control systems and processes in place to ensure compliance with legal and regulatory matters wherever the Group operates.</p> <p>In that regard, the Legal and Compliance and Internal Audit business functions are set up to ensure the integrity of the Group's business operations globally.</p> <p>The Group is also focussed on identifying changes in the regulatory landscape that pose implications on CAO, ensuring that the Group is prepared to respond to these changes in time.</p> <p>On the business front, the Group has taken various measures to comply with international legislation and conventions spanning the Group's operations worldwide. The Group is also subjected to stringent internal and external audit processes for responsible business conduct regularly.</p> <p>CAO adopts and reports on its corporate governance practices in compliance with the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore on 2 May 2012. In addition, CAO has been supporting The Corporate Governance – Statement of Support, initiated by the Securities Investors Association (Singapore) ("SIAS") since 2010, to demonstrate CAO's commitment to good corporate governance practices as part of the Group corporate culture.</p>	<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.</p>

CAO's detailed sustainability report is categorised in the areas of Economic Performance, Corporate Environment, People and Community and Governance as included in the Group's Annual Report.



Interactions with shareholders after AGM
CEO在常年股东大会后与投资者互动

可持续报告概要

综合报告和价值创造

CAO致力于为相关方创造长期价值。一个全面的业务可持续计划对价值创造至关重要。CAO相信，一个有效的业务可持续计划应涵盖经济、环境和社会表现指标，以及高标准的公司治理，确保公司在长期具备竞争力，且公司的业务决策和运营对CAO赖以生存的社会和生态系统的长期福祉做出积极贡献。对于CAO来说，成功的衡量标准不仅是为相关方创造的财务价值，也包括可持续的治理方式，如严格的责任制、有效的风险管理，打造一个多元化且积极向上的团队。这些都是CAO可持续发展的基石。

本可持续报告采纳了国际综合报告理事会（简称“IRC”）的框架，全面呈现了CAO的业务运营和环境、社会和治理（简称“ESG”）指标的联系，以及CAO在短期、中期和长期的价值创造。IRC框架着眼于价值创造，CAO在框架的指导下专注于对业务有重大影响且构成战略风险的ESG问题，对重大风险点制定缓解方案，决定哪些方面需要进一步改进。集团也可能在过程中发现符合公司战略的可持续发展的机会。

以下列举了CAO业务运营过程中存在的重大环境、社会和治理问题，以及会对集团作为中国独家航油进口商和亚太区最大航油实货贸易商的持续发展产生重大影响战略风险：

CAO的重大事项			
经济表现	公司运营环境	员工与社区	治理
<ul style="list-style-type: none"> 经济与财务表现 	<ul style="list-style-type: none"> 合规与内审 风险管理 	<ul style="list-style-type: none"> 人力资源管理 健康与安全 投资社区 	<ul style="list-style-type: none"> 公司治理

CAO了解，ESG问题的恰当处理对公司的可持续发展至关重要。CAO团队具有完备的战略风险管理模型，可以在商业决策中识别、评估重大的ESG风险，并制定风险缓解方案，调整商业决策，加强股东价值。集团将战略风险管理嵌入有关商业战略、投资、运营的重大决策程序，因为ESG问题会带来短期或长期战略风险，反映了CAO的重大可持续发展问题。在识别这些重大问题的过程中，集团尽力确保有效管理相关法律法规变化产生的影响，管理社会、经济和声誉的驱动力。从集团层面，CAO会在经营中考虑可持续发展，缓解风险，持续改进运营模式，为相关方创造价值。

下表列举了重大的环境、社会和治理问题/战略风险（短期和长期）、为CAO的可持续发展制定的风险缓解措施，以及环境、社会和治理问题与公司战略的关系。

风险	说明	减缓措施	和战略的联系
经济表现			
航油供应与贸易的核心竞争力	航油供应与贸易业务仍占主导地位。作为中国独家航油进口商，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创造协同价值、开展其它油品业务。虽然现在其它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年战略愿景是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。其中包括以下战略目标： - 全球领先的国际航油供应和贸易商，全球知名的其它油品供应与贸易商，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 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、打造其它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、巩固资源。
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。在中国地区以外地区，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2016年的49%。 我们将进一步优化新市场的贸易结构和国际贸易网络。	

可持续报告概要

风险	说明	减缓措施	和战略的联系
经济表现			
财务			
CAO已经制定了业务持续和发展战略,应对宏观经济风险	宏观经济不确定性,尤其是中国经济放缓和国内产能增加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。除此之外,全球航油供应与贸易、航空营销业务、其它油品业务也容易收到全球经济的影响。油价波动会影响联营公司的短期盈利。长期来看,清洁能源的发展也会对集团业务产生影响。	<p>多年来,CAO通过拓展全球供应与贸易网络,从全球油品流向中把握贸易机会。</p> <p>通过执行多元化战略,我们实现了产品、供应来源的多元化、地理区域多元化,拓展了收入来源,减少对航油业务过度依赖。</p> <p>全球油品市场的结构性转变给CAO带来了机会,CAO将通过全球化运营把握机会,通过资产投资加强集团的结构性优势。</p> <p>集团将继续在中国和海外市场向航空客户提供高质量的一体化航油供应服务。</p> <p>集团会帮助联营公司打造核心竞争力,更好应对油价波动。</p> <p>长期来看,CAO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。</p>	<p>为了制定长期战略,集团持续跟踪长期宏观经济形势、供需关系、可能会影响CAO未来业务地区的竞争格局,确保集团业务战略已经将这些因素纳入考量。</p> <p>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。</p>
公司运营环境			
内部环境			
由于业务流程和做法不合规而产生的内部风险	<p>未能减缓内部风险,如欺诈、信息泄露和其它阻碍公司发展的运作风险。</p> <p>内部环境的脆弱,如内部控制、欺诈和会计事项、商业政策和流程都为可持续发展带来风险。</p>	<p>CAO设置了一套完整的标准操作流程,限制这些风险,确保有效监督公司的所有商业活动。</p> <p>按照审计委员会批准的内审计划,每两年,合规与内审团队邀请外部顾问评估业务活动的合规情况,识别运营缺陷。公司会向董事委员会提交运营报告供董事评估,并通报会影响集团运营的事项。</p>	CAO长期战略目标的实现取决于集团是否恰当处理内部风险,如不合规、欺诈、信息泄露和运作风险。
外部环境			
地缘政治和宏观经济的变化影响财务表现和公司的可持续发展	<p>外部环境的不确定性和风险影响集团的运营健康状况。</p> <p>外部因素无法控制,但是集团相信积极的风险管理是CAO可持续发展的关键。</p>	<p>CAO谨慎管理外部风险,继续积极制定和调整集中风险控制框架,为全球业务保驾护航。</p> <p>CAO全面的风险管理框架涵盖了集团业务中发现的关键风险点,包括风险管理手册、市场风险值限额、内控系统,用来识别、衡量和控制运营中的不同风险,使集团可以对市场环境的变化做出迅速反应。</p> <p>为了确保公司业务完全按照董事会批准的风险管理框架运营,我们会定期进行企业范围的压力测试,评估压力场景对集团和CAO发展战略的影响。压力场景包括地缘政治变化带来的信贷、市场、合同、运营、供应安全、资金和外汇影响。压力测试每季度进行一次,如果地缘政治和宏观经济发生重大改变,也会进行压力测试。</p>	CAO的风险管理持续改进风险控制政策和流程,减少会影响集团运营和战略表现的不确定性。
油品格局的变化	长期来看,新能源/清洁能源的重要性会不断增加。	CAO的长期战略目标之一是成为具有独特优势的清洁运输燃料的市场参与者。我们制定了针对特定种类的清洁运输燃料的短期和中期计划(以及试运营)。	CAO不断加强业务的可持续表现,加强长期的竞争力。清洁运输能源被认为是有发展前景的战略性油品。

可持续报告概要

风险	说明	减缓措施	和战略的联系
公司运营环境			
外部环境			
对航油的严重依赖	虽然航油是CAO的竞争优势,但也会造成对航油的严重依赖	<p>CAO的长期战略之一是成为全球知名的其它油品供应与贸易商,专注于运输燃料。</p> <p>集团将努力保持航油的全球领先地位,并制定了多元化战略,打造其它油品的优势。随着产品多元化战略的执行,CAO已经具备了其它油品(如燃料油和航汽)的贸易能力。</p> <p>短期内,贸易部和业务发展部积极打造其它油品的结构性优势。同时集团也会提供其它航空服务,更好满足航空客户的要求。</p>	集团制定并实施了产品、地域和客户的多元化战略,支持公司实现2020年愿景,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。
CAO应对油品市场波动和贸易环境挑战的能力	油品市场充满不确定性,同时受到地缘政治、宏观经济变化的影响,因此充满挑战的市场环境和全球格局可能会对集团的表现产生重大影响。	<p>CAO将努力打造一体化的结构性优势,发挥整体协同价值。CAO会继续优化现有结构,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油与其它油品的贸易结构。</p> <p>集团积极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。</p>	CAO稳健的风险管理框架对全球业务至关重要,可以确保公司对外部环境变化迅速反应。
员工与社区			
人力资源管理			
员工技能不匹配和员工培训项目的缺乏会影响集团业务的发展	为了发展员工的能力,满足CAO成为一家全球性企业的发展需求,集团需要增加培训和教育方面的投资,加强员工的能力,也可以吸引、留住和培育人才。人才培养是业务可持续发展的根本。	<p>为了吸引人才,打造知识和经验丰富的人才队伍,公司大力投资员工的能力升级,加快员工的职业上升轨道,加强员工的能力。</p> <p>除此之外,集团的战略重点之一是优化组织架构,提高CAO的竞争力。人力资源部目前正审阅集团的现有做法,计划投资员工的技能发展和培训项目,加强员工的技能,确保可以持续应对市场挑战,符合未来业务需求。</p> <p>对CAO员工技能培养与提升的投资是公司人力资源战略的重要一环。CAO的人才培养项目平衡了标准化的培训内容和培训是否能应用于工作这两个考量因素。</p> <p>CAO致力于打造能力卓越、积极主动的员工队伍,以保持集团出色的业务表现。集团提供有竞争力的薪酬、短期和长期的激励措施配套、上升机会,并通过定期对标,确保集团在行业中具备竞争力。</p>	在集团的愿景、使命和价值观的指引下,CAO制定了一体化的、与业务目标挂钩的人力资源战略,培养员工的必需技能,为公司的可持续发展打造竞争优势。
健康与安全			
工作场所健康、安全与环境(简称“SHE”)	<p>作为全球油品供应商和贸易商,集团的工作环境和运营设备存在多种风险点,如火灾、爆炸、泄露和其它行业相关的事件和/或事故。</p> <p>CAO致力于为所有相关方打造安全、健康的运营环境,尽全力确保安全运营,帮助企业持续盈利。</p>	<p>集团的SHE政策制定了确保公司内部安全文化的框架,安全、健康和环境是所有员工的重要责任。</p> <p>CAO集团每日都有专职部门监控合规和SHE相关政策的遵守。CAO定期为员工准备SHE培训,如火警演习、为来访者准备火警安全讲解,定期还会进行合规评估,供管理层审查。</p> <p>集团范围内发布了员工的安全和健康指引,确保集团的业务符合新加坡和国际法规的要求。</p> <p>随着集团全球化业务拓展,员工出差次数增加,集团识别了出行相关风险,并按照CAO业务持续计划制定了监控系统,如跟踪每个员工的出差进程。</p>	工作场所的安全、健康对CAO至关重要,也是集团可持续发展的首要任务。CAO将保持高标准的SHE,以安全有效的方式开展业务,将对环境的影响减至最小。

可持续报告概要

风险	说明	减缓措施	和战略的联系
员工与社区			
健康与安全			
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)	<p>CAO的全球供应与贸易链涵盖亚太、北美、欧洲和中东, CAO将确保向全球客户进行安全的航油供应。</p> <p>由于供应安全是CAO的工作重点, 集团通过投资和租赁建立自身的物流系统, 特别是在消费中心、货源地和定价中心拥有自身控制的储罐, 并通过通过期租, 控制一部分自有运力, 提升自身的供应保障能力, 确保供应不中断。</p> <p>全球供应与贸易网络为集团业务创造协同性, CAO可以减缓船运和天气问题带来的影响, 尤其是只有一家供应商带来的风险。在供应出现紧急情况时, 应急计划可以很大程度上减缓不利情况对集团业务的影响。</p> <p>确保CAO业务表现的关键因素之一是与中国用户和全球客户的合作伙伴关系。集团通过多个平台, 积极建立和加强与合作伙伴的业务关系。</p>	按照公司使命, 继续保持SHE的高标准, 以安全、可信、高效的方式开展业务, 将对环境的影响降至最低。CAO会努力通过业务运营, 将价值最大化。
治理			
违反适用法律、法规与标准的风险	<p>全球政府都在加强法律合规的要求, 尤其是反竞争法。多个地区有特定法律打击腐败, 违法的公司面临罚款和声誉受损。税务法、针对特定地区的制裁也逐渐复杂。</p> <p>随着集团全球化业务与投资的增加, 也面临更多国家法律和地区法律法规的合规风险。</p>	<p>CAO制定了集中化的风险管理和公司治理系统, 包括控制系统和流程, 确保在业务所在地遵守法律法规的要求。</p> <p>相应地, 我们设立了法律部、合规与内部审计部门, 确保集团的全球业务运营符合合规。</p> <p>集团还致力于捕捉对CAO业务有影响的法规更新, 确保集团可以及时应对。</p> <p>业务层面, 集团通过多种方式确保遵守业务所在地的法律法规。集团也通过严格的内外审计流程, 确保业务的合规。</p> <p>CAO按照新加坡金融管理局2012年5月2日出台的公司治理准则, 制定了CAO公司治理政策。除此之外, CAO还从2010年开始支持新加坡证券投资者协会的“公司治理——支持声明”, 展现CAO对高标准的公司治理的决心。</p>	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。

完整版的CAO可持续报告可见集团年报的“经济表现、公司运营环境、员工与社区和治理”章节。



Discharging jet fuel from vessel at port
港口卸油

Economic Performance – Financial Review

EARNINGS REVIEW

China Aviation Oil's ("CAO") Group net profit reached US\$88.91 million for the financial year ended 31 December 2016 ("FY2016"), an increase of 45.1% year-on-year compared to US\$61.28 million for year ended 31 December 2015 ("FY2015").

Revenue for CAO group increased 30.2% to US\$11.70 billion compared to US\$8.99 billion a year ago, which was mainly attributable to the increase in trading volume. Total supply and trading volumes was 32.55 million tonnes for FY2016, an increase of 61.5% compared to 20.15 million tonnes for FY2015.

Revenue from supply and trading of middle distillates increased 10.6% to US\$7.75 billion on the back of higher volumes. Jet fuel supply and trading volume increased 26.0% to 14.96 million tonnes for FY2016, compared to 11.87 million tonnes for FY2015, and accounted for 54.2% of the Group's total revenue in FY2016. Trading volume for other oil products, comprising mainly fuel oil and crude oil, increased 6.93 million tonnes (98.2%) to 13.99 million tonnes in FY2016 and generated US\$1.97 billion in revenue.

China remains the Group's largest market, accounting for 51.1% of the Group's revenue in FY2016. Accordingly and in line with the Group's internationalisation strategy in building a global supply and trading network, 48.9% of the Group's revenue was derived from outside mainland China in FY2016, compared to 47.5% in FY2015.

Gross profit rose 24.3% to US\$44.1 million for FY2016, compared to US\$35.44 million for FY2015 mainly due to higher trading profits derived from jet fuel trading and higher jet fuel volumes supplied to China even as the trading in other oil products turned profitable in FY2016 compared to losses incurred in FY2015.

Total expenses increased 42.8% to US\$19.86 million for FY2016, compared to US\$13.90 million for FY2015, mainly due to higher professional fees incurred for business development, higher information technology expenses and credit insurance premium. Additionally, other operating expenses included recovery of monies due from MF Global which were US\$1.18 million and US\$3.10 million in FY2016 and FY2015, respectively.

Contributions from investments in associates, mainly from Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA") and Oilhub Korea Yeosu Co., Ltd ("OKYC"), increased 56.9% to US\$66.36 million for FY2016 compared to US\$42.30 million for FY2015. Profit contribution from SPIA increased 56.0% to US\$60.64 million for FY2016 compared to US\$38.88 million for FY2015 as SPIA achieved higher refuelling volumes at Shanghai Pudong International Airport and inventory gains as a result of the rebound in oil price in FY2016. Increase in refuelling gross profit as a result of operational efficiency had also contributed positively to SPIA's financial performance.

The share of profits from OKYC was US\$4.14 million in FY2016 compared to US\$1.35 million in FY2015 due mainly to higher operating profit generated from its tank storage leasing activities and lower mark-to-market ("MTM") loss from its currency interest rate swap ("CRS") contracts.

Profit contribution from China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL") was about the same at US\$2.18 million for FY2016 compared to US\$2.24 million for FY2015 as weaker RMB against US Dollar impacted its financial performance despite higher profits generated from increased pipeline transportation volume.

Share of profit from China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") decreased by US\$0.34 million to US\$0.31 million mainly due to the decline in gross profit as a result of lower sales volume and higher operating expenses.

The Group's share of loss in CNAF Hong Kong Refuelling Limited ("CNAF HKR") which commenced operations in 3Q2015, was US\$0.91 million for FY2016 compared to US\$0.83 million for FY2015 as revenue generated from refuelling was still insufficient to cover administration and finance costs even as it continues to build up its market share as the third licensed refueller at the Hong Kong International Airport.

The Group's net profit grew 45.1% to US\$88.91 million in FY2016 from US\$61.28 million in FY2015. The Group's Earnings per share was 10.34 US cents for FY2016 compared to 7.12 US cents for FY2015.

Economic Performance – Financial Review



Oil storage facilities at CNAF
CNAF储罐设施

ASSETS

The Group continued to maintain a robust balance sheet in FY2016. As at 31 December 2016, total assets amounted to US\$1.34 billion, compared to US\$845.52 million a year ago due mainly to increase in working capital, higher accounts receivables, trade inventories and cash and cash equivalents.

The Group's liquidity and debt servicing ability remained strong. As at 31 December 2016, the Group's cash and cash equivalents stands at US\$287.29 million, compared to US\$170.51 million as at 31 December 2015. As at 31 December 2016, the Group's current ratio and quick ratio were 1.52 and 1.28 respectively (31 December 2015: 2.21 and 2.00 respectively). In 2016, Group's total trade and banking facilities amounted to US\$3.07 billion.

BORROWINGS

Total borrowings as at 31 December 2016 were US\$ 100 million for working capital purpose due to timing difference on collection from accounts receivables versus payment to trade suppliers. The Group's net assets stood at US\$649.69 million or 75.53 US cents per share as at 31 December 2016, compared to US\$592.64 million or 68.90 US cents per share as at 31 December 2015.

The higher net asset value per share was attributable mainly to the earnings generated in FY2016 less dividends paid in respect of FY2015.

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

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

ECONOMIC VALUE ADDED

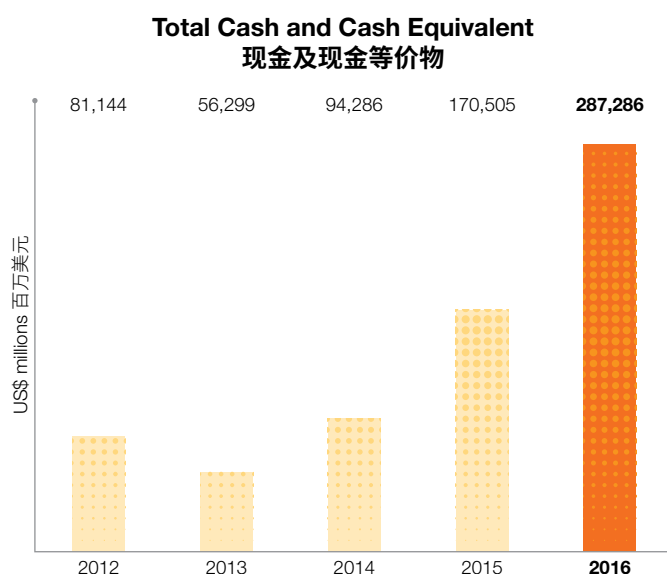
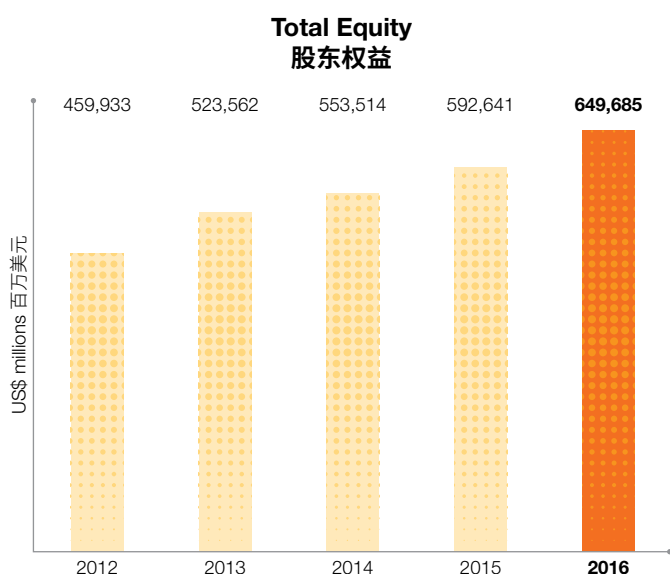
Economic Value Added ("EVA") profit for FY2016 was US\$44.24 million, an increase of 93.2% or US\$21.34 million from US\$22.90 million for FY2015. Accounting net profits rose 45.1% year-on-year to US\$88.91 million for FY2016, compared to US\$61.28 million for FY2015. The Group will continue to focus on improving efficiency to create value for shareholders and remain prudent in financial management.

Economic Performance – Financial Review

5-Year Financial Summary 5年财务摘要	2012	2013	2014	2015	2016
Income Statement (US\$'000) 损益表 (百万美元)					
Revenue 营业额	14,807,984	15,571,869	17,061,031	8,987,487	11,703,191
Gross Profit 毛利	42,750	52,491	27,397	35,444	44,050
Associated Companies 联营公司	43,187	46,476	43,194	42,296	66,363
Net Profit Attributable to Equity Holders of the Company (PATMI) 可向股东分配净利润	66,189	70,216	49,160	61,281	88,908

Balance Sheet (US\$'000) 资产负债表 (百万美元)					
Total Assets 总资产	1,650,339	1,574,890	1,378,715	845,517	1,344,421
Total Equity 股东权益	459,933	523,562	553,514	592,641	649,685
Cash and Cash Equivalent 现金及现金等价物	81,144	56,299	94,286	170,505	287,286

Financial Ratios 财务比率					
Earnings Per Share (US cents) 每股收益 (美分)	9.16	8.16	5.72	7.12	10.34
Net Assets Per Share (US cents) 每股净资产 (美分)	64.16	73.04	64.35	68.9	75.53
Return on Equity 净资产回报率	15.4%	14.3%	9.1%	10.7%	14.3%
Return on Assets 资产回报率	4.7%	4.5%	3.5%	5.7%	8.4%
Debt Equity Ratio 股本带息负债率	0.4%	5.5%	0.0%	0.0%	15.4%



经济绩效指标 ——财务业绩

盈利分析

截至2016年12月31日, CAO集团2016年累计净利润为8891万美元, 相比2015年(“2015年”)的6128万美元增加45.1%。

2016年CAO集团总收入为117亿美元, 相比去年同期的89.9亿美元增加30.2%, 主要是因为业务量增长。2016年总业务量为3255万吨, 相比2015年的2015万吨增加61.5%。

中馏分业务的收入增加10.6%至77.5亿美元, 主要由于业务量的增加。2016年航油供应与贸易量增加26%至1496万吨, 占集团总收入的54.2%。2015年航油供应与贸易量为1187万吨。其它油品贸易量(主要来自于燃料油和原油)增加693万吨(98.2%)至1399万吨, 贡献19.7亿美元收入。

中国依然是集团的最大市场, 占集团2016年收入的51.1%。在集团的全球化战略的指引下, 公司积极打造全球供应与贸易网络, 2016年集团收入的48.9%来自于中国大陆以外的地区, 2015年为47.5%。

2016年毛利增加24.3%至4410万美元, 2015年毛利为3544万美元, 主要由于航油贸易盈利增加, 中国航油供应量增加, 其它油品贸易2016年扭转2015年的亏损, 实现盈利。

2016年累计总费用1986万美元, 相比上年同期的1390万美元增加42.8%。主要是由于业务拓展所需的专业费用, 信息技术费用与信用保险投入增加所致。除此之外, 其它运营费用也包括从MF Global收回的118万美元, 2015年收回了310万美元。

2016年累计联营公司并帐利润为6636万美元, 相比上年同期的4230万美元增加56.9%, 主要是来自上海浦东国际机场航空油料有限公司(简称“浦东航油”)和Oilhub Korea Yeosu Co., Ltd(简称“OKYC”)的投资收益增加所致。2016年累计来自浦东航油的投资收益为6064万美元, 相比上年同期的3888万美元增加56%, 主要由于浦东航油的销售量增加, 油价上涨过程中的库存增值, 公司运营效率的提高也有助于加注毛利的增加, 进而推动浦东航油财务业绩。

2016年累计来自OKYC的投资收益为414万美元, 上年同期为135万美元。主要是因为储罐租赁业务增加毛利, 韩元兑美元掉期合同盯市损失下降。

中国航油集团津京管道运输有限责任公司(简称“管输公司”)的投资收益为218万美元, 上年同期为224万美元。主要是因为人民币兑美元汇率走弱, 影响公司盈利, 这也部分抵销了管输量增长带来的利润增加。

中国航油集团新源石化有限公司(简称“新源公司”)的并帐利润降低34万美元至31万美元, 主要由于销售量降低, 运营费用增加, 使得毛利下降。

中国航油香港供油有限公司(简称“香港供油公司”)2015年第三季度开始运营, 2016年并帐亏损为91万美元。2015年并帐亏损83万美元, 主要由于加注业务产生的收入不足以抵销管理费用和财务费用。作为香港机场第三家拥有加注牌照的公司, 供油公司将继续拓展市场。

集团2016年净利润为8891万美元, 相比上年同期的6128万美元增长45.1%。2016年每股净利润为10.34美分, 上年同期为7.12美分。

资产

2016年集团资产负债状况健康。截至2016年12月31日, 总资产为13.4亿美元, 去年同期为8.45亿美元, 主要由于营运资金、应收账款、贸易库存以及现金和现金等价物的增加。

集团的流动性和偿债能力依然稳健。截至2016年12月31日, 集团现金和现金等价物为2.87亿美元, 截至2015年12月31日是1.7亿美元。截至2016年12月31日, 集团的流动比率和速动比率分别为1.52和1.28(截至2015年12月31日分别为2.21和2.00)。集团拥有银行授信额度为30.7亿美元。

贷款

2016年12月31日的贷款总额为1亿美元, 主要为了提供流动资金, 应对应收账款和应付账款的时间不匹配现象。截至2016年12月31日, 集团净资产为6.49亿美元, 每股净资产为75.53美分。去年分别为5.92亿美元和68.90美分。每股净资产的增加主要由于2016年盈利的增加, 部分被支付的2015年股息所抵销。

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

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

经济增加值

2016年经济增加值为4424万美元, 相比去年的2290万美元增加93.2%(2134万美元)。净利润相比去年的6128万美元增加45.1%至8891万美元。集团会继续提高运营效率, 进行谨慎的财务管理, 为股东创造价值。

Corporate Environment – Risk Management

In 2016, the global oil supply and trading business was again marked by a high level of volatility, particularly with the oil price at times dipping below US\$30 per barrel for Brent crude in the first half of the year and to rise more than 50% to above US\$56 per barrel by end of the year. Economic and political uncertainties also heightened considerably in 2016 with slower growth seen in China, the British vote to exit the European Union, the United States Federal Reserve's uncertain interest rate policy, continuing geopolitical conflicts and the unpredictability before and after the United States presidential elections, which significantly impacted global oil and financial markets. In response to constantly changing market conditions in the oil and gas industry, CAO proactively derived targeted risk management measures to further the continued growth of the Group's businesses.

Amidst these uncertainties, CAO remains strategically focused on the global supply and trading activities of its portfolio of transportation fuels – to solidify our niche global position in the jet fuel market and build up our presence in the oil products segment. Our risk management of identified significant risks - market, credit, operations,

legal and financial risks had been effective, and bolstered operational competitiveness to lift the Group's business performance to reach an all-time record high in supply and trading volume and net profit.

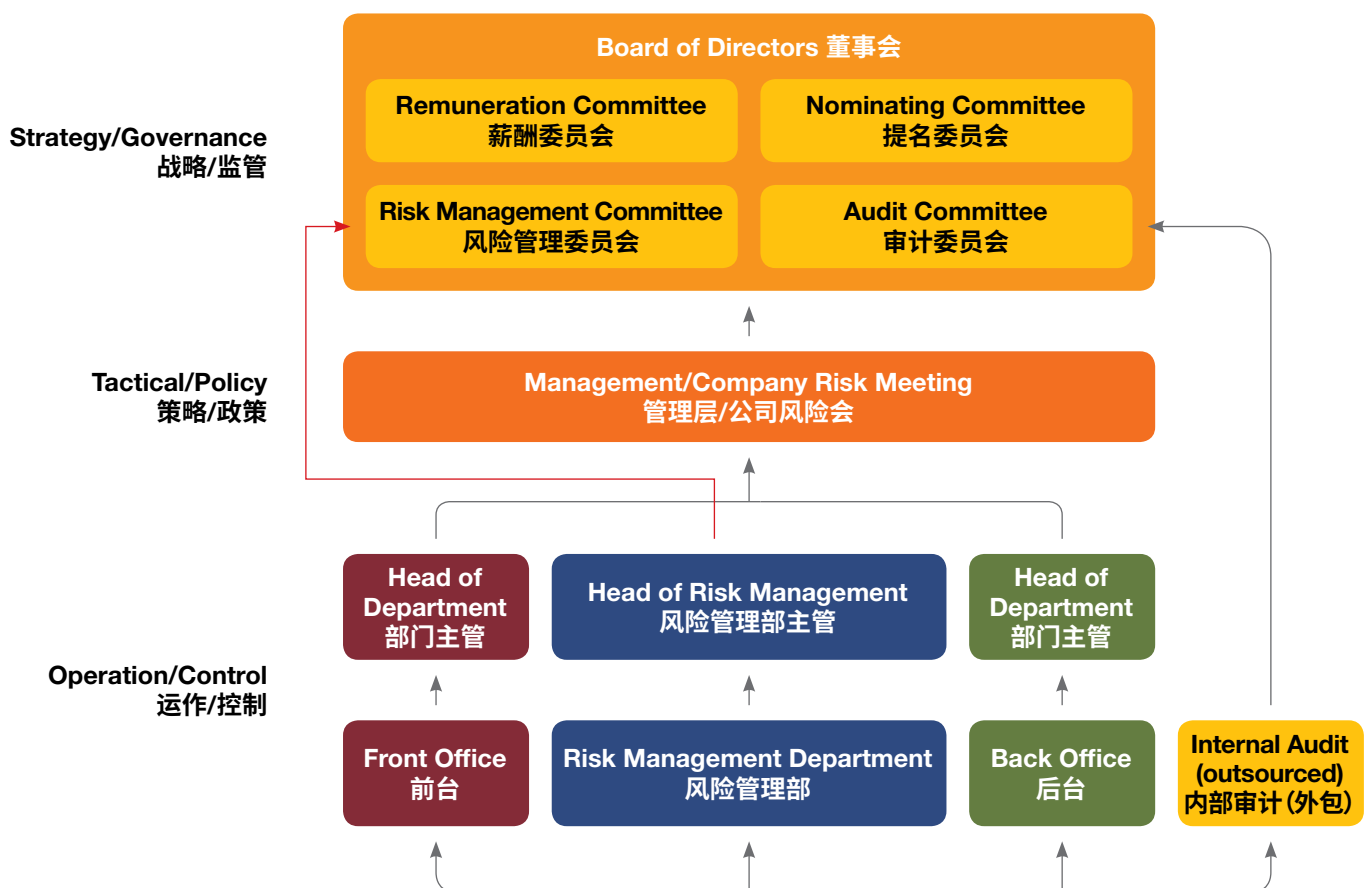
FOCUSED AND DISCIPLINED APPROACH

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:

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

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



Corporate Environment – Risk Management

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

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

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

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

SUSTAINABILITY-FOCUSED POLICIES AND PROCESSES

Across the Group, we continuously improve on the risk control systems through adopting best-in-class business practices and developing new initiatives to enhance CAO's 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.

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

KEY RISKS AND MITIGATION STRATEGIES

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

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

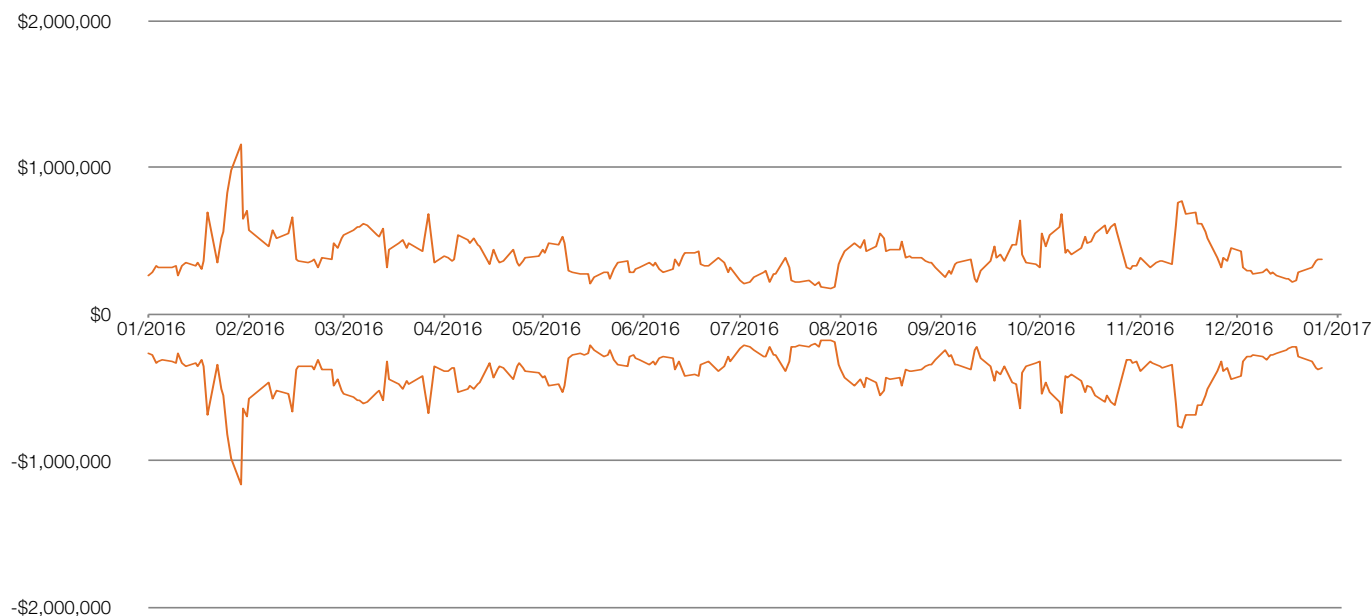
- market risk – is the risk of losses arising from movements in trading positions and market prices;
- credit risk – is the risk due to uncertainty of counterparty to meet its contractual obligations;
- operation risk – is the risk arising from operational gaps of both financial and physical operations;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

Over the course of 2016, besides deploying risk management tools to handle the above types of risks, the Risk Management team has also rolled out a centralised enterprise Energy Trade Risk Management ("ETRM") system across the group, allowing the utilisation of group-wide trading data in risk management. We also conducted enterprise-wide stress testing on a quarterly basis by assessing the impact on the Group's business portfolio in an extreme market environment through simulating adverse movements in foreign exchange rates, interest

Corporate Environment – Risk Management

2016 MVaR UTILISATION

2016年全年市场风险价值使用情况



rate, prices of commodities and credit conditions. Based on the conducted simulations, the Group is confident that we have the capabilities to handle these extreme events and to be able to continue our businesses.

MARKET RISK AND SENSITIVITY ANALYSIS

In the area of market risk management, the Risk Management team monitors and analyses the Group's supply and trading activities, maintains comprehensive risk control records and reports daily to the management team as well as stakeholders of various business functions. In 2016, the Risk Management team went further to enhance the enterprise-wide stress testing, which is conducted on a quarterly basis, and examines the impact of "what-if" stress events, such as impact of Brexit on the Group's supply and trading business and portfolio of oil-related investments. Apart from the analyses of market, credit, financial, contractual and operational risks, the enterprise-wide stress tests also provides an impact analysis on the Group's associated companies. The regularly conducted stress tests enable the various risks to be managed through a structured process and ensure significant management attention and oversight, ensuring that the Group is able to maintain a stable business in a highly volatile environment.

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

Notwithstanding the high volatility in the market environment, the Group's risk appetite remained cautious and measured. The daily MVaR utilisation rate, based on a 95% confidence interval, has remained stable, registering an average MVaR utilization of US\$400,000 in 2016.

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 losses arising from a counterparty being unable to pay its obligations in full;
- ii. concentration risk is the risk posed to a company by any single or group of exposures which have the potential to produce losses large enough to threaten the ability of the company to continue operating as a going concern;
- iii. country risk or sovereign risk is the risk of loss arising from a sovereign state freezing foreign currency payments or when it defaults on its obligations.

Corporate Environment – Risk Management

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

We have also incorporated the Potential Future Exposures ("PFE") approach into our credit monitoring and control process. This approach evaluates the credit risk exposures of existing trades during the life of the transactions. This allows the Group to identify potential credit exposures resulted from the transactions we undertake.

In line with CAO's 2020 Vision to be a global top-tier integrated transportation fuels provider, KPMG Consulting Pte Ltd ("KPMG") was engaged to review the credit risk management framework to ensure the Group's sustainable long-term growth. Following the risk review, the Group initiated the following enhancements:

- strengthened credit risk management by addressing key-man risk through the formation of a Credit Risk Committee, which will comprise senior management and heads of relating business functions who are familiar with the Group's businesses, financials, counterparties and credit risk management, to be responsible for reviewing and approving credit applications; and
- expanded the credit grading scale from 5-credit grade to 10-credit grade to better capture the diverse range of counterparties' creditworthiness. Transition of all counterparties' credit grades to the new credit grading scale is scheduled to be completed by end of 2017.

CAO has also implemented an inaugural credit insurance programme in 2016, which significantly enhanced and supported the Group's expanding business activities through the mitigation of potential credit losses. In addition, the Group's risk related news alert system was improved with the increase in news sources, enabling the Risk Management team to have timely and global access to information that will impact directly and indirectly the Group's management of credit risk.

Our concentration risk profile of accounts receivables are as follows:

By Country

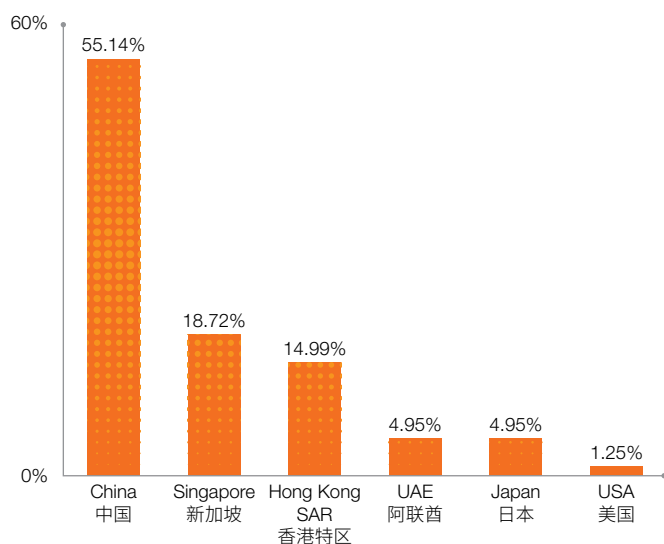
As of 31 December 2016, our geographical exposure was predominantly China (55.1%), followed by Singapore (18.7%), and Hong Kong SAR (15.0%), which made up more than 80% of the Group's total exposure.

During the fiscal year, the predominant countries were China (43.4%), Singapore (35.7%) and Hong Kong SAR (12.2%), which made up approximately 91% of the Group's total average exposure. In tandem with business expansion, the Group's exposure to counterparties outside these three countries has grown steadily over the years as we continue to diversify and rebalance the geographic mix of our business.

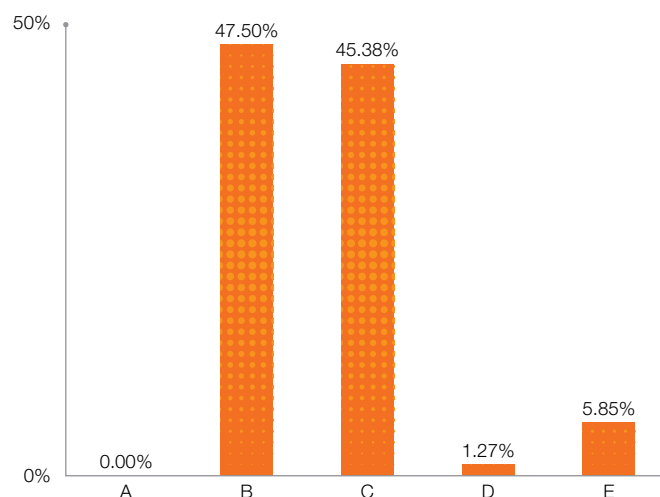
By Internal Credit Rating

As of 31 December 2016, in terms of internal credit rating, the Group's exposure was mainly from Grade B (47.5%) and Grade C (45.4%) counterparties, which made up more than 90% of our exposure.

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



Corporate Environment – Risk Management

During the fiscal year, exposure from the top three internal ratings were Grade A (5.2%), Grade B (60.4%) and Grade C (25.7%), which made up more than 91% of our exposure.

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

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

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

OPERATIONAL AND OTHER RISKS

In 2016, the Group leveraged on its global supply and trading network to further develop its other oil products portfolio and started to supply crude oil to Chinese refineries. The Group was able to adapt and suitably enhance its risk controls system and policies for the new crude oil segment and thus, strengthened the Group’s capabilities to grow the crude oil business going forward.

In the area of enterprise risk management, the Risk Management team reviews the risk registry on a semi-annual basis, analyses each risk point in new environments with various subsidiaries and business functions, and concurrently, adds various types of risks under the business model to ensure potential risk areas are flagged timely. For example, for emerging information security risks, inputs from various business functions across the Group were collated and reviewed. Consequently, we collaborated with expert security advisers to develop a plan to implement information security initiatives.

As CAO continues to grow globally, the managing of legal risk is increasingly important given the multiple jurisdictions in which the Group operates. To ensure a consistent, rigorous and comprehensive approach to compliance with legislative and regulatory matters, the Group’s legal function is located in the Singapore headquarters where the legal counsel and team of legal professionals work with business functions and subsidiaries across the globe to ensure legal risks are effectively managed.



TSN-PEKCL Operations Centre
管输公司运控中心

In line with CAO’s growing global businesses, the Group is exposed to a number of financial risks. Nonetheless, CAO takes a conservative approach in managing the Group’s liquidity, securing various sources of banking facilities and ensuring sufficient funds at hand to support business growth and strategic investment opportunities. To sharpen the oversight on financial risks, the Group developed a Cash Flow at Risk (“CFaR”) model in 2016 to anticipate and prepare for future cash flow demand to meet margin requirements for paper hedges.

To manage the Group’s subsidiaries, the subsidiaries review and control framework was approved by the Board of Directors and established in November 2014. In 2016, the Group continued to conduct an annual risk review of each of the subsidiaries spanning Hong Kong SAR, Los Angeles and London to ensure the consistency and adherence of CAO’s risk management policies, guidelines and control framework. Discrepancies or inconsistencies in the systems and/or processes at the subsidiaries’ level were identified and findings were presented to RMC with recommended mitigating measures. Several mechanisms were put in place to mitigate and limit CAO’s exposure to external risk environment and the embedded initiatives include establishing a common ETRM platform across the Group, and determining standardised processes relating to Information Technology and Human Resources Management.

As the Group strives towards becoming a global top-tier integrated transportation fuels provider, we remain committed to proactively promote a strong culture of risk awareness, strengthening risk management in our daily business operations to support our strategic objectives and deliver sustainable long-term growth.

公司运营环境 ——风险管理

全球油品供应和贸易业务在2016年再次面对市场高波动性的局面，原油价格在上半年跌破30美元/桶，年尾攀升至56美元/桶，上涨幅度超过50%。经济和政策的不确定性也在2016年大幅提高，如中国经济增势趋缓，英国脱欧公投，美联储不确定的升息步伐，持续不断的地域政治冲突以及美国总统选举前后的不确定性，都对油品贸易行业与金融市场带来较大的波动性。为了应对石油和天然气工业不断变化的市场条件，公司主动采取有针对性的风险管理措施，进一步促进公司业务稳步增长。

在充满不确定的市场环境中，中国航油以发展全球运输燃料供应和贸易业务为战略重点，立足航油主业，积极地推进油品供应与贸易业务。主要风险如市场风险、信用风险、运作风险、法律风险、资金风险等得到良好管控，通过提高公司的运营竞争力，促使公司的业务量和净利都创下历史新高。

专注和有效的管理

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、规程、流程、限额和内控系统。用来识别、评估和控制经营中出现的各种风险，使我们能够对多变的市场做出快速反应。

公司风险管理的三大支柱分别为：

1. 三重管理与控制架构；
2. 政策、指导方针和控制架构；以及
3. 系统、流程和人员。

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

在管理层层面，公司风险会议（简称“CRM”）在风险管理委员会授权之下，负责市场、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、独立地向风险管理委员会汇报。

在运作层面，风险管理部负责日常风险管理业务的执行，并确保所有与风险相关的政策、流程和限额得到遵守和落实。在过去九年中，风险管理团队设立了风险管控框架，包括识别、汇报和监控集团在新加坡、香港特区、洛杉矶以及伦敦的油品供应与贸易业务。新壮大的风险管理团队拥有如全球风险管理专业人士协会（简称“GARP”）所认

证的能源风险专业证书（简称“ERP”）和金融风险管理师（简称“FRM”）等专业资质，他们在信用、市场和企业风险的专业知识有效地帮助全球风险管理的日常运营与管理，协助管理层实施并实现战略业务目标。

可持续的政策和流程

我们通过借鉴业内的最佳实践来持续改善CAO内部的风险管理，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。

关键风险和缓解措施

集团产品的多样化组合使公司面临多项风险。这些风险敞口来自有些地区监控管理和运营条件的改变，货币的变动以及油价波动。为了更好地管理集团不断拓展的业务组合，CAO扩充了信用风险管理队伍，使公司能够应对关键市场环境变化所带来的不确定性。

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：

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

除了对各类风险的专项风险管理，在2016年风险管理团队完成了风险管理信息系统在新加坡公司及其所有子公司的上线，实现运用同一个信息平台对CAO集团进行统一的风险管理；还进行了季度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，测算整个CAO集团在极端市场环境的各项风险影响。通过2016年测试结果，我们确信我们有能力应对这些极端事件并得以持续经营。

公司运营环境 ——风险管理



Aviation Marketing & Operations team at CAO
航空市场营销及运作部工作场景

市场风险及敏感性分析

在市场风险方面，风险管理部门负责监控和分析公司的供应和贸易活动，保持一个全面的风险控制记录，并且每日向管理层和业务相关者进行汇报。我们的风险管理部门在2016年也更进一步，每季度为公司进行一次企业范围的压力测试，分析了对企业经营可能带来重大影响的“假设”压力事件，如英国脱欧对公司供应贸易活动和石油相关的投资组合带来的潜在影响。这些企业范围的压力测试包括了对市场风险、信用风险、财务现金流、合约风险、运作风险等主要风险的测算与分析，也包含了对CAO集团参股公司带来潜在影响的分析。定期进行的压力测试通过结构化流程确保各个风险项目都有得到管理层关注与监督，以确保公司能够在不断变化的环境中持续稳定地经营。

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

尽管市场环境波动较大，公司的风险偏好仍然是相对保守的。基于95%置信区间，2016年公司整体的每日市场风险值使用率保持稳定，平均使用率为40万美元。

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：

- i. 信用违约风险是由于贸易对家无法全额偿还债务而造成损失的风险；
- ii. 集中度风险是某个公司的一个或一组风险敞口带来的潜在损失，对该公司继续经营能力能够造成威胁的风险；
- iii. 国家风险或主权风险是一个国家冻结外汇支付或不履行其债务而造成损失的风险。

公司运营环境 ——风险管理

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。

我们也将潜在信用风险（简称“PFE”）的计算纳入信用风险监督和控制流程中。这种方法可以计算并评估所达成交易在交易期间造成的信用敞口，已使我们能够识别所进行的交易带来的潜在信用风险。

在2016年，我们聘请了毕马威咨询有限公司（简称“毕马威”）根据我们的2020发展战略和目标对我们的信用风险管理框架进行审核来支持集团长久持续发展。通过审核，集团实施了以下两项增强项目：

- 通过成立负责审查和批准信用申请的信用委员会，改进原由单一关键人物掌控信用风险审批的弱点，以强化我们的信用风险管理。信用委员会法定成员由熟悉业务需求、公司财务、交易对家和信用风险管理的高级管理人员和部门主管组成；以及
- 将信用级别从5个级别增加到10个级别，以更好地评估多样化的贸易对家的信誉度。计划在2017年末将对所有对家的级别转移到新的信用级别标准。

CAO也在2016年首次购买信用保险。这份信用保险通过缓解潜在的信用损失为我们的业务扩张提供了一个支撑平台。另外，我们也通过增加信息来源优化集团风险相关的信息预警系统，这让我们能及时获取可能影响我们信用风险管理相关的全球信息。

我们应收账款的集中度风险状况如下：

根据国家

截止2016年12月31日，根据地理位置，集团的信用敞口仍主要来自中国大陆（55.1%），新加坡（18.7%）和香港特区（15.0%），占总敞口80%以上。

从整个财年来看，信用敞口主要来自中国大陆（43.4%），新加坡（35.7%）和香港特区（12.2%），占整年年均敞口的91%。由于集团业务发展，集团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2016年12月31日，内部信用评级方面，信用敞口主要来自于评级B（47.5%）和C（45.4%）级别的贸易对家，占总敞口90%以上。

2016财年，来自前三内部信用评级为A（5.2%）、B（60.4%）和C（25.7%）级别的贸易对家占总敞口的超过90%。

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（简称“ISDA”）协议中的信贷支持附件。

有了这些强化措施，我们有能力更好地管理日常贸易活动带来的风险。

运作与其它风险

2016年，集团利用全球供应和贸易网络推进了与中国地方炼油厂的原油供应业务。集团也适当的改进风险管控系统与政策，支持与加强公司整体能力来支持原油业务。

在企业风险管理方面，风险管理团队通过每半年一次的风险注册表回顾，与各个子公司和职能部门探讨分析新的环境、新增业务模式下的各类风险，使之能够更及时地反映我们的潜在风险点，做到未雨绸缪、有所防范。例如对于不断凸显的信息安全风险，我们综合了各个子公司的反馈，并根据安全顾问的建议制定了提升信息安全的实施计划。

随着CAO集团的全球化，我们的业务涉及多个司法管辖区，因此法律风险管理至关重要。为了确保法律和规章制度的一致性、严密性以及全面性，CAO集团的法律部门设置在新加坡总部，由法律顾问以及法律团队有效管理各业务部门及子公司的法律风险。

随着全球业务拓展，集团也面临多项财务风险。CAO集团对流动资产采取保守措施，确保充裕的银行融资工具和在任何时刻保留足够的现金用以支持业务发展和战略投资机会。为了加强金融风险的监管，集团在2016年开发现金流风险值模型来预测，并为未来纸货保值保证金的现金流需求做准备。

在子公司管理方面，2014年制定的子公司回顾与框架于同年11月获由董事会批准。2016年，集团继续对海外子公司香港特区、洛杉矶和伦敦进行年度风险评审以确保管控政策、指导以及管控框架上的统一与一致。根据调查发现的子公司层面不一致或者需要区别对待的制度与流程以及它们的解决方案都已向董事会风险管理委员会呈现。公司采取相关机制来缓解CAO对外部风险环境的整体敞口，包括建立一个跨集团的风险管理平台，定制信息技术和人力资源管理方面的标准流程。

集团正在向成为全球一流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，实现可持续的长期增长。

Corporate Environment – Compliance and Internal Audit

At CAO, we believe that high corporate governance standards play an important role in ensuring the Group's continued growth and success. Shaped by the commitment of the Board of Directors, the Compliance and Internal Audit ("CIA") function serves to align CAO's strategic corporate objectives with sustainably responsible business practices. Recognising the risks faced as a global business, the Group continuously seeks to integrate compliance into daily business activities and aims to ensure compliance within CAO by implementing a functioning internal control system with suitably designed monitoring measures and audit assessments.

ENABLING GLOBAL BUSINESS GROWTH THROUGH COMPLIANCE

With increasing globalised operations, the group recognises the importance of keeping pace with its enlarged regulatory environment and ensuring compliance with applicable local, regional and international trade legislations and regulations. Over the years, CAO has put in place a sound system of compliance oversight and internal controls based on the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") framework approach to identify, manage and monitor compliance risks such as anti-trust and competition law, anti-corruption, occupational safety, health and environmental regulations, data protection, insider trading and fraud against the Group.

At CAO, the CIA team provides oversight over a comprehensive set of Standard Operating Procedures ("SOPs") that provides guidelines and established standards on the Group's business processes and activities worldwide. As key management tools used to ensure quality through consistent implementation of process or procedure within the Group globally, SOPs are periodically reviewed by auditors for compliance with organisational and business requirements where appropriate.

In addition, the Group's internal directives and guidelines are based on a global compliance strategy that is subject to ongoing review and improvement. On a regular basis, the CIA team collaborates with business units and functions to develop in consultation, applicable policies and guidelines as well as systemically reviews the Group's internal processes and procedures to ensure compliance with established global standards and CAO's Code of Ethics.

In situations where the assessment of trade sanction risks for example require clarification, the CIA team works

together with the legal and risk management teams to evaluate compliance requirements with a focus to integrate compliance actions into daily operations at the business level.

CAO's compliance culture permeates across the entire Group. Its corporate values of Fairness, Integrity, Innovation and Transparency are put into practice and govern the ethical conduct of each and every employee.

Standing by CAO's business principles and complying with the Code of Ethics and company policies, the Group actively and collectively works against all forms of corruption, prohibiting bribes, kickbacks, facilitation payments and any other offer of items of value with the enforcement of a Gifts and Entertainment Policy which encompasses advice and guidelines to promote sustainable business engagement with the Group's stakeholders including colleagues, business partners, suppliers and shareholders appropriately. Additionally, the Group's whistle-blowing channel is accessible through the corporate website – www.caosco.com to ensure that concerns can be reported, investigated and duly addressed.

BUILDING ON THE INTERNAL AUDIT FUNCTION APPROACH

As the Group proactively pursues business profitability, CAO faces an increasingly wide range of business and compliance risks. Bearing in mind the central importance of an effective internal audit function, the head of Compliance and Internal Audit has direct reporting lines to both the Chief Executive Officer as well as the Audit Committee. The CIA function serves to additionally provide reasonable assurance to the Group's management team that appropriate control measures are in place to address business and compliance risks, arising from the Group's internal environment associated with achieving its strategic corporate objectives.

The scope of CIA responsibilities include reviewing of Interested Person Transactions on a quarterly basis, preparing of audit reports with recommendations for improvement after each audit assessment and following up on implementations of suitably appropriate counter-measures. Information sharing through e-learning platforms such as the CAO intranet and training sessions are also organised regularly to enable employees to carry out their tasks correctly, responsibly and in compliance with the law.

Corporate Environment – Compliance and Internal Audit



CAO trading bench
CAO贸易团队

Amidst a constantly changing business environment, CAO has determined potential strategic, operational, financial and reputational implications against possible business disruptions and the importance of maintaining viable capability to continue critical business functions operationally with minimum impact in the event of a crisis. Implemented group-wide, CAO has in place a Business Continuity Plan (“BCP”) that integrates with the IT Disaster Recovery Plan (“DRP”), establishing the guidelines, structure and support framework necessary to ensure appropriate emergency escalation response, resumption and recovery of key business functions and processing resources in a timely manner coupled with effective communication channels among key management and employees globally.

In the third quarter of 2016, the Group conducted a BCP and DRP exercise at a pre-determined and identified disaster recovery site. Key personnel from front office to back-end and support functions were involved in a simulated crisis scenario with concurrent participation from CAO subsidiaries worldwide. The exercise was successfully conducted with minimal downtime for business applications. Similar BCP and DRP scenario exercises are conducted on a regular basis to strengthen the Group’s readiness and improves on the Group’s recovery challenges, particularly in incidents that are impactful and/or catastrophic.

Across the Group, CIA ensures rigorous and robust internal controls processes are well designed and operates effectively. Assisted by a team of qualified professionals from an international auditing firm, CIA also plans internal audit reviews and its plan is submitted to the Audit Committee for approval annually. The plan also covers the assessing of the Group’s internal control systems with an independent biennial review commissioned to ensure the overall effectiveness of the Group’s business practices. The internal audit reports on significant corporate developments, findings and measures, which might possibly impact Group operations, are submitted to the Audit Committee as well as Board of Directors on a quarterly basis. The CIA is also obliged to report and/or escalate ad hoc matters to the CEO and Audit Committee in the event of wide-reaching compliance violations.

CAO’s global compliance strategy is defined by the Group’s internal directives, guidelines and policies, which are assessed and/or reviewed at regular intervals in respect of its applicability, suitability and effectiveness. The evaluations are not restricted to defined risks but also with a focus on continually identified compliance risks. The most recent review by BDO LLP, Singapore, in 2016, was duly completed with recommendations taken to improve the Group’s processes and internal controls.

公司运营环境 ——合规与内审

CAO相信高标准的公司治理是集团持续发展和成功的关键要素。在董事会的指导下，合规与内部审计（简称“CIA”）部门旨在确保CAO的战略目标可持续且对社会负责。集团了解全球化企业面临的多种风险，因此通过有效的内部控制系统、多种监控指标和审计评估，确保日常运营符合合规。

遵守合规有助于全球化发展

随着全球化业务的不断拓展，集团认识到随着运营环境的扩大，公司运营符合当地、区域和全球的贸易法规的重要性日益凸显。这些年来，CAO参照Committee of Sponsoring Organisations of the Treadway Commission（简称“COSO”）组织框架，制定了较为完善的合规监控和内部控制系统，用于识别、管理和跟踪合规风险，如反竞争法、反腐败、职业安全、健康和环境法规、数据保护、内幕交易和欺诈。

CIA部门监管一套完整的标准操作程序（简称“SOPs”），为集团全球的业务运作提供指引和规范。作为重要的管理工具，SOPs可以通过统一的流程执行确保全球的业务质量。审计师会对SOPs进行定期审阅，检查是否符合企业和业务的合规要求。

除此之外，集团的内部指引基于全球的合规战略，会进行定期审查和改进。CIA会定期和其它业务单元一同制定适用的政策和指引，系统性地审查内部流程和程序，确保符合全球标准和CAO的行为道德准则。

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

CAO的合规文化深植于集团。员工在每日工作中体现着企业价值观，即公平、诚信、创新和透明。

集团严格遵守业务准则，遵守行为道德准则和公司政策。公司的礼物和招待政策要求员工、业务伙伴、供应商和股东以可持续的方式进行接洽和沟通，携手抵抗任何形式的腐败、受贿、回扣。除此之外，还可以通过公司网站www.caosco.com进行举报，公司将进行调查和处理。

培育内部审计部门

随着集团积极拓展业务，CAO面临的业务和合规风险也逐渐增加。为了确保内部审计部门的有效性，CIA主管可以双线汇报给首席执行官和审计委员会。CIA部门为集团管理层提供了一道有效防护，确保公司有合适的控制措施，缓解集团内部出现的业务和合规风险。

CIA工作范围包括每季度审阅关联交易，准备审计报告并提议改进措施，跟进执行情况。通过网络平台（如内网）进行定期知识分享，帮助员工以正确、负责、合规的方式完成工作。



Phone Trading System
电话交易系统

由于业务环境时常变化，CAO评估了不利因素会对公司产生的潜在战略、运营、财务和声誉影响。考虑到在危机中保持运营能力的重要性，公司实施了集团范围的业务持续性计划（简称“BCP”）和IT灾难恢复计划（简称“DRP”），制定了指引、结构和支持框架，包括事故上报程序、关键业务部门的重启和恢复、对资源的使用以及全球范围内管理层和员工的紧急沟通渠道。

2016年第三季度，集团在预先准备的灾难恢复地点进行了BCP和DRP演习。在子公司员工的配合下，CAO前台至后台的关键员工置身于模拟的危机场景中，并努力使危机事件的干扰时间缩短到最小。公司会定期举行BCP和DRP演习，加强集团应对危机的能力，尤其是针对影响巨大/灾难性的危机。

CIA确保整个集团的内部控制流程严格、稳健、设计良好、切实有效。在一家国际性审计公司专业团队的帮助下，CIA制定了内部审计计划，涵盖集团内控系统，并每年提交审计委员会批准。公司也会两年一次聘请顾问确保集团业务操作的整体有效性。内审报告会指出可能会严重影响集团运营的异常情况，并每季度提交审计委员会和董事会。除了季度汇报之外，CIA部门也有义务向首席执行官和审计委员会汇报影响范围广泛的合规问题。

CAO的全球合规战略包括集团的内部指引和政策，公司会定期评估和/或审阅政策的适用性和有效性。评估并不仅限于已经识别的风险，也会关注随时出现的新的合规风险点。2016年，德豪审计事务所（新加坡）在对公司进行的最近一次审查提出了一些建议。集团正在积极实施德豪提出的建议，加强集团的流程和内部控制。

People & Community – Human Capital Management

Recognising that the Group's human capital plays an integral part in fulfilling its ambitions to be a global top-tier integrated transportation fuels provider, CAO upholds an integrated human resource ("HR") strategy that is aligned to the Group's 2020 Corporate Strategy. Our HR strategy involves anticipating and identifying the competencies the Group requires for its increasingly global business even as we continually evolve our approach to meet the needs of an expanding international workforce to contribute to the sustained growth of the Group.

At CAO, employees are our most valuable asset and a key factor in our success. We recognise that employees' motivation and skills are extremely important for the successful development of the Group and we are committed to creating a work environment at CAO that is safe, healthy, engaging and sustainable.

ENGAGING PEOPLE

The CAO corporate culture is characterised by the core values of fairness, integrity, innovation as well as transparency, and we constantly strive to ensure that our global workplace actively fosters respect, inclusion and opportunities for all employees. As the Group moves toward globalised operations, our core values provide the foundation to instill a common identity across the entire group. At all times, we encourage each and every employee to embrace and exemplify our core values in their daily work and lives.

Underscoring the important role employees play in achieving our strategic goals, all new employees are required to undergo a comprehensive orientation programme to familiarise themselves with CAO's core values, organisational profile, core business and operations, human resource, workplace safety and health as well as corporate governance policies. To further engage employees, team-building activities such as weekly health and fitness sessions, participation in sports tournaments and marathons, festive celebrations and corporate volunteering programmes are organised during the year to encourage cross-functional interaction and communication, foster a strong sense of belonging and strengthen cohesiveness amongst employees.

In 2016, to encourage active healthy living, the Group levelled up its Work-Life Balance programme in the Singapore office to support and help employees achieve personal well-being and a balanced lifestyle. Employees are given an hour's time off each week to participate in various healthy lifestyle initiatives, allowing employees to

take time off their busy work commitments to exercise and actively participate in organised sports activities such as running, table tennis and badminton. Employees are also encouraged to use the Group's corporate membership with fitness centres and work out at gymnasium and/or attend fitness classes during lunchtime and after office hours. In addition, fruits are also given out daily to employees as a reminder to eat healthily.

To foster a positive and open workplace culture, the Group utilises multiple channels and platforms to communicate and provide regular updates on the Group's business performance to employees at quarterly town hall meetings, share and disseminate latest corporate development information through the corporate Intranet site – Welink, organise annual team-building activities, conducting regular surveys to solicit feedback and suggestions from employees as well as annual individual dialogue sessions with the CEO.

DEVELOPING A GLOBAL TALENT POOL

In the Group's drive for sustainability development, we continuously seek to attract, engage and retain a competent, motivated and flexible workforce by supporting and providing education, training, career planning and advancement opportunities, to build the right balance of competencies and capabilities to support our 2020 Corporate Strategy.

Underlining our focus on people development and to ensure the internal talent bench remains strong and is continually strengthened, all employees are encouraged and supported for continuing professional development, ensuring that all employees develop to their full potential as well as helping the Group to develop the competencies it needs with increased business activities and to fuel future growth.

Training and skills upgrading opportunities are made available in many forms, including technical-based and soft skills learning and development workshops, seminars and external job specific, professional programmes. Regular "Lunch & Learn" sessions whereby different business functions rotate to educate peers and colleagues over a lunch session to share and pick up cross functional knowledge are also organised to contribute towards a holistic learning experience at CAO.

In addition, talented individuals are encouraged to take responsibility for their own development and to stretch themselves – both within their jobs and through CAO's

People & Community – Human Capital Management

sponsored continuing education programme. In 2016, more than 75% of the CAO workforce attended at least one training and development programme.

To further strengthen CAO's talent pool, heads of business functions and HR actively seek out employees to offer advancement opportunities with different business units, in various functional disciplines across the Group globally. Furthermore, the Group has also put in place a job rotation programme with selected employees seconded to host departments for a period of time to enhance their skills for job or function specific roles.

REWARDING PERFORMANCE

CAO's compensation strategy and HR practices are driven by our competitive positioning in the market and designed to attract and reward talents to sustain the growth of the Group in key markets globally. We strive to position our compensation structure to be aligned with market practices, ensuring that employees receive competitive remuneration and appropriate incentives that reflects their performance. We continually improve on our compensation structure and periodically conduct salary benchmarking, evaluation of organisational structure to build the workforce skills base, safeguard CAO's competitiveness, productivity as well as the capacity for innovation to support the delivery of CAO's 2020 Corporate Strategy.

Valuing all employees, the Group also has in place a performance appraisal system that is constantly enhanced and improved to identify the strategic core competencies for the sustainable growth of CAO. On a bi-annual basis, employees' performance evaluations are conducted to encourage employees and their immediate superiors to discuss and review their annual work objectives and job performance regularly. During these performance

appraisals, any areas of specific achievement and/or needs for improvement are also discussed openly with employees, to support the employee's career progression and ensure the Group's collective success.

DIVERSITY & EQUAL OPPORTUNITIES

The Group recognises that a fair, diversified and inclusive working environment is integral to the success of CAO and that a diverse workforce with specialised, complementary skillsets, ideas and experiences enriches the workplace and enhances business performance. Headquartered in Singapore, the Group's HR practices adhere to the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP") that promotes fair and equitable employment practice. We continue to affirm competitive workplace practices and our HR policies are aligned to the guidelines formulated by TAFEP. CAO upholds this through a variety of measures including non-discriminatory recruitment advertisements, regular performance appraisal for employees, instilling a code of ethics and establishing an appropriate avenue for employee grievances. CAO also supports the Fair Consideration Framework by the Ministry of Manpower, Singapore, with job openings at CAO made publicly accessible at the Jobs Bank administered by the Workforce Development Agency of Singapore.

CAO deploys and promotes all employees in accordance with their competencies, abilities and performance and is committed to give equal opportunities to everyone irrespective of their gender, age, religion and ethnic origin. As at December 2016, the Group's management team gender composition was a 50:50 split between men and women. The group's total headcount was 96 employees worldwide, of which 76 employees were based in Singapore. In Singapore, the gender composition is approximately a 45:55 split between men and women, out



CAO employees enjoying themselves at a team-building event
CAO员工享受团队建设活动带来的乐趣

People & Community – Human Capital Management

of which 45% of the workforce fell within the 30 to 40 age group, 21% of the employees were below the age of 30, with 22% in the 40 to 50 age group and 12% were above 50 years old.

A GLOBAL AND RESILIENT WORKFORCE

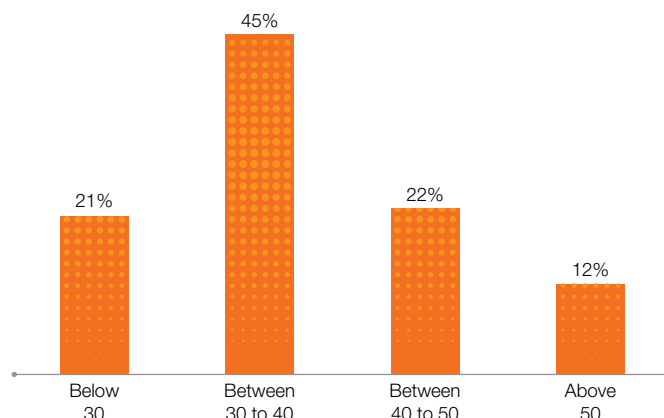
CAO is committed to ensuring optimal conditions for a resilient global workforce, and protecting the health and safety of our employees is a key priority at CAO.

The Group’s Safety, Health & Environment (“SHE”) Policy & Guidelines emphasizes the importance of occupational health and workplace safety in the work environment and serve to instil in all employees a culture of being responsible and practise safe workplace habits. Annual health screenings, pandemic illness updates, mandatory workplace health and safety briefings and fire drills are held regularly throughout the year to create awareness that keeping the workplace and environment safe is of paramount importance to the CAO work culture and to reinforce and promote a robust SHE culture. In addition, CAO also strives to provide a safe and healthy work environment that is non-threatening, with no harassment, assaults and bullying. Proper grievance handling procedures are also in place to ensure all incidents are resolved in a timely and impartial manner.

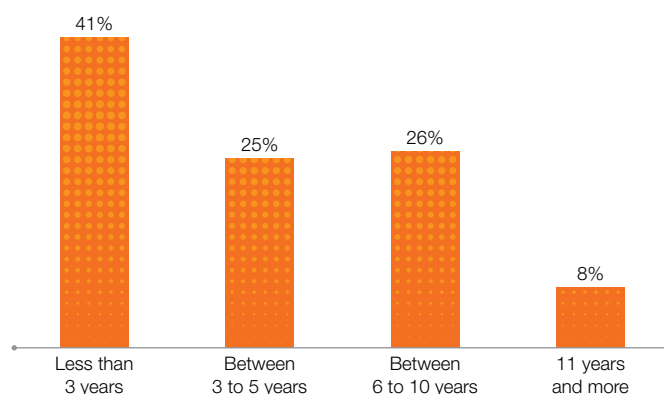
For CAO to uphold the core values of fairness, integrity, innovation as well as transparency, and maintain its high standards and reputation, all employees are expected to upkeep a high standard of integrity in matters of conduct at all times under CAO’s Code of Ethics. We believe that conducting our business dealings in an upright manner is instrumental to the continued growth and success of the Group, and as such demand employees to be mindful and avoid improper circumstances and actions that might give the appearance of wrongdoing which could discredit themselves, co-workers or CAO.

CAO places high priority on safeguarding personal information of individuals. In accordance with the Personal Data Protection Act (“PDPA”) which came into force in 2014, the Group has in place a Personal Data Protection policy set out to safeguard the proper management, use and disclosure of personal data of employees. During the year, the Group reviewed its current PDPA consent form to include a more detailed breakdown on the personal data that would be sought from the employees. With this more comprehensive update exercise on the personal data required for consent, employees are informed and educated on the purpose of the consent and that the Group undertakes considerable measures to protect the privacy of employees. Access to employee data remains limited to only those that have a legitimate business need or to fulfill a legal requirement.

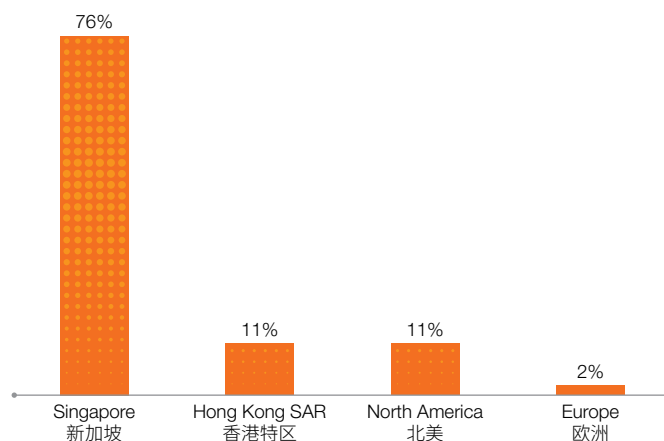
Employees Age Structure
员工年龄结构



Employees by Years of Service
员工服务时间



Employees by Country
员工供职所在国



员工与社区 ——人力资源管理

在公司实现愿景——成为富有创新精神的全球一流运输燃料一体化方案提供商的过程中，人力资源扮演着非常重要的作用。CAO实施与集团2020年战略相挂钩的一体化人力资源战略，包括了解集团进行全球拓展所需要的技术能力，并不断优化人力资源管理方法，满足不断扩大的全球化员工的需求，为集团的可持续发展做出贡献。

CAO的员工是我们最重要的资产，也是成功的关键。我们了解员工的驱动力和技能对集团的成功发展尤为重要，并致力于使我们的工作环境安全、健康、对人才具备吸引力以及具备可持续性。

增加员工参与度

CAO的公司价值观（公平、诚信、创新、透明）深植于公司文化中。我们不断努力，确保我们全球化的工作环境遵守、接纳每位员工，为每个人提供机会。随着集团拓展全球化运营，我们的核心价值观可以确保集团中的每个人都具备相同的基因。我们也鼓励所有员工在工作和生活中实践这些价值观。

我们会意识到员工对实现公司战略目标的重要性，对所有新入职的员工进行全面的入职培训，使他们熟悉CAO的价值观、公司情况、核心业务、人力资源、工作环境的安全和健康以及公司治理政策。为了进一步调动员工积极性，公司有一系列的团队建设活动，如每周的健身活动、体育比赛和马拉松、节日庆祝活动和公司志愿者活动，鼓励跨部门互动和沟通，培养归属感，加强员工的凝聚力。

2016年，为了鼓励积极健康的生活方式，集团在新加坡实施了工作生活平衡计划，鼓励员工追求健康、平衡的生活方式。员工每周可以从忙碌的工作中抽出一个小时，参与公司组织的体育活动，如跑步、乒乓球和羽毛球。我们也鼓励员工使用集团和健身中心签订的集体会员制度，在健身房锻炼身体和/或在午餐时段和下班之后参加健身课程。除此之外，我们还每日向员工派发水果，提醒他们健康饮食的重要性。

为了培养积极开放的公司文化，我们使用不同的渠道和平台与员工沟通，还会在每个季度召开的员工大会上通报集团的业务动向，在公司内网“微联”上分享最新的公司发展情况，组织年度团队建设活动，定期调查了解员工的想法和建议，以及每年和CEO的一对一交流。

发展全球化的人才队伍

在集团可持续发展过程中，我们力求通过支持和提供教育、培训、职业发展和上升渠道，吸引、雇佣和留住人才，打造平衡有效的员工技能经验组合，支持2020年公司战略的实施。

我们强调员工的发展，力求他们不断加强经验技术。因此我们鼓励和支持每位员工的持续专业发展，确保所有员工的潜能得到挖掘，帮助集团打造未来发展应具备的能力，为未来发展做好准备。

我们通过多种形式为员工提供培训和技能升级机会，包括培训硬技术和软技能的研讨会、专题会和外部举行的针对特定工作种类的职业发展项目。我们还会定期举行“午餐学习会”活动，不同部门轮流为同事在午餐时段介绍跨部门知识，构成CAO完整的学习体验。

除此之外，我们鼓励有才能的员工充分挖掘自己的潜力——不论是在工作层面还是通过CAO赞助的持续教育项目。2016年，超过75%的CAO员工参加了至少一个培训项目。

为了进一步加强CAO的人才队伍，部门主管和人力资源部积极为员工提供集团在全球范围的跨部门发展机会。不仅如此，集团还制定了轮岗计划，将挑选出来的员工外派至其它部门一段时间，加强他们的工作技能，熟悉部门角色。

绩效奖励

我们根据CAO的市场地位制定了薪酬战略，旨在吸引和回馈人才，确保集团在全球关键市场的发展。我们的薪酬结构与行业一致，和员工的绩效表现挂钩，使员工享受有竞争力的薪酬和合理的激励。我们不断改进薪酬结构，定期进行行业对标，评估组织结构，打造员工队伍，确保CAO的持久竞争力、效率和创新力，支持CAO2020年公司战略的实施。

集团重视每一位员工，制定并不断改善绩效评估制度，确保集团具备可持续发展的关键竞争力。我们一年两次进行绩效评估，鼓励员工和直属上司讨论工作目标和实际表现。在绩效评估中，主管会与员工讨论需要改进的地方，支持他们的职业发展，使集团和员工共同进步。

多样化和平等机会

我们相信公平、多元化、有包容性的工作环境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，也可以提升业务表现。作为一家总部在新加坡的公司，我们的遵守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，打造公允公平的工作环境。CAO确保按照TAFEP制定的公平就业实践三方指南，并在各方面贯彻执行，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。

员工与社区 ——人力资源管理



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

CAO根据员工的能力和表现决定员工升职，并承诺向所有员工提供平等的机会，无论他们是什么性别、年龄、宗教和种族。截至2016年12月，集团管理层的男女比例为50:50。集团全球员工人数为96，其中76个员工在新加坡。新加坡团队的男女比例为45:55，其中45%的员工在30—40岁年龄区间，21%不超过30岁，22%在40—50岁区间，12%在50岁以上。

稳健的全球化团队

CAO致力于打造稳健的全球化团队，保护员工的健康和安

全是我们的首要任务。集团的安全、健康、环境（“SHE”）政策强调工作和工作场所的安全，并号召所有员工培养安全的工作习惯，在工作场所中对自己的行为负责。公司每年会定期组织体检、流行病通报、强制的工作场所健康和安

全介绍、火灾演习，培养工作场所安全意识，这些对CAO工作文化的形成至关重要。除此之外，CAO还致力于杜绝威胁、骚扰、攻击和恃强凌弱现象，为员工提供一个健康安全的工作环境。CAO也有完善的疏导渠道，确保所有的问题都得到及时公正的解决。

为了让CAO保持核心价值观（公平、诚信、创新和透明）和其行业声誉，所有的员工都应按照CAO的行为道德准则保持高水准的诚信。我们相信诚信经营对集团的持续发展和成功有着重要意义，所以需要员工避免不恰当的、可能会损害他们自身、同事或CAO声誉的行为。

CAO非常重视个人信息的保护。随着新加坡个人信息保护法于2014年生效，CAO制定了个人信息保护政策（“PDPA”），规定员工个人信息的合理管理、使用和披露。本年度，集团回顾了现有的PDPA许可授权表，更具体描述了将从员工收集的信息。随着更完善的披露，员工了解个人信息许可授权的目的，集团也采取了多种方法保护员工的隐私。只有在有合理的商业需要或有法律要求的情况下才可以获得员工信息。

People & Community – Corporate Social Responsibility

At CAO, we take on social responsibility earnestly, and are committed to the communities where we operate, with the Group's corporate social responsibility ("CSR") focused on offering learning opportunities for children and new immigrants as well as supporting environment-related initiatives to create value and a lasting impact on society.

ENGAGING COMMUNITIES

To enhance the well-being of the communities in which we operate, CAO is committed to fostering positive engagement through supporting charitable and social causes we believe in. For the past seven years, CAO has been involved with non-government organisations and community groups including Beyond Social Services' pre-school facility – Healthy Start Child Development Centre ("HSCDC"), in our effort to reach out to less privileged children from Singapore's Bukit Merah and Redhill neighbourhood estates, contributing and supporting educational initiatives to make a difference in the local community.

In 2016, CAO organised a Singapore Garden Festival 2016 fieldtrip in July and brought children from HSCDC on a guided tour where they enjoyed learning about the vibrant and colourful botanical world. The botany-themed event featured a horticulture and artistry garden and flower show which spanned across 9.7 hectares at Gardens by the Bay in Singapore. During the fieldtrip, CAO volunteers also got together with the pre-schoolers in the Learning

Garden to experiment and tinker with spices and plants that we use as food, providing the pre-schoolers a fun experience to play, create and learn through botany-themed activities.

The Group also continued to support the educational needs of the less privileged members of the migrant community through the CAO-Tian Fu Bursary Fund during the year. Besides disbursing funds to students who have excelled academically or come from lower-income families, cash grants were also provided to assist new immigrants working in Singapore to upgrade their skills to enhance their employability and contribution to the Singapore economy. To date, CAO has funded and supported over 120 school-going students and working adults through the Bursary Fund over the past six years.

As part of CAO's strategic CSR focus on education, we continued our support for the International Trading Programme at Nanyang Technological University of Singapore in 2016, contributing S\$50,000 annually to collaborate 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.

CAO is also a long-standing supporter of the SGX (Singapore Exchange) Bull Charge, an initiative that is aimed at empowering communities through financial



CAO volunteers having an enjoyable time with HSCDC pre-schoolers at Singapore Garden Festival 2016
公司志愿者与HSCDC的儿童同游新加坡2016年花园节

People & Community – Corporate Social Responsibility



Award presentation ceremony of CAO-Tian Fu Bursary Fund
CAO-天府会助学金颁发仪式

literacy and promoting sustainable societies. A total of 20 CAO employees participated in the annual charity run. In recognition of CAO's support and our contribution to the annual corporate charity run that raises funds for four charities namely AWWA Ltd, Autism Association (Singapore), Fei Yue Community Services & Shared Services for Charities, CAO was acknowledged as a partnering sponsor in the 2016 event.

CONTRIBUTING TO A SUSTAINABLE GLOBAL ENVIRONMENT

As the Group extends its international presence, we are also conscious of our responsibility to promote environmental consciousness and support conservation efforts in the local communities where we operate.

Since 2013, the Group has actively supported green initiatives and contributed to the conservation of the environment with activities such as tree-planting at Sungei Buloh Wetland Reserve, weeding and removing of wild creepers in the forested areas at Admiralty Park in Singapore and partnering with National Parks Board ("NParks") of Singapore to develop a series of themed educational videos to create awareness of the rich biodiversity in urban Singapore. During the year, CAO continued its collaboration with NParks, to support and sponsor Singapore Garden Festival 2016 ("SGF"), an international biennial garden and flower showcase. Through exhibiting works of the world's top landscape designers, gardeners and floral designers, the horticulture-themed festival aimed to engage and inspire all in Singapore as well as the nation's thriving international community to incorporate greenery into our daily lives. As a SGF corporate sponsor,

CAO also supported the Chinese landscape architect, Mr Yu Kongjian, for his participation in the Landscape Garden competition to showcase leading Chinese landscape design techniques.

In the lead-up to SGF 2016, CAO volunteers actively participated in the Guinness World Record attempt to make the world's largest floral chandelier, an initiative to create awareness and deepen appreciation of floral and fauna amongst the public, stringing together over 60,000 flowers which measured 17 m by 10 m in length with student volunteers, community gardeners and NParks staff. A total of 30 CAO employees participated in this memorable and meaningful event.

COMMITMENT TO SUSTAINABILITY

As the Group strives to become a global top-tier integrated transportations fuels provider, we are conscious of our corporate responsibility to continuously improve and integrate sustainability aspects into our everyday business to ensure the sustainable long-term growth of our core businesses. In support of the environment and the development of clean energy in the global aviation arena, CAO had actively collaborated with airline companies and is set to see its maiden transaction of biojet to a major airline in 2017, further validating its commitment to a sustainable environment. As CAO continues to grow in markets around the world, we remain committed to invest in the health and sustainability of the communities where we live and work, and will continue to collaborate with our stakeholders, focusing on activities where we can have the greatest positive impact in communities globally.

员工与社区 ——企业社会责任

CAO承诺对经营所在的社区承担责任。集团的企业社会责任活动专注于儿童和新移民的教育机会以及环保活动，为社会创造长期价值。

投资社区

为了提高公司经营所在地的福祉，CAO通过支持数家慈善组织和社会团体，积极投资于社会。在过去七年中，CAO与非政府组织和社区团体合作，包括彼岸社会服务的学前儿童分支机构——彼岸社会服务健康起点儿童发展中心（简称“HSCDC”），支持新加坡武吉美拉和红山社区的贫困学前儿童，支持他们的教育，为本地社区做出贡献。

2016年7月，CAO在新加坡2016年花园节期间，组织并带领HSCDC的儿童野外出游，让孩子们了解充满生机、五彩斑斓的植物世界。本次活动在新加坡滨海湾花园中一个占地9.7公顷的园艺艺术花展中心举行。在此次以植物为主题的活动中，CAO志愿者和学前儿童一起认识和学习植物和厨房常见的香料植物，为学前儿童提供了有趣的玩乐、创造和学习体验。

2016年，集团继续通过中国航油-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。截至今日，CAO已经通过助学基金，在过去的六年中帮助了120名学龄儿童和就业人员。

教育是CAO企业社会责任的战略重点。2016年，我们继续为新加坡南洋理工大学的全球贸易项目提供支持，每年捐赠5万新元。通过赞助，CAO和行业中的合作伙伴支持一系列活动，包括为行业培养储备人才，通过交流、研讨会分享行业知识，同时在项目运行期间为学生提供实习机会。

CAO为新交所（新加坡交易所的）Bull Charge公益跑提供长期支持。Bull Charge公益跑旨在培养公众的财务意识，推广社会的可持续发展。2016年共有20名CAO员工参加了一年一度的Bull Charge公益跑，为四家慈善机构筹款——亚洲妇女福利协会、新加坡自闭症协会、飞跃社区服务和慈善共享服务组织。2016年，CAO多年来对公益跑的支持和贡献得到肯定，被冠名为2016年公益跑的合作伙伴。

携手打造可持续的全球环境

随着集团全球化业务的发展，我们有责任推广环保意识，支持本地社区的环保活动。

2013年起，集团积极支持环保活动，参与了双溪布洛湿地保护区的植树活动、新加坡海军部公园的除草活动，并和新加坡公园局携手，制作了一系列主题教育视频，培养公众对新加坡生物多样性的了解和认识。2016年，CAO继续与新加坡国家公园局的合作，支持并赞助2016年新加坡花园节——两年一次的全球花园和花艺展。通过展示全球顶



Bonding with children of HSCDC
与健康起点儿童发展中心的小朋友互动

尖的园林设计师、园艺师和花艺设计师的作品，鼓励和启发新加坡人和在新加坡的外国人将植物融入生活。作为新加坡花园节的赞助商，CAO也支持中国景观设计师俞孔坚参加风景园林设计比赛，展示中国顶尖的园林设计。

在准备2016年新加坡花园节的过程中，CAO志愿者们还参与了打破吉尼斯世界纪录的花朵吊灯制作。花朵吊灯由超过6万朵花朵组成，宽17米，长10米，由学生志愿者、园艺师和国家公园局的员工一同制作，旨在培养和提高公众对花朵和植物的审美情趣。30名CAO员工也参加了此次有意义又难忘的活动。

坚持可持续发展

CAO的愿景是成为富有创新精神的全球一流运输燃料一体化方案提供商。相应地，我们了解自己所承担的企业责任，即应不断加强日常运营的可持续性，确保核心业务的长期可持续增长。为了保护环境、发展清洁能源，CAO积极与航空公司合作，并将在2017年向一家大型航空公司供应首批生物航油，证明了公司对可持续发展的决心。随着CAO的全球化发展，公司致力于投资我们赖以生存和工作的社区，确保其健康发展和可持续性。我们也会继续和利益相关方合作，参与社会活动并努力对全球社区产生积极影响。

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 97</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 98
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 97 and 98</p> <p>Refer to “Board of Directors” Section of the Annual Report</p> <p>Refer to pages 97 to 104</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 103 and 104
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 99</p> <p>Refer to pages 99 and 100</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>(b) What are the specific considerations in deciding on the capacity of directors?</p>	<p>Refer to page 103</p> <p>Not Applicable</p> <p>Refer to page 103</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? (b) Has the Board met its performance objectives?	Refer to page 104 Yes
Independence of Director		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Refer to pages 100 and 101
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. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	None 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 107
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? (b) Please disclose the aggregate remuneration paid to the top five (5) key management personnel (who are not directors or the CEO).	Yes. Refer to pages 107 and 108 Refer to page 107

Corporate Governance at a Glance

Guideline	Questions	How has the Company complied?
Disclosure on Remuneration (continued)		
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	None. Refer to page 107
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Refer to pages 107 and 108
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Refer to Page 108
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Refer to page 105
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Internal audit function is outsourced. Refer to page 110
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 111
	(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 111

Corporate Governance at a Glance

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls (continued)		
Guideline 12.6	<p>(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.</p> <p>(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.</p>	<p>Refer to page 166 of the Annual Report</p> <p>The Audit Committee undertook the review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit services provided by their Financial Advisory Services team and the fees paid to them. The non-audit fees which represented more than fifty per cent. (50%) of the total annual audit fees, mainly comprised due diligence services and pricing support services in connection with a proposed acquisition project. The external auditors had evaluated the scope of the non-audit services prior to the commencement of the engagement for the provision of non-audit services and had concluded that the non-audit services were permissible under the independence requirements set out in the Code of Professional Conduct and Ethics of Accountants (Public Accountants) Rules. In addition, additional safeguards were put in place by the external auditors to reduce the threat of independence to an acceptable level.</p> <p>Having considered the foregoing, the Audit Committee is satisfied with the independence of the external auditors.</p>
Communication with Shareholders		
Guideline 15.4	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p>	<p>Yes. Refer to pages 115 and 116</p> <p>Yes. Refer to page 115</p> <p>Refer to pages 115 and 116</p>
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not Applicable

Statement of Corporate Governance

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

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

We confirm that throughout the financial year ended 31 December 2016 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 2016 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.

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

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

The Board believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives which will include: (i) driving better business performance and results; (ii) making corporate governance more effective; (iii) ensuring higher quality and responsible decision making capability; (iv) ensuring sustainable growth and development of the CAO Group; and (vii) enhancing corporate reputation and investor relations by establishing the Company as a responsible corporate citizen.

Statement of Corporate Governance

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

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

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

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

Some of the businesses that the Board transacts include:

- (a) setting, reviewing and approving corporate strategies, annual budgets and financial plans;
- (b) reviewing the adequacy and integrity of the Company's internal controls, risk management systems, financial reporting systems and monitoring the performance of the CAO Group and the Management;
- (c) ensuring that the CAO Group and Management comply with all laws, regulations, policies, directives, guidelines and internal code of conduct;
- (d) considering and approving the nominations of suitable candidates to the Board of Directors; and
- (e) ensuring accurate, adequate and timely reporting to, and communication with shareholders.

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

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

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

During the year, a review and assessment on the adequacy of the terms of reference of each of the Board Committees had been undertaken. The terms of reference of each of the Board Committees had been fine-tuned to better align with the requirements of the 2012 Code and the CAO Corporate Governance Policy.

Statement of Corporate Governance

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).

Meetings of the Board and Board Committees: The Board met four (4) times in 2016. At these scheduled quarterly Board meetings for the financial year 2016, the Board: (i) reviewed and approved the release of the quarterly and full-year financial 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 meetings of Board and Board committees are allowed under the Company's Constitution. The number of meetings of the Board and Board Committees held in 2016 as well as the attendance of each Board member at these meetings are disclosed below:

Name of Director	Board Meetings	Board Committee Meetings				Independent Directors' Meeting
		Audit	Nominating	Remuneration	Risk Management	
Lin Wanli ⁽¹⁾	4	N.A.	N.A.	N.A.	N.A.	N.A.
Wang Kai Yuen	4	5	1	2	N.A.	1
Meng Fanqiu	4	N.A.	N.A.	N.A.	N.A.	N.A.
Ang Swee Tian	4	5	1	2	4	1
Felipe Arbelaez	4	5	N.A.	N.A.	4	N.A.
Li Runsheng	4	5	1	2	N.A.	N.A.
Luo Qun	4	N.A.	1	2	N.A.	N.A.
Bella Young Pit Lai	4	N.A.	1	2	N.A.	N.A.
Zhao Shousen	4	5	N.A.	N.A.	4	N.A.
Number of Meetings Held	4	5	1	2	4	1

Note:

⁽¹⁾ Mr Lin Wanli resigned as a Non-Executive, Non-Independent Director and Chairman of the Board on 6 February 2017. Dr Xi Zhengping, a CNAF-nominee Director, was appointed as a Non-Executive, Non-Independent Director and Chairman of the Board on 6 February 2017.

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

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

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

Statement of Corporate Governance

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 "Current Aviation Landscape and Trends" conducted by Deloitte & Touche LLP; (ii) a Board Information Session relating to "Aviation Fuel Supply Chains and Models" conducted by eJet International Limited; (iii) a Board Information Session on "Board Leadership-Insights Into How Best Managed Singapore-Listed Boards Are Run" and "Latest Board Leadership and Governance Trends" curated in collaboration with the Singapore Institute of Directors and jointly conducted by PricewaterhouseCoopers Singapore and WongPartnership LLP; and (iv) attendance at a seminar on "Of Enron, Entanglement and Enlightenment" organised by 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.

Board Composition and Balance

Principle 2

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

Commentary

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

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.

Statement of Corporate Governance

The Nominating Committee carried out the review on the independence of each Non-Executive Director in September 2016 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.

Under the 2012 Code and in accordance with the CAO Corporate Governance Policy, the Nominating Committee is tasked with the responsibility to undertake a "particularly rigorous review" of a director's independence after he or she has served on the Board for a continuous period of nine (9) years or longer term from the date of his or her first appointment. If the Nominating Committee decides to regard such a director independent, the Nominating Committee shall disclose its explanation in the Company's annual report. As of the date of this report, Independent Directors namely, Dr Wang Kai Yuen and Mr Ang Swee Tian, each held office for a term of slightly under nine (9) years. Notwithstanding that none of the Independent Directors of the Company have been appointed for more than nine (9) years as at the time of the Nominating Committee's review on the independence of each non-executive Director of the Company, and as a matter of good corporate governance practice, the Form of Directors' Declaration relating to the Director's Independence had been modified to include two (2) additional questions which were intended to facilitate the Nominating Committee's assessment of the independent status of any long-tenured Independent Directors of the Company. These questions require Independent Directors of the Company to consider and provide their inputs and/or comments reaffirming their ability to make unfettered independent business judgements.

Each of Dr Wang Kai Yuen and Mr Ang Swee Tian had continued to express his individual viewpoints and objectively scrutinised and sought clarifications from Management as he considered necessary, including through direct access to the employees, external auditors and internal auditors of the CAO Group. The Board accepted the Nominating Committee's view and affirmed the independence of these Directors.

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

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

Considering that the Chairman of the Board is not an Independent Director of the Company, the Nominating Committee had reviewed the composition of the Independent Directors on the Board and had considered the possibility of increasing the independent element of the Board to comply with the requirements of the 2012 Code.

The rationale of Guideline 2.2 of the 2012 Code is basically intended to prevent any major shareholder from dominating the decision-making process of the Board where the Chairman of the Board and the Chief Executive Officer are both nominated by the same major shareholder. The composition of the Board of Directors of the Company presently comprises representatives from its two (2) major shareholders namely, CNAF and BP. As such, there already exists an appropriate level of checks and balances in the management and operation of the Company via the Shareholders' Agreement. In addition, the Company had appointed the Lead Independent Director, who is also concurrently the Deputy Chairman of the Board.

Hence, considering that the safeguards for a balanced Board are already in place and in view of the recent changes to the senior management personnel of CNAF, it is likely that the present Board composition of the Company will be maintained for the foreseeable future.

Statement of Corporate Governance

Chairman and Chief Executive Officer

Principle 3

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

Commentary

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

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

The Chairman 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, without the presence of the other Directors, to discuss any matters relevant to the CAO Group, such as its investment criteria, risk management and internal controls, risk appetite and risk tolerance, performance of management, Board communication and performance, and strategic issues. Led by the Deputy Chairman/Lead Independent Director, the Independent Directors of CAO held their meeting on 8 December 2016. Key issues discussed by the Independent Directors of CAO included the "Code of Corporate Governance 2012", "Flow of Information between Management and the Board" and "Recap of CAO 2020 Strategy".

Board Membership

Principle 4

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

Commentary

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

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.

Statement of Corporate Governance

The responsibilities of the Nominating Committee include:

- (a) the review of the structure, size and composition of the Board and the Board Committees;
- (b) the review of the succession plans for the Board Chairman, Directors and Chief Executive Officer;
- (c) the development of a transparent process for evaluating and the performance of the Board, its Board Committees and Non-Executive Directors, including assessing whether the non-executive Directors are able to commit enough time to discharge their responsibilities and the maximum number of listed company Board representations which a Director may hold;
- (d) the review of the training and professional development programmes of the Board;
- (e) the appointment and re-appointment of all Directors (including alternate Directors, if any);
- (f) the review and confirmation of the independence of each Director; and
- (g) the review of the management structure of key operating subsidiaries of the Company and evaluation of the performance of key management personnel of these key operating subsidiaries, as and when proposed by any Director.

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

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

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

- (i) where the individual also holds a full-time executive position; and
- (ii) where the individual is a full-time independent director.

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

Retirement by Rotation and Re-election of Directors: Pursuant to Article 91 of the Company’s Constitution, one-third of the members of the Board of Directors shall retire by rotation at every annual general meeting of the Company (the “**AGM**”) and these Directors may offer themselves for re-election, if eligible. For the 23rd AGM to be held on 18 April 2017, Dr Wang Kai Yuen, Mr Ang Swee Tian and Mr Li Runsheng are due for retirement by rotation and would be eligible for re-election.

Statement of Corporate Governance

The Nominating Committee has recommended and the Board agreed that Dr Wang Kai Yuen, Mr Ang Swee Tian and Mr Li Runsheng, the Directors retiring by rotation under Article 91, be nominated for re-election at the 23rd AGM.

In accordance with Article 97 of the Company's Constitution, Dr Xi Zhengping who was appointed as a Non-Executive Director and Chairman of the Board on 6 February 2017 will hold office as Director until the next annual general meeting of the Company and will be eligible for re-election under Article 97 at the 23rd AGM.

The Nominating Committee has recommended and the Board agreed that Dr Xi Zhengping be nominated for re-election under Article 97 at the 23rd AGM.

Board Performance

Principle 5

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

Commentary

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

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

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

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

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

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.

Statement of Corporate Governance

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) 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 CAO and the CAO Group. The Management provides the Directors with monthly updates on the operational and financial performance of the CAO Group, and also responds to regular questions from the Board or individual Directors in a timely manner.

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

All Board members have direct access to and the advice and services of the Company Secretary. The Company Secretary attends the meetings of the Board and Board Committees 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 CAO 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.

Statement of Corporate Governance

Commentary

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

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

Remuneration Committee

Wang Kai Yuen	Chairman
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 Executive Directors and key management personnel of the Company.

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

Broadly, remuneration for the CEO/ED and five (5) key management personnel for the financial year ended 31 December 2016 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 Board 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 a 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 CAO and the CAO Group.

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

- a. Each director will receive a base fee (the "**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 2016 are set out below:

Name of Director	Fee S\$	Basic/Fixed Salary and Allowance S\$	Variable/ Performance Bonus S\$	Others S\$	Long-Term Incentives S\$	Total S\$
Executive						
Meng Fanqiu ⁽¹⁾ (CEO/ED)	0	570,518	119,808	0	0	690,326
Non-Executive						
Lin Wanli ⁽²⁾	87,080	0	0	0	0	87,080
Wang Kai Yuen (Deputy Chairman/Lead ID)	145,134	0	0	0	0	145,134
Ang Swee Tian	101,595	0	0	0	0	101,595
Felipe Arbelaez	87,081	0	0	0	0	87,081
Li Runsheng	79,824	0	0	0	0	79,824
Luo Qun	58,054	0	0	0	0	58,054
Bella Young Pit Lai	58,054	0	0	0	0	58,054
Zhao Shousen	72,568	0	0	0	0	72,568

⁽¹⁾ The total remuneration of Mr Meng Fanqiu shown above includes the 2015 variable bonus paid during the financial year 2016 and excludes the 2016 variable bonus payable for the financial year 2016. The quantum of the said 2016 variable bonus is being considered by the Remuneration Committee and will be decided and recommended for the Board's endorsement during the financial year 2017.

⁽²⁾ Mr Lin Wanli resigned as Chairman/Non-Independent Director on 6 February 2017 following his resignation as Director and Party Secretary of CNAF.

The remuneration of five (5) key management personnel (who are not also Directors) for the financial year ended 31 December 2016 are set out below:-

Remuneration Bands	Name of Key Management Personnel	Base/Fixed Salary (%)	Variable Bonus (%)	Allowances & Other Benefits (%)	Long-Term Incentives (%)	Total (%)
S\$500,000 – S\$750,000	Jean Teo ⁽¹⁾	68	32	0	0	100
S\$250,000 – S\$500,000	Wang Chunyan ⁽¹⁾	83	17	0	0	100
	Tee Siew Kim ⁽¹⁾	78	22	0	0	100
	Elizza Ding ⁽²⁾	77	23	0	0	100
	Owen Wong ⁽²⁾					
Total Remuneration of five (5) key management personnel		S\$2,255,141				

⁽¹⁾ The remuneration disclosed includes the 2015 variable bonus paid during the financial year 2016 and excludes the 2016 variable bonus payable for the financial year 2016. The quantum of the said 2016 variable bonus is being considered by the Remuneration Committee and will be decided and recommended for the Board's endorsement during the financial year 2017.

⁽²⁾ The remuneration disclosed comprises secondment fees paid to BP Singapore Pte Ltd ("BPS") pursuant to a secondment agreement between CAO and BPS.

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 2016. "immediate family member" means the spouse, child, adopted child, step child, brother, sister and parent.

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

Statement of Corporate Governance

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

Basic Salary/Fixed Salary – The basic salary/fixed salary (including the compulsory employer contribution to an employee's Central Provident Fund) reflects the market worth of the job but varies with responsibilities, qualifications and the experience that the individual brings to the role.

Variable/Performance – The CAO Group operates a bonus scheme for all employees including the CEO/ED. The criteria for the bonus scheme are the level of profit achieved from certain aspects of the CAO Group's business activities against targets, together with an assessment of the Company's and individual's performance during the year. The remuneration disclosed above for the CEO/ED and the five (5) key management personnel included the 2015 variable bonuses paid in relation to profit targets achieved for the Company's oil trading activities during the financial year 2015.

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

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10

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

Commentary

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

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

In early 2016, the Board established an external audit policy (the "**CAO External Audit Policy**") which provides guidance on the application of the 2012 Code as well as CAO Corporate Governance Policy in relation to the provision of external audit services for the CAO Group.

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

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

In line with the SASAC Rotation Requirement and CAO External Audit Policy, the Audit Committee recommended a rotation of the Company's external auditors, KPMG LLP ("**KPMG**") which had been retained for five (5) consecutive full-year audits, to enable the Company to benefit from fresh perspectives and views of another professional audit firm and for the Company to further enhance value of the audit.

Statement of Corporate Governance

In connection with the foregoing, KPMG communicated to the Company that they would not seek re-appointment as the auditors of the Company for the financial year 2016 at the 22nd AGM. At the 22nd AGM, Deloitte & Touche LLP (“**Deloitte**”) were appointed as the auditors of the Company in place of KPMG.

During the financial year 2016, the Board, through the Audit Committee, Deloitte and internal auditors, BDO LLP (“**BDO**”), scrutinised Management’s conduct of CAO and the CAO Group’s business processes and financials. Each area of CAO and the CAO Group was audited on an ongoing basis to ensure that CAO and the CAO Group maintain good corporate practices and governance and financial integrity.

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

The Risk Management Committee is responsible for, among others:

- (i) setting the limits for various types of risks, such as market, credit, operational, compliance and reputation risks;
- (ii) approving new activities that the CAO Group plan to embark on; and
- (iii) overseeing the risk management practices of the CAO Group.

The Risk Management Department of the Company ensures that the risk management activities have been executed daily. The Risk Management Department is responsible for, among others:

- (i) ensuring that risk management activities have been executed daily; and
- (ii) all risk-related policies, processes and limits are implemented and adhered to.

The Head of the Risk Management Department, a BP-seconded, reports directly to the Risk Management Committee. The Risk Management Committee had delegated the day-to-day management of the risks of CAO and the CAO Group to the Company Risk Meeting, which operates within the delegated authority set by the Risk Management Committee from time to time. The Company Risk Meeting comprises the Head of Risk Management, senior Management and relevant functional heads (i.e. from Trading, Operations, Finance and Legal), and meets once a month as well as on an ad hoc basis when required. The Chairman of the Company Risk Meeting, who is the Head of Risk Management, directly reports to the CEO/ED but also has an independent direct reporting line to the Risk Management Committee.

The Risk Management Report is found on page 74 of the Annual Report.

Statement of Corporate Governance

Following the enlargement of the scope of duties and responsibilities of the Audit and Internal Control Department of the Company to include the compliance function in March 2016, the Audit and Internal Control Department of the Company was renamed as "Compliance and Internal Audit Department" .

The key responsibilities of the Compliance and Internal Audit Department include inter alia:

- (1) review and evaluate compliance issues across the CAO Group;
- (2) monitor new and existing laws and regulations as well as keeping abreast of the status of all relevant compliance activities;
- (3) act as a channel of communication between compliance investigators and concerned parties;
- (4) set policies and periodic checks to prevent any unethical or illegal conduct within the CAO Group;
- (5) respond to violation of regulations, policies, rules and standards of conduct within the CAO Group;
- (6) coordinate compliance activities such as providing training to staff of the CAO Group;
- (7) oversee the annual internal audit for the CAO Group, which includes preparing of internal audit schedule including short/long term audit plans, reviewing the annual/quarterly internal audit report to Management and Audit Committee Board level;
- (8) integrate and establish the CAO Group's internal control framework, policies, processes and systems across the Company, its subsidiaries and associates;
- (9) facilitate, involve and assist the CAO Group functional heads in formulating policies, operational processes and systems. Ensure that the policies, processes and systems are efficient in implementation and aligned with regulatory requirement;
- (10) establish and maintain the CAO Group's Business Continuity Plan;
- (11) establish and carry out ongoing review of the CAO Group's SOP's templates to ensure proper departmental ownership of each of the processes and changes; and
- (12) evaluate system of internal controls for new projects and business activities and analyse the impact of such activities on the CAO Group. Where necessary, to provide recommendation and develop programs for improvement.

The Head of Compliance and Internal Audit reports directly to the CEO/ED. The Head of Compliance and Internal Audit will report directly to the Audit Committee for important matters or concerns relating to the system of internal controls of the CAO Group. The Internal Audit function is currently outsourced. The Internal Audit function reports directly to the Audit Committee.

With the assistance of the Audit Committee and the Risk Management Committee, the Board reviews the adequacy and integrity of those control systems from time to time.

Corporate Policy on Anti-Money Laundering Measures, including the appointment of an Anti-Money Laundering Compliance Officer, together with other trading related policies such as Out-of-Office Dealing policy, Telephone Taping/Instant Messaging/Mobile Phone policy, Deal Entry policy, CAO Group Trade Sanctions Policy and CAO Group Corporate Guarantee Policy had been endorsed by the Risk Management Committee and relevant departments had also been mandated with the responsibility to oversee the adoption of the aforesaid policies in their practices, processes and operations.

As discussed under Principle 13, the internal audit function of the CAO Group which is outsourced to BDO assists the Audit Committee and the Board in evaluating the internal control systems and processes, financial and accounting matters, compliance and business and financial risk management. The Audit Committee's responsibilities in the CAO Group's internal controls are complemented by the work of the outsourced Internal Auditors, BDO, the Compliance and Internal Audit department, the Risk Management department and the Legal department.

Statement of Corporate Governance

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 addition, BDO which had been engaged to conduct a review of the internal control systems and processes of the CAO Group will highlight any internal control weaknesses which have come to their attention in the course of their review. Any such audit findings noted during the audit by external auditors or internal control weaknesses noted during the review by BDO, and recommendations in relation thereto, if any, by the external auditors and BDO respectively, are reported to the Audit Committee.

The CEO/ED and Chief Financial Officer ("**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 auditors and external auditors, and reviews performed by management and various Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the CAO Group's system of internal controls addressing financial, operational, compliance, information technology controls and risk management systems, were adequate as at 31 December 2016 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.

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

Statement of Corporate Governance

Roles of the Audit Committee: The Audit Committee held five (5) meetings in 2016 where (i) it met with external auditors and internal auditors to review both CAO and the CAO Group's financials and audit reports; and (ii) the proposed change of external auditors was discussed. 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 auditors 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' plans and external auditors' plans to ensure that these 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 CAO or the CAO Group to attend its meetings. The Audit Committee has full access to both external auditors 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 AGM held in April 2016, and conflict of interest situations including transactions, procedures or actions taken which may raise issues about the Management's integrity.

The Audit Committee also evaluates the scope and results of internal audit reports as well as Management's responses to the findings of the internal audit reports. For further discussions about internal audit, please see section (D) INTERNAL CONTROLS.

The Audit Committee has also conducted an annual review of non-audit services and is satisfied that the nature and extent of such services provided by Deloitte will not prejudice their independence and objectivity before confirming their re-nomination.

The Board had proposed to appoint Deloitte as the new auditors of the Company in place of retiring auditors, KPMG from the financial year 2016.

On 24 January 2017, the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and SGX-ST issued a joint letter to Audit Committees regarding providing a commentary on the Audit Committee's views on significant financial reporting matters, including the Audit Committees perspectives on the key audit matters reported by the external auditors.

In the review of the financial statements, the Audit Committee considered the adequacy of the CAO Group's system of internal control in conjunction with the Risk Management Committee's monitoring of risks relating to trading activities and compliance with applicable laws and regulations. The Audit Committee has discussed with management and the external auditors the accounting principles that were applied, and assessed the significant accounting and reporting issues that arose in relation to the CAO Group's 2016 Consolidated Financial Statements. In the review of key audit matters requiring judgment that might affect the integrity of the Financial Statements, the Audit Committee discussed with the Management and received inputs from the external auditors.

Statement of Corporate Governance

Below is Audit Committee's commentary on the key audit matters as identified by the external auditors:

Key Audit Matters identified by the External Auditors in the Independent Auditor's Report	Audit Committee's commentary on its review of the Key Audit Matters and decisions made
<p>Revenue recognition</p> <p>The external auditors identified the recognition of revenue and purchases as an area of risk primarily due to:</p> <ul style="list-style-type: none"> Complexity in the timing of recognition for trades with deliveries occurring on or around year end as a result of the extent of CAO Group's distribution network and varying shipping terms with customers; and Risk of potential deliberate misstatement of the CAO Group's trading position by failing to report the trades entered or failing to record the trades accurately or on a timely basis, particularly for those over-the-counter trades. <p>Please refer to page 124 of the Independent Auditor's Report for details.</p>	<p>The Audit Committee regularly discussed with the Management and the external auditors on the standard operating procedures and controls in place to ensure reasonableness regarding timeliness, completeness and accuracy of accounting records and reporting. The Audit Committee together with Risk Management Committee considered the reasonableness of controls in place to prevent unauthorised trading activity. The Audit Committee has obtained and reviewed a transactional pipeline workflow report. Audit Committee reviewed external auditor's reports outlining the audit work performed and conclusions reached in respect of the risk identified and noted that there is no significant matters highlighted by the auditors in this aspect.</p>
<p>Valuation of derivatives, trading inventories and open physical contracts</p> <p>The external auditors identified the valuation of derivatives, trading inventories and open physical contracts as an area of risk due to:</p> <p>The valuation of derivatives, trading inventories and open physical contracts requires significant management judgment in applying appropriate valuation methodology and incorporating of any contract specific terms including the use of valid and appropriate price index.</p> <p>Please refer to page 124 of the Independent Auditor's Report for details.</p>	<p>The Audit Committee and Risk Management Committee received regular briefings on the CAO Group's trading risk, controls and compliance. The internal auditors also conducted a review of the Company's system of internal controls and no significant observations were noted. The Audit Committee considered the reasonableness of the controls in place over the valuation of derivatives, trading inventories and open physical contracts. The Audit Committee evaluated and was satisfied that the valuation methodology and inputs used in the valuation were reasonable.</p>

The Company has put in place a suitable whistle blowing policy and procedure, by which staff of the CAO Group as well as other persons such as suppliers of the CAO Group (the "**Stakeholders**") may, in confidence, raise genuine concerns about possible improprieties regarding financial reporting or other matters (the "**CAO Whistle-Blowing Policy**"). The CAO Whistle Blowing Policy provides for an anonymous channel to Stakeholders to raise any such concerns to the Company without fear of reprisal. Any such concerns raised will be investigated at the discretion of the Investigating Committee set up under the CAO Whistle-Blowing Policy.

In this regard, a summary of the CAO Whistle Blowing Policy can be accessed from the Company's external website and a dedicated email address whistle_blowing@caosco.com for persons to report concerns pertaining to any form of misconduct affecting the CAO Group, its customers, partners, suppliers and other stakeholders, had been disclosed in its website. Once an email has been received at the email address set out above, an investigating committee will be responsible for investigating the concern raised.

Statement of Corporate Governance

The Company had established and implemented the Crisis Management and Business Continuity Plan, Fraud Control Plan and an Enterprise Risk Management Framework and Process. The Crisis Management and Business Continuity Plan provides the CAO Group with a structured process for limiting the intensity or impact of negative threat or event to its employees, products, services, investments, financial stability and reputation. The Fraud Control Plan comprises periodic fraud risk assessments on the Company which is subject to review from time to time. The Enterprise Risk Management Framework and Process ensures that the Company has a structured approach and framework to regularly assess its enterprise-wide risks. Enterprise Risk Assessments are conducted on a regular basis to identify and deliver an inventory of key risks for the Company and to develop a list of key risk indicators that can help the Company monitor and mitigate its key risks.

In addition, other existing policies, internal guidelines and/or processes and procedures have been put in place by the Company and these include the Strategy and Investment Governance Standards & Strategy and Investment Governance Committee, IT Policy & Practice, Jet Fuel Marketing Policy and Safety, Health and Environment Policy.

The Company has put in place an employee handbook which includes a code of business conduct and ethics for employees.

Internal Audit

Principle 13

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Commentary

Both the Board and the Audit Committee agree that it is important to have a strong professional internal audit function to enhance their ability to manage risk and safeguard shareholders' interest. It has been determined that the best approach is to engage independent professional auditors to discharge this function and as 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 2017 to the Audit Committee. The Audit Committee adopted the internal audit plan for 2017.

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.

(D) 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.

Statement of Corporate Governance

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 2016 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.

In order to: (i) cultivate wider investing public's familiarity with the CAO Group; (ii) increase global awareness and appreciation of CAO's business strategy, corporate developments, growth strategies and financial performance; and (iii) enhance the quantity and quality of analysts' research, CAO expanded its channels of communication with the international investment and financial community. Increased interactions were conducted through international conferences, face-to-face meetings, teleconferences, earnings briefings and corporate access events which were webcast globally across international financial markets. 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 correspondences and telephone calls as well as participation in investor conferences. During the year, the Company also participated in several corporate profile seminars for both retail and institutional investors, including investor education seminar organised by the Singapore Exchange.

As part of our efforts to maintain regular communication with our shareholders as well as the investment community, CAO's Corporate Access Day 2016 which was held on 26 September 2016 to an audience of about 300 persons on the topic "Risk Management in CAO", comprising analysts, the media and members from the investment community, helped relay CAO's robust corporate governance and risk management framework to investors. The event was also webcast internationally to overseas financial markets through CAO's corporate website. CAO aims to hold its Corporate Access Day annually to provide our shareholders and the investment community a deeper insight into key facets of CAO's businesses and corporate strategy as well as an update on CAO's roadmap as it envisions to becoming a global transportation fuels provider.

The Company also engages the media and investment community through news releases and half yearly media/analysts briefings after each announcement of the CAO Group's financial results.

Statement of Corporate Governance

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.

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, internal auditors and the Company Secretary are present to respond to shareholders' questions.

Where there are items of special business to be transacted at the AGM, comprehensive explanatory notes will be sent together with the notice of the AGM.

Each issue or matter requiring the approval of shareholders of the Company is submitted as a single item resolution. To ensure transparency, the Company conducts electronic poll voting for shareholders/proxies present at the meeting for all the resolutions proposed at the general meeting. Votes cast for or against and the respective percentages on each resolution will be tallied and displayed live on screen immediately at the general meeting. The total number of votes cast for or against the resolutions and the respective percentages are also announced after the general meeting via SGXnet.

The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and the 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 the Management matters affecting the Company after the general meetings.

The Constitution of the Company can be accessed from the Company's external website.

Dividend Policy

The dividend policy of the Company (the "**CAO Dividend Policy**") sets out the guiding principles for dividend distribution by the Company (the "**Guiding Principles**"). The Guiding Principles included inter alia, maintaining a consistent baseline dividend payout ratio which constitutes 30 percent of the Company's annual consolidated net profits attributable to shareholders commencing from the financial year 2016.

Statement of Corporate Governance

In approving or reviewing a dividend policy or making its recommendations on the timing, amount and form of any future dividends, the Board takes into consideration, among others:

- (a) the expected future capital requirements and growth opportunities available to the CAO Group;
- (b) net earnings of the CAO Group; and
- (c) any regulatory approvals and/or where applicable, approvals required from third parties (e.g. banks and other financial institutions) as appropriate.

A summary of the CAO Dividend Policy can be accessed from the Company's external website.

DEALINGS IN THE COMPANY'S SECURITIES

In line with the recommended best practices on dealings in securities set out under Rule 1207(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 20 April 2016 (the "**IPT Mandate**"). The IPT Mandate sets out the levels and procedures to obtain approval for such transactions. Information regarding the IPT Mandate is available on the Company's website at www.caosco.com. All business units are required to be familiar with the IPT Mandate and report any such transactions to the Finance Department. The Finance Department keeps a register of the CAO Group's interested person transactions.

Information on interested person transactions for 2016 is found under "Supplementary Information" on page 177.

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 is subject to biennial review by an independent external reviewer with appropriate experience in corporate governance and risk management processes.

With the assistance of BDO, the Company conducted a review of the Company's system of internal controls (the "**Review of System of Internal Controls**"). Based on the findings from the Review of System of Internal Controls, the Company was generally in conformity with Committee of Sponsoring Organizations of the Treadway Commission ("**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 perform such other duties and responsibilities as the Board may determine from time to time.

Duties and Responsibilities

In addition to the duties of Board members as set forth in the 2012 Code, the specific duties and responsibilities of the Lead Independent Director shall be as follows:

Function as Principal Liaison with the Chairman and Senior Management

- Act as the principal liaison between the Independent Directors of the Company and the Chairman of the Board, and between the Independent Directors of the Company and senior management.

Call Meetings of Independent Directors

- Has the authority to convene meetings, as appropriate, among the Independent Directors of the Company and to ensure that Independent Directors have adequate opportunities to meet and discuss issues in sessions of the Independent Directors without the presence or participation of management.

Preside at Meetings

- Preside at any meetings held among the Independent Directors of the Company.

Approve Appropriate Provision of Information to the Board and the Board Committees

- Review the quality, quantity and timeliness of the information submitted to the Board and Board Committees.
- Advise and assist the Chairman on the meeting agenda items.
- Advise the Chairman and facilitate Board's approval of the number and frequency of meetings of the Board and Board Committees (including any special meetings of the Board) as well as meeting schedules to ensure that there is sufficient time for discussion of all agenda items.

Initiate Actions to Address any Concerns on Corporate Compliance Matters

- Has authority to initiate actions, for and on behalf of the Independent Directors of the Company, to address any concerns on corporate compliance matters including the engaging of external advisers and consultants, even at the displeasure of the Management or majority shareholders of the Company.

Function as Principal Liaison in Shareholder Communication

- Respond directly to the shareholders of the Company, questions and comments that are directed to the Lead Independent Director or to the Independent Directors of the Company as a group, with such consultation with the Chairman of the Board and the other Non-Independent Directors, as the Lead Independent Director may deem appropriate.

FINANCIAL STATEMENTS

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Directors' Statement

The Board of Directors is pleased to submit this annual report to the members of China Aviation Oil (Singapore) Corporation Ltd (the "Company") together with the audited financial statements for the financial year ended 31 December 2016.

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 127 to 176 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 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

Xi Zhengping	Chairman (Appointed on 6 February 2017)
Wang Kai Yuen	Deputy Chairman/Lead Independent Director
Meng Fanqiu	Chief Executive Officer/Executive Director
Ang Swee Tian	
Felipe Arbelaez	
Li Runsheng	
Luo Qun	
Bella Young Pit Lai	
Zhao Shousen	

* Mr Li Wanli resigned as Chairman/Director of the Company on 6 February 2017.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors who held office at the end of the financial year had interests in shares of the Company, or of related corporations either at the beginning or at the end of the financial year except as follows:

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 1 January 2016	At 31 December 2016	At 1 January 2016	At 31 December 2016

The Company

Wang Kai Yuen

– Ordinary shares	57,600	57,600	120,000 ⁽¹⁾	120,000 ⁽¹⁾
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Ang Swee Tian

– Ordinary shares	110,000	110,000	–	–
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⁽¹⁾ Held by Wang Kai Yuen's spouse.

Directors' Statement

DIRECTORS' INTERESTS (continued)

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2017.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, except as disclosed above.

AUDIT COMMITTEE

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 Companies Act, Chapter 50, the SGX Listing Manual, the 2012 Code of Corporate Governance and the Corporate Governance Policy of the Company.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company and the integrity of financial reporting of the Group and the Company (including the accounting principles) prior to their submission to the directors of the Company for approval;
- internal auditors' plans to ensure that the plans adequately cover, in particular, significant internal controls of the Group and the Company relating to the financial, operational, compliance, information technology controls and risk management systems;
- external auditors' plan to ensure that the plan adequately covers the audit of the statutory financial statements of the Group and the Company; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

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

The Audit Committee has recommended to the Board of Directors the appointment of Deloitte & Touche LLP as the independent auditors of the Company at the forthcoming Annual General Meeting of the Company.

Directors' Statement

INDEPENDENT AUDITORS

Deloitte & Touche LLP has expressed its willingness to accept re-appointment as the independent auditors of the Company.

In appointing the auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

On behalf of the Board of Directors

Wang Kai Yuen

Deputy Chairman & Lead Independent Director

Meng Fanqiu

Chief Executive Officer/Executive Director

15 March 2017

Independent Auditor's Report

To the Members of China Aviation Oil (Singapore) Corporation Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of China Aviation Oil (Singapore) Corporation Ltd (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, the consolidated statement of profit or loss, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 127 to 176.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

To the Members of China Aviation Oil (Singapore) Corporation Ltd

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matters

Revenue recognition

Recognition of revenue and purchases have been identified as a risk primarily due to:

- complexity in the timing of recognition for trades with deliveries occurring on or around year end as a result of the extent of the Group's distribution network and varying shipping terms with customers; and
- risk of potential deliberate misstatement of the Group's trading positions by failing to report the trades entered or failing to record the trades accurately or on a timely basis, particularly for those over-the-counter trades.

The details of the Group's revenue are disclosed in Notes 3 and 18 to the financial statements.

Valuation of derivatives, trading inventories and open physical contracts

The valuation of derivatives, trading inventories and open physical contracts requires significant management judgement in applying the appropriate valuation methodology and incorporating of any contract specific terms including the use of valid and appropriate price index.

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

Our audit performed and responses thereon

Our audit approach included both controls testing and substantive procedures as follows:

- We evaluated the design and tested the operating effectiveness of the Group's controls over the recording of revenue and costs as well as the completeness and accuracy of recording the trade.
- On a sample basis, we ensured that the recording the revenue and cost for deliveries occurring on or around year end are in accordance with the shipping terms.
- On a sample basis, we tested the accuracy and the completeness of over-the-counter trades by obtaining third party confirmations to confirm the validity and completeness of trade receivables and trade payables.
- On a sample basis, we obtained third party confirmations to confirm the validity and completeness of open trades as at year end.
- We profiled the manual journal entries posted to revenue accounts and reviewed supporting evidence to identify any unusual items.

We have not noted any significant deficiency in the design and operating effectiveness over the controls over revenue recognition and completeness and accuracy of trade capture.

No exceptions were noted in the samples tested and manual journal entries related to revenue recognition.

Our audit approach included both controls testing and substantive procedures as follows:

- We evaluated the design and tested the operating effectiveness of the Group's controls over the valuation of derivatives, trading inventories and open physical contracts.
- On a sample basis, we tested the valuation of derivatives, trading inventories and open physical contracts and evaluated the appropriateness of the valuation methodology and inputs used in the valuation.

We have not noted any significant deficiency in the design and operating effectiveness over the controls over valuation of derivatives, trading inventories and open physical contracts.

Based on our samples tested, we noted that the valuation methodology is appropriate.

We are satisfied that the price index used in the valuation of derivatives, trading inventories and open physical contracts to be within a reasonable range of our audit expectations.

Independent Auditor's Report

To the Members of China Aviation Oil (Singapore) Corporation Ltd

Information other than the financial statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair view financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

To the Members of China Aviation Oil (Singapore) Corporation Ltd

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The financial statements of the Company and the Group for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated 15 March 2016.

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.

The engagement partner responsible for the audit resulting in this independent auditors' report is Mr Tay Boon Suan.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

15 March 2017

Statements of Financial Position

As at 31 December 2016

	Note	Group		Company	
		2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Non-current assets					
Property, plant and equipment	4	5,654	6,214	5,555	6,114
Intangible assets	5	1,580	1,826	399	645
Subsidiaries	6	–	–	37,975	37,648
Associates	7	281,010	265,620	82,625	82,625
Trade and other receivables	10	–	–	35,480	35,480
Deferred tax assets	8	7,604	7,604	7,600	7,600
		<u>295,848</u>	<u>281,264</u>	<u>169,634</u>	<u>170,112</u>
Current assets					
Inventories	9	170,733	56,826	164,809	51,702
Trade and other receivables	10	590,554	336,922	568,230	306,797
Cash and cash equivalents	11	287,286	170,505	244,164	144,064
		<u>1,048,573</u>	<u>564,253</u>	<u>977,203</u>	<u>502,563</u>
Total assets		<u>1,344,421</u>	<u>845,517</u>	<u>1,146,837</u>	<u>672,675</u>
Equity attributable to owners of the Company					
Share capital	12	215,573	215,573	215,573	215,573
Reserves	13	434,112	377,068	277,331	238,313
Total equity		<u>649,685</u>	<u>592,641</u>	<u>492,904</u>	<u>453,886</u>
Non-current liabilities					
Deferred tax liabilities	8	6,311	6,164	–	–
Current liabilities					
Trade and other payables	14	587,810	246,707	553,933	217,713
Loans and borrowings	15	100,000	–	100,000	1,076
Current tax liabilities		615	5	–	–
		<u>688,425</u>	<u>246,712</u>	<u>653,933</u>	<u>218,789</u>
Total liabilities		<u>694,736</u>	<u>252,876</u>	<u>653,933</u>	<u>218,789</u>
Total equity and liabilities		<u>1,344,421</u>	<u>845,517</u>	<u>1,146,837</u>	<u>672,675</u>

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

Consolidated Statement of Profit or Loss

Year ended 31 December 2016

	Note	2016 US\$'000	2015 US\$'000
Revenue	18	11,703,191	8,987,487
Cost of sales		<u>(11,659,141)</u>	<u>(8,952,043)</u>
Gross profit		44,050	35,444
Other income	19	1,303	(240)
Administrative expenses		(16,279)	(13,594)
Other operating expenses		<u>(2,330)</u>	<u>731</u>
Results from operating activities		26,744	22,341
Finance costs	20	(1,249)	(1,040)
Share of profit of associates (net of tax)	7	<u>66,363</u>	<u>42,296</u>
Profit before tax		91,858	63,597
Tax expense	21	<u>(2,950)</u>	<u>(2,316)</u>
Profit for the year	19	<u>88,908</u>	<u>61,281</u>
Attributable to:			
Owners of the Company		<u>88,908</u>	<u>61,281</u>
Earnings per share:			
Basic earnings per share (cents)	22	10.34	7.12
Diluted earnings per share (cents)	22	<u>10.34</u>	<u>7.12</u>

Consolidated Statement of Comprehensive Income

Year ended 31 December 2016

	2016 US\$'000	2015 US\$'000
Profit for the year	88,908	61,281
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Translation differences relating to financial statements of foreign associates	(12,613)	(9,389)
Other comprehensive income for the year, net of tax	(12,613)	(9,389)
Total comprehensive income for the year	76,295	51,892
Attributable to:		
Owners of the Company	76,295	51,892

Consolidated Statement of Changes in Equity

Year ended 31 December 2016

	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

Consolidated Statement of Changes in Equity

Year ended 31 December 2016

	Note	Share capital US\$'000	Foreign currency translation reserve US\$'000	Statutory reserves US\$'000	Reserve for own shares US\$'000	Accumulated profits US\$'000	Total equity US\$'000
At 1 January 2016		215,573	17,238	18,824	(5,482)	346,488	592,641
Total comprehensive income for the year							
Profit for the year		–	–	–	–	88,908	88,908
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Translation differences relating to financial statements of foreign associates		–	(12,613)	–	–	–	(12,613)
Total other comprehensive income		–	(12,613)	–	–	–	(12,613)
Total comprehensive income for the year		–	(12,613)	–	–	88,908	76,295
Contributions by and distributions to owners							
Share of associates' accumulated profits transferred to statutory reserve		–	–	16,567	–	(16,567)	–
Dividends to equity holders	13	–	–	–	–	(19,251)	(19,251)
Total transactions with owners		–	–	16,567	–	(35,818)	(19,251)
At 31 December 2016		215,573	4,625	35,391	(5,482)	399,578	649,685

Consolidated Statement of Cash Flows

Year ended 31 December 2016

	Note	2016 US\$'000	2015 US\$'000
Cash flows from operating activities			
Profit for the year		88,908	61,281
Adjustments for:			
Depreciation of property, plant and equipment		693	827
Amortisation of intangible assets		513	731
Reversal of impairment loss on doubtful debts – net		(556)	(1,588)
Fair value loss on derivative instruments		9,596	155,458
Share of profit of associates (net of tax)		(66,363)	(42,296)
Tax expense		2,950	2,316
Interest income		(1,575)	(375)
Interest expense		313	251
Unrealised exchange differences		396	56
		34,875	176,661
Change in inventories		(113,907)	(18,728)
Change in trade and other receivables		(269,103)	530,371
Change in trade and other payables		347,633	(633,960)
Cash (used in)/generated from operating activities		(502)	54,344
Tax paid		(14)	(363)
Net cash (used in)/from operating activities		(516)	53,981
Cash flows from investing activities			
Interest received		1,476	373
Acquisition of property, plant and equipment		(133)	(251)
Acquisition of intangible assets		(267)	(188)
Dividends from associates (net of withholding tax paid)		36,181	35,376
Net cash from investing activities		37,257	35,310
Cash flows from financing activities			
Interest paid		(313)	(251)
Proceeds from loans and borrowings		209,713	47,900
Repayment of loans and borrowings		(109,713)	(47,900)
Dividends paid		(19,251)	(12,765)
Net cash from/(used in) financing activities		80,436	(13,016)
Net increase in cash and cash equivalents		117,177	76,275
Cash and cash equivalents at 1 January		170,505	94,286
Effect of exchange rate fluctuations on cash held		(396)	(56)
Cash and cash equivalents at 31 December	11	287,286	170,505

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 March 2017.

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 2016 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in equity-accounted investees.

The principal activities of the Group are those relating to trading in jet fuel and other petroleum products, and investment holding.

The immediate and ultimate holding company during the financial year was China National Aviation Fuel Group Corporation (“CNAF”), a company incorporated in the People’s Republic of China (“PRC”).

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and 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.

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 27.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Investments in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to US dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Foreign currency (continued)

Foreign operations (continued)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment (continued)

Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

Leasehold properties	25 years
Motor vehicles	8 years
Furniture and fittings	8 years
Office equipment	4-8 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.

3.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investees.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful life for the current and comparative years are as follows:

Software	3 years
Customer contracts	1 year

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

Offsetting arrangements

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Derivative financial instruments

The Group holds oil commodity derivatives that are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, these derivatives are measured at fair value, and changes in fair value are recognised immediately in profit or loss. These derivative financial instruments are not designated in a hedge relationship.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

3.6 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including interest in associates, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment (continued)

Non-derivative financial assets (continued)

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amounts of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment (continued)

Non-financial assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.7 Inventories

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

Inventories held by subsidiaries and associates, for sale to customers, are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Trading of oil commodity derivatives

Gains or losses on oil commodity derivatives which are classified as held for trading purposes are recognised in profit or loss on a net basis.

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

3.11 Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.12 Finance income and finance costs

Finance income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise bank charges and interest expenses on loans and borrowings. Interest expenses are recognised in profit or loss using the effective interest method.

3.13 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Tax (continued)

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.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2017, 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 anticipates that the initial application of the new FRS 115 will result in changes in accounting policies relating to revenue recognition, specifically it may change the timing of revenue recognition. Additional disclosures will also be made in respect of trade receivables and revenue, including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimate impact to the Group's financial statements as the Group has yet completed its detailed assessment on the impact on adoption of this standard effective in the 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 anticipates that the initial application of the new FRS 109 will result in changes in accounting policies relating to impairment provision of financial assets. Based on preliminary assessment, the Group is expected to apply the simplified approach to recognised lifetime expected credit losses for its trade and other receivables and amount due from customer under contract work as required. The Group is currently assessing the extent of this impact. In general, management anticipates that the application of the expected credit loss model of FRS 109 will result in earlier recognition of credit losses for the respective items and are currently assessing the potential impact. It is currently impracticable to disclose any further information on the known or reasonably estimate impact to the Group's financial statements as the Group has yet completed its detailed assessment on the impact on adoption of this standard effective in the financial year ending 31 December 2018.

- FRS 116 *Leases*

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The Group anticipates that the initial application of the new FRS 116 will result in operating leases to be recognised as ROU assets with corresponding lease liabilities. It is currently impracticable to disclose any further information on the known or reasonably estimate impact to the Group's financial statements as the Group has yet completed its detailed assessment on the impact on adoption of this standard effective in the financial year ending 31 December 2019.

- IFRS convergence in 2018

Singapore incorporated companies listed on the SGX will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The Group will be adopting the new framework for the first time for financial year ending 31 December 2018. Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. The preliminary assessment above may be subject to change arising from the detailed analysis.

Notes to the Financial Statements

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties US\$'000	Motor vehicles US\$'000	Furniture and fittings US\$'000	Office equipment US\$'000	Renovations US\$'000	Computers US\$'000	Total US\$'000
Group							
Cost							
At 1 January 2015	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
Additions	–	–	9	82	–	42	133
Written off	–	–	–	–	–	(3)	(3)
At 31 December 2016	9,205	285	78	596	940	1,139	12,243
Accumulated depreciation							
At 1 January 2015	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
Depreciation for the year	449	33	7	60	12	132	693
Written off	–	–	–	–	–	(3)	(3)
At 31 December 2016	4,185	230	30	426	843	875	6,589
Carrying amounts							
At 1 January 2015	5,918	121	25	157	255	314	6,790
At 31 December 2015	5,469	88	46	148	109	354	6,214
At 31 December 2016	5,020	55	48	170	97	264	5,654
Company							
Cost							
At 1 January 2015	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
Additions	–	–	–	82	–	28	110
At 31 December 2016	9,205	232	21	598	939	1,085	12,080
Accumulated depreciation							
At 1 January 2015	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
Depreciation for the year	449	29	1	59	12	119	669
At 31 December 2016	4,185	190	17	429	842	862	6,525
Carrying amounts							
At 1 January 2015	5,918	97	7	154	255	295	6,726
At 31 December 2015	5,469	71	5	146	109	314	6,114
At 31 December 2016	5,020	42	4	169	97	223	5,555

Notes to the Financial Statements

4 PROPERTY, PLANT AND EQUIPMENT (continued)

The following are properties held by the Group and Company:

Location	Description/ Uses of property	Land area/ Built-up area (square metres)	Leasehold term
8 Temasek Boulevard #31-01 Suntec Tower Three Singapore 038988	Office	324	99 years from 1 March 1989
8 Temasek Boulevard #31-02 Suntec Tower Three Singapore 038988	Office	440	99 years from 1 March 1989

5 INTANGIBLE ASSETS

	Goodwill on consolidation US\$'000	Customer contracts US\$'000	Software US\$'000	Total US\$'000
Group				
Cost				
At 1 January 2015	1,181	634	2,752	4,567
Additions	–	–	188	188
At 31 December 2015	1,181	634	2,940	4,755
Additions	–	–	267	267
At 31 December 2016	1,181	634	3,207	5,022
Accumulated amortisation				
At 1 January 2015	–	634	1,564	2,198
Amortisation for the year	–	–	731	731
At 31 December 2015	–	634	2,295	2,929
Amortisation for the year	–	–	513	513
At 31 December 2016	–	634	2,808	3,442
Carrying amounts				
At 1 January 2015	1,181	–	1,188	2,369
At 31 December 2015	1,181	–	645	1,826
At 31 December 2016	1,181	–	399	1,580

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

Notes to the Financial Statements

5 INTANGIBLE ASSETS (continued)

Impairment testing of goodwill

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

	2016 US\$'000	2015 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:

	2016		2015	
	CAOHK %	NAFCO %	CAOHK %	NAFCO %
Discount rate (pre-tax)	7	7	7	7
Long-term growth rate	1	2	1	2
Forecasted earnings before interest, tax, depreciation and amortisation ("EBITDA") growth rate (average of next five years)	1	26	4	19

The discount rate used is estimated based on past experience and industry weighted average cost of capital.

The long-term growth rate has been determined based on the long-term compound annual growth rate estimated by management with reference to the nominal GDP growth rate for the countries in which the CGU is based.

The forecasted EBITDA growth rates are estimated based on management's past experience of managing the CGUs and their expectations of the CGUs forecasted performances.

As at 31 December 2016, any reasonably possible changes to the key assumptions applied will not likely to cause the recoverable amounts to be below the carrying amount of the CGUs.

Notes to the Financial Statements

5 INTANGIBLE ASSETS (continued)

**Software
US\$'000**

Company

Cost

At 1 January 2015	2,752
Additions	188
At 31 December 2015	2,940
Additions	267
At 31 December 2016	3,207

Accumulated amortisation

At 1 January 2015	1,564
Amortisation for the year	731
At 31 December 2015	2,295
Amortisation for the year	513
At 31 December 2016	2,808

Carrying amounts

At 1 January 2015	1,188
At 31 December 2015	645
At 31 December 2016	399

6 SUBSIDIARIES

**Company
2016
US\$'000** **2015
US\$'000**

Unquoted equity investment, at cost	37,975	37,648
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Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership	
		2016 %	2015 %
CAOT Pte Ltd ("CAOT")	Singapore	100	100
CAOHK	Hong Kong SAR	100	100
NAFCO	United States of America	100	100
China Aviation Oil (Europe) Limited ("CAO Europe")	United Kingdom	100	100

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\$327,000 (2015: US\$4,213,000) and is accounted for as additional investment in the subsidiary.

Notes to the Financial Statements

6 SUBSIDIARIES (continued)

The fair value of the financial guarantees issued to the bank and the trading counterparties are included in Company's loans and borrowings and Company's trade and other payables respectively.

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under these guarantees.

The subsidiaries are not considered significant subsidiaries of the Group. For this purpose, a subsidiary is considered significant, as defined under the Singapore Exchange Limited Listing Manual, if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profit accounts for 20% or more of the Group's consolidated pre-tax profit.

7 ASSOCIATES

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Investments in associates	281,010	265,620	82,625	82,625

Associates

The Group has two (2015: two) associates that are material and three 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% (2015: 33%)	49% (2015: 49%)
Fair value of ownership interest (if listed)	Not applicable	Not applicable

[#] Audited by Ruihua Certified Public Accountants (Special General Partner), Shanghai Branch, a member of the Chinese Institute of Certified Public Accountants, for statutory audit purposes. Audited by an overseas member firm of Deloitte Touche Tohmatsu Limited for consolidation purpose.

[®] Not considered a significant associate of the Group. For this purpose, an associate is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profit accounts for 20% or more of the Group's consolidated pre-tax profit.

Notes to the Financial Statements

7 ASSOCIATES (continued)

The following summarises the financial information of each of the Group's material associates based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of profit and other comprehensive income of the remaining individually immaterial associates.

	SPIA US\$'000	TSN-PEKCL US\$'000	Immaterial associates US\$'000	Total US\$'000
2016				
Revenue	2,054,728	20,199		2,074,927
Profit from continuing operations/ Total comprehensive income	183,752	4,445		188,197
Non-current assets	38,635	14,890		53,525
Current assets	740,320	26,369		766,689
Non-current liabilities	–	–		–
Current liabilities	(258,997)	(2,544)		(261,541)
Net assets	519,958	38,715		558,673
Group's interest in net assets of investee at beginning of the year	159,743	42,192	40,811	242,746
Group's share of profit from continuing operations/ Total comprehensive income	60,638	2,178	3,547	66,363
Dividend received during the year	(34,848)	(2,986)	(251)	(38,085)
Translation differences for the year	(10,285)	(1,300)	(1,238)	(12,823)
Goodwill	21,709	918	182	22,809
Carrying amount of interest in investee at end of the year	196,957	41,002	43,051	281,010
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	41,803	247,077
Group's share of profit from continuing operations/ Total comprehensive income	38,884	2,237	1,175	42,296
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	40,993	265,620

Notes to the Financial Statements

7 ASSOCIATES (continued)

In 2016, dividends declared by associates amounted to US\$38,084,587 (2015: US\$37,238,195) were received during the financial year.

Details of immaterial associates are as follows:

Name of associate	Country of incorporation	Ownership	
		2016 %	2015 %
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	People's Republic of China	39	39
Oilhub Korea Yeosu Co., Ltd. ("OKYC")	Republic of Korea	26	26
CNAF Hong Kong Refuelling Limited ("CNAF HKR")	Hong Kong SAR	39	39

8 DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Deferred tax assets				
Tax losses carry-forward	7,604	7,604	7,600	7,600
Deferred tax liabilities				
Investments in associates	(6,311)	(6,164)	–	–

Movements in temporary differences during the year are as follows:

	At 1 January 2015 US\$'000	Recognised in profit or loss US\$'000	At 31 December 2015 US\$'000	Recognised in profit or loss US\$'000	At 31 December 2016 US\$'000
Group					
Tax losses carry-forward	7,587	17	7,604	–	7,604
Investments in associates	(6,238)	74	(6,164)	(147)	(6,311)
	1,349	91	1,440	(147)	1,293
Company					
Tax losses carry-forward	7,583	17	7,600	–	7,600

Notes to the Financial Statements

8 DEFERRED TAX ASSETS AND LIABILITIES (continued)

Unrecognised deferred tax assets

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

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Deductible temporary differences	3,046	3,499	3,046	3,499
Tax losses carry-forward	–	26,149	–	26,149
	3,046	29,648	3,046	29,648

The tax losses carry-forward relate to losses arising from prior years during which the Company was granted concessionary rate of tax under the Global Trader Programme (“GTP”). In accordance with Section 37B of the Income Tax Act, the utilisation of these tax losses is adjusted after considering the tax rate applicable for the Company’s chargeable income prior to set-off.

Tax losses and other temporary differences do not expire under current tax legislations. Deferred tax assets have not been recognised in respect of these items due to the uncertainty of the availability of future taxable profit against which the Group can utilise the benefits therefrom.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised are insignificant.

9 INVENTORIES

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Trading inventories at fair value less costs to sell	164,810	51,702	164,809	51,702
Inventories at the lower of cost and net realisable value	5,923	5,124	–	–
	170,733	56,826	164,809	51,702

Trading inventories recognised in cost of sales amounted to US\$11,540,923,000 (2015: US\$8,862,582,000) for the Group and the Company.

Notes to the Financial Statements

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Trade receivables	318,026	96,733	251,557	54,632
Other receivables	14,834	5,527	11,561	4,574
Deposits	36,432	2,214	35,087	1,312
Amounts due from:				
– subsidiary (trade)	–	–	21,696	13,994
– related corporations (trade)	175,814	195,991	168,788	175,562
– related corporation of a corporate shareholder (trade)	–	1,000	–	1,000
– subsidiaries (non-trade)	–	–	80,633	50,795
	175,814	196,991	271,117	241,351
Loan to subsidiaries	–	–	5,035	5,035
	545,106	301,465	574,357	306,904
Allowance for impairment loss on doubtful debts – trade receivables	(4,873)	(5,429)	(4,253)	(5,429)
Loans and receivables	540,233	296,036	570,104	301,475
Derivative financial assets – oil commodity derivatives	24,227	40,353	24,110	40,269
	564,460	336,389	594,214	341,744
Prepayments	26,094	533	9,496	533
	590,554	336,922	603,710	342,277
Current	590,554	336,922	568,230	306,797
Non-current	–	–	35,480	35,480
	590,554	336,922	603,710	342,277

Transactions with subsidiaries and related corporations are priced on terms agreed between the parties. Outstanding balances with subsidiaries and related corporations are unsecured and there is no allowance for impairment loss arising from these outstanding balances.

The non-trade amounts due from subsidiaries and the loan to subsidiaries are unsecured, interest-free and repayable on demand.

The Group's and the Company's primary exposure to credit risk arises through its trade receivables. The Group's and the Company's trade receivables are due mainly from customers in the jet fuel industry, which are located in People's Republic of China and Hong Kong SAR.

The Group's and the Company's exposure to credit and currency risks, and impairment loss related to trade and other receivables, are disclosed in note 17.

Notes to the Financial Statements

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Cash at bank and in hand				
– Interest-bearing	18,040	38,433	18,040	38,433
– Non interest-bearing	32,246	22,072	14,124	5,631
Interest-bearing fixed deposits with financial institutions	237,000	110,000	212,000	100,000
Cash and cash equivalents in the statement of cash flows	287,286	170,505	244,164	144,064

As at 31 December 2016, interest-bearing fixed deposits of US\$230,000,000 (2015: US\$110,000,000) 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):

	2016 Interest rate %	2016 Carrying amount US\$'000	2015 Interest rate %	2015 Carrying amount US\$'000
Group				
Cash at bank	0.2	18,040	0.3	38,433
US\$ fixed deposits	1.7	237,000	0.8	110,000
		255,040		148,433
Company				
Cash at bank	0.2	18,040	0.3	38,433
US\$ fixed deposits	1.7	212,000	0.8	100,000
		230,040		138,433

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

12 SHARE CAPITAL

	Company	
	2016 Number of shares ('000)	2015 Number of shares ('000)
Fully paid ordinary shares, with no par value:		
In issue at 1 January and 31 December	866,184	866,184

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

All rights attached to the ordinary shares are suspended for the Company's own shares bought back and held by the Group. Such rights are reinstated when these shares are reissued.

Notes to the Financial Statements

12 SHARE CAPITAL (continued)

Capital management

The Company defines capital as share capital and reserves. The consolidated share capital and reserves amount to US\$649,685,000 (2015: US\$592,641,000). The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends declared to ordinary shareholders.

From time to time, the Group may purchase its own shares in the market; the timing of these purchases depends on market prices. The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for the shares is determined by the Directors or such authorised personnel as appointed by the Board of Directors for the purposes of effecting purchases or acquisitions of shares by the Company under the Share Purchase Mandate.

There were no changes in the Group's approach to capital management during the year.

13 RESERVES

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Foreign currency translation reserve	4,625	17,238	–	–
Statutory reserves	35,391	18,824	–	–
Reserve for own shares	(5,482)	(5,482)	(5,482)	(5,482)
Accumulated profits	399,578	346,488	282,813	243,795
	434,112	377,068	277,331	238,313

- (a) The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.
- (b) The associates of the Group ("PRC Associates") established in the People's Republic of China ("PRC") follow the accounting principles and relevant financial regulations of the PRC applicable to enterprises established in the PRC (PRC GAAP) in the preparation of the accounting records and its financial statements. Under the relevant PRC regulations, the PRC Associates transferred a portion of their accumulated profits to statutory reserve for the following purposes:

Statutory surplus reserve

Pursuant to accounting regulations for foreign-invested PRC enterprises and the PRC Company Law, the associates are required to appropriate 10% of the profit arrived at in accordance with PRC GAAP for each year to a statutory reserve. The profit arrived at must be used to set off against any accumulated losses. The appropriation to statutory reserve, after offsetting against any accumulated losses, must be made before the distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends. During the current and immediate preceding financial year, SPIA did not appropriate any profit to the statutory reserve as the statutory reserve of SPIA has reached 50% of its registered capital.

- (c) The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2016, the Group held 6,000,000 (2015: 6,000,000) of the Company's shares.

Notes to the Financial Statements

13 RESERVES (continued)

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

	Group and Company	
	2016	2015
	US\$'000	US\$'000
Final exempt dividends paid in respect of the previous financial year of S\$0.03 (2015: S\$0.02) per share	19,251	12,765

(e) After the respective reporting date, the Directors have proposed a final (one-tier tax exempt) ordinary dividend of S\$0.045 (2015: S\$0.03) per share, amounting to US\$26,747,000 (2015: US\$18,244,000). The dividends have not been provided for.

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	426,744	157,220	404,935	142,189
Accrued operating expenses	42,102	17,482	42,095	17,482
Other payables	15,000	6,168	14,013	5,390
Advance receipts from customers	4,593	3,628	–	210
Amounts due to:				
– immediate and ultimate holding company (non-trade)	10,333	9,903	231	57
– subsidiaries (non-trade)	–	–	2,956	4,840
– related corporation (trade)	25,538	15,244	25,401	10,292
– related corporation of a corporate shareholder (trade)	20,151	243	20,151	243
Derivative financial liabilities:				
– oil commodity derivatives	43,349	36,819	43,337	36,809
Intra-group financial guarantee	–	–	814	201
	587,810	246,707	553,933	217,713

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 31 December 2017.

Notes to the Financial Statements

15 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 17.

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Current liabilities				
Unsecured bank loans	100,000	–	100,000	–
Intra-group financial guarantee	–	–	–	1,076
	<u>100,000</u>	<u>–</u>	<u>100,000</u>	<u>1,076</u>

The financial guarantees were given by the Company to a bank on behalf of its subsidiary for banking facilities amounting to US\$ 20,000,000 (2015: US\$40,000,000). It is a continuing guarantee and will extend to the ultimate balance of sums payable by the subsidiary.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	Face value US\$'000	Carrying amount US\$'000
Group					
2016					
Short-term loan	USD	1.247	2017	<u>100,000</u>	<u>100,000</u>
2015					
Short-term loan	–	–	–	<u>–</u>	<u>–</u>

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:

	2016 Weighted average exercise price	2016 No. of options ('000)	2015 Weighted average exercise price	2015 No. of options ('000)
At 1 January	–	–	S\$0.91	1,748
Forfeited during the year	–	–	S\$0.91	<u>(1,748)</u>
At 31 December		<u>–</u>		<u>–</u>

In 2015, the share-based payment arrangement 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

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 is:

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Loans and receivables	564,460	336,389	594,214	341,744
Cash and cash equivalents	287,286	170,505	244,164	144,064
	<u>851,746</u>	<u>506,894</u>	<u>838,378</u>	<u>485,808</u>

Impairment losses

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

	2016		2015	
	Gross US\$'000	Impairment losses US\$'000	Gross US\$'000	Impairment losses US\$'000
Group				
Not past due	507,127	–	224,312	–
1 – 30 days	25,248	–	60,935	–
31 – 90 days	2,902	–	9,006	–
Over 90 days	9,829	(4,873)	7,212	(5,429)
	<u>545,106</u>	<u>(4,873)</u>	<u>301,465</u>	<u>(5,429)</u>
Company				
Not past due	544,196	–	235,793	–
1 – 30 days	20,171	–	54,893	–
31 – 90 days	772	–	9,006	–
Over 90 days	9,218	(4,253)	7,212	(5,429)
	<u>574,357</u>	<u>(4,253)</u>	<u>306,904</u>	<u>(5,429)</u>

The Group and the Company establish an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

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

	2016 US\$'000	2015 US\$'000
Group		
At 1 January	5,429	7,017
Impairment loss recognised	620	1,512
Impairment loss written back	(1,176)	(3,100)
At 31 December	<u>4,873</u>	<u>5,429</u>

Notes to the Financial Statements

17 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

	2016 US\$'000	2015 US\$'000
Company		
At 1 January	5,429	7,017
Impairment loss recognised	–	1,512
Impairment loss written back	(1,176)	(3,100)
At 31 December	4,253	5,429

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 arrangement:

	Cash flows	
	Contractual cash flows US\$'000	Within 1 year US\$'000
Group		
2016		
Non-derivative financial liabilities		
Trade and other payables ⁽ⁱ⁾	(539,868)	(539,868)
Loans and borrowings	(100,000)	(100,000)
Oil commodity derivatives		
Gross outflows ⁽ⁱⁱ⁾		
– Oil physical derivative instruments purchase contracts	(1,225,842)	(1,225,842)
Net outflows		
– Oil paper derivative instruments	(22,873)	(22,873)
	(1,888,583)	(1,888,583)
2015		
Non-derivative financial liabilities		
Trade and other payables ⁽ⁱ⁾	(206,260)	(206,260)
Loans and borrowings	–	–
Oil commodity derivatives		
Gross outflows ⁽ⁱⁱ⁾		
– Oil physical derivative instruments purchase contracts	(497,903)	(497,903)
Net outflows		
– Oil paper derivative instruments	(1,959)	(1,959)
	(706,122)	(706,122)

Notes to the Financial Statements

17 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

	Cash flows	
	Contractual cash flows US\$'000	Within 1 year US\$'000
Company		
2016		
Non-derivative financial liabilities		
Trade and other payables ⁽ⁱ⁾	(509,782)	(509,782)
Loans and borrowings	(100,000)	(100,000)
Oil commodity derivatives		
Gross outflows ⁽ⁱⁱ⁾		
– Oil physical derivative instruments purchase contracts	(1,225,842)	(1,225,842)
Net outflows		
– Oil paper derivative instruments	(22,861)	(22,861)
	(1,858,485)	(1,858,485)
2015		
Non-derivative financial liabilities		
Trade and other payables ⁽ⁱ⁾	(180,493)	(180,493)
Loans and borrowings	–	–
Oil commodity derivatives		
Gross outflows ⁽ⁱⁱ⁾		
– Oil physical derivative instruments purchase contracts	(494,275)	(494,275)
Net outflows		
– Oil paper derivative instruments	(1,949)	(1,949)
	(676,717)	(676,717)

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

(ii) The gross outflows represents the undiscounted cash outflows of the outstanding long oil physical derivative instruments.

Notes to the Financial Statements

17 FINANCIAL INSTRUMENTS (continued)

Currency risk

Exposure to currency risk

The Group's and Company's exposures to foreign currency risk were as follows based on notional amounts:

	Singapore dollar US\$'000	Renminbi US\$'000	Hong Kong dollar US\$'000	British pound US\$'000
Group				
2016				
Trade and other receivables	176	2,233	–	26
Cash and cash equivalents	3,142	1,090	1,494	190
Trade and other payables	(4,041)	(494)	–	–
	(723)	2,829	1,494	216
2015				
Trade and other receivables	301	–	–	6
Cash and cash equivalents	670	1,074	74	542
Trade and other payables	(3,358)	(255)	–	–
	(2,387)	819	74	548
Company				
2016				
Trade and other receivables			176	2,233
Cash and cash equivalents			3,138	48
Trade and other payables			(4,034)	(494)
			(720)	1,787
2015				
Trade and other receivables			301	–
Cash and cash equivalents			660	12
Trade and other payables			(3,339)	(255)
			(2,378)	(243)

Notes to the Financial Statements

17 FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Sensitivity analysis

At the reporting date, a 10% strengthening of the US dollar against the following currencies would increase/(decrease) profit/(loss) before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Profit/(loss) before tax 2016 US\$'000	2015 US\$'000	Profit/(loss) before tax 2016 US\$'000	2015 US\$'000
Singapore dollar	72	239	72	238
Renminbi	(283)	(82)	(179)	24
Hong Kong dollar	(22)	(7)	–	–
British pound	(149)	(55)	–	–

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	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Financial assets	255,040	148,433	230,040	138,433

Interest rate sensitivity analysis

Management does not expect a change in interest rate will have significant impact to the Group's and Company's profit or loss.

Fair values

Fair values versus carrying amounts

At the reporting date, the carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost approximate their fair values because of the short period to maturity.

Notes to the Financial Statements

17 FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Group				
31 December 2016				
Derivative financial assets	–	24,227	–	24,227
Derivative financial liabilities	–	(43,349)	–	(43,349)
	–	(19,122)	–	(19,122)
31 December 2015				
Derivative financial assets	–	40,353	–	40,353
Derivative financial liabilities	–	(36,819)	–	(36,819)
	–	3,534	–	3,534
Company				
31 December 2016				
Derivative financial assets	–	24,110	–	24,110
Derivative financial liabilities	–	(43,337)	–	(43,337)
	–	(19,227)	–	(19,227)
31 December 2015				
Derivative financial assets	–	40,269	–	40,269
Derivative financial liabilities	–	(36,809)	–	(36,809)
	–	3,460	–	3,460

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

17 FINANCIAL INSTRUMENTS (continued)

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting agreement or similar agreement.

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) 2002 Master Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances – for example, when a credit event such as a default occurs, the right of set-off are set aside and the amounts settled gross unless the non-defaulting party chooses to continue the set-off arrangement. As such, the above master netting agreements do not meet the criteria for offsetting in the statement of financial position.

	Gross amounts of recognised financial instruments included in the statement of financial position US\$'000	Related amounts that are not offset US\$'000	Net amounts US\$'000
Group			
31 December 2016			
Financial assets			
Oil physical derivative instruments	19,098	–	19,098
Oil paper derivative instruments	5,129	(3,449)	1,680
Total	24,227	(3,449)	20,778
Financial liabilities			
Oil physical derivative instruments	20,476	–	20,476
Oil paper derivative instruments	22,873	(3,449)	19,424
Total	43,349	(3,449)	39,900
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

17 FINANCIAL INSTRUMENTS (continued)

Offsetting financial assets and financial liabilities (continued)

	Gross amounts of recognised financial instruments included in the statement of financial position US\$'000	Related amounts that are not offset US\$'000	Net amounts US\$'000
Company			
31 December 2016			
Financial assets			
Oil physical derivative instruments	19,098	–	19,098
Oil paper derivative instruments	5,012	(3,449)	1,563
Total	24,110	(3,449)	20,661
Financial liabilities			
Oil physical derivative instruments	20,476	–	20,476
Oil paper derivative instruments	22,861	(3,449)	19,412
Total	43,337	(3,449)	39,888
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

18 REVENUE

	Group	
	2016 US\$'000	2015 US\$'000
Revenue from middle distillates	7,754,112	7,009,516
Revenue from other oil products	3,949,079	1,977,971
	11,703,191	8,987,487

Included in revenue is net loss of US\$40,341,000 (2015: net loss of US\$10,320,000) recognised in relation to derivative financial instruments. The Group holds derivative financial instruments to hedge the changes in oil commodity prices. The gain or loss on remeasurement of these instruments at fair value is recognised in the income statement as revenue.

Notes to the Financial Statements

19 PROFIT FOR THE YEAR

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

	Group	
	2016 US\$'000	2015 US\$'000
Other income		
Interest income	1,575	375
Foreign exchange loss – net	(333)	(750)
Others	61	135
	1,303	(240)
Audit fees paid and payable to:		
– auditor of the Company	(194)	(218)
– other auditors	(66)	(160)
Non-audit fees paid and payable to auditor of the Company	(239)	(38)
Reversal of impairment loss on doubtful debts – net	556	1,588
Depreciation of property, plant and equipment	(693)	(827)
Amortisation of intangible assets	(513)	(731)
Operating lease expense	(45,635)	(40,446)
Staff costs	(14,388)	(14,133)
Contributions to defined contribution plans, included in staff costs	(708)	(716)

20 FINANCE COSTS

	Group	
	2016 US\$'000	2015 US\$'000
Bank charges	936	789
Interest expenses	313	251
	1,249	1,040

Notes to the Financial Statements

21 TAX EXPENSE

	Group	
	2016 US\$'000	2015 US\$'000
Current tax expense		
Current year	624	363
Deferred tax expense		
Origination and reversal of temporary differences	1,767	1,336
Recognition of previously unrecognised tax losses	(1,345)	(1,245)
	422	91
Withholding tax expense	1,904	1,862
Total tax expense	2,950	2,316
Reconciliation of effective tax rate		
Profit before tax	91,858	63,597
Tax using Singapore tax rate of 17% (2015: 17%)	15,616	10,811
Effects of tax rates in foreign jurisdictions	53	48
Tax effects of revenue at concessionary tax rate	(2,391)	(2,308)
Effects of results of associates presented net of tax	(11,282)	(7,190)
Expenses not deductible for tax purposes	395	338
Recognition of previously unrecognised tax losses	(1,345)	(1,245)
Withholding tax expense	1,904	1,862
	2,950	2,316

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

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\$88,908,000 (2015: US\$61,281,000), and a weighted average number of ordinary shares outstanding of 860,184,000 (2015: 860,184,000).

Profit attributable to ordinary shareholders

	2016 US\$'000	2015 US\$'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	88,908	61,281

Weighted average number of ordinary shares (diluted)

	2016 Number of shares (‘000)	2015 Number of shares (‘000)
Issued ordinary shares at 1 January and 31 December*	860,184	860,184

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

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, crude oil, gasoline, aviation gasoline and petrochemicals products supply and trading
- Investments in oil-related assets: Investments in oil-related assets through the Group’s holdings in associates

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group’s CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Notes to the Financial Statements

23 OPERATING SEGMENTS (continued)

	Middle distillates US\$'000	Other oil products US\$'000	Investment in oil-related assets US\$'000	Total US\$'000
2016				
Revenue	7,754,112	3,949,079	–	11,703,191
Gross profit	41,652	2,398	–	44,050
Other administrative/operating expenses	(13,019)	(804)	(3,580)	(17,403)
Depreciation and amortisation	(1,206)	–	–	(1,206)
Foreign exchange loss	(333)	–	–	(333)
Interest income	1,575	–	–	1,575
Other income	61	–	–	61
Finance costs	(1,002)	(247)	–	(1,249)
Share of profits of associates (net of tax)	–	–	66,363	66,363
Tax expense	(626)	–	(2,324)	(2,950)
Reportable segment profit after tax	27,102	1,347	60,459	88,908
Reportable segment total assets	963,755	98,678	281,988	1,344,421
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

Notes to the Financial Statements

23 OPERATING SEGMENTS (continued)

Geographical segments

The People's Republic of China is a major market for trading in jet fuel and petroleum products. The Group also operates in other regions including Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the revenue transacted. Segment assets are based on the geographical location of the assets.

Geographical information	Revenue US\$'000	Non-current assets** US\$'000
2016		
People's Republic of China	5,981,235	243,705
South Korea	71,448	34,236
United States of America	976,004	994
Hong Kong SAR	934,567	3,356
Japan	285,311	–
Singapore	1,780,271	5,953
Philippines	373,937	–
The Republic of China	272,425	–
Other countries	1,027,993	–
	<u>11,703,191</u>	<u>288,244</u>
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 SAR	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>

** Excludes deferred tax assets

Major customers

Revenue from two customers (2015: two customers) of the middle distillates segment for the supply of jet fuel amounting to approximately US\$3,425,059,000 (2015: US\$4,072,321,000), represents 29% (2015: 45%) of the Group's total revenue.

Notes to the Financial Statements

24 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk
- market risk
- commodity price risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risk. Additional quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment which all employees understand their roles and obligations.

The Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from its customers and financial assets. The Group has procedures in place to manage credit risk and exposure to such risk is monitored on an ongoing basis. The Group and the Company have purchased credit insurance for certain customers during the year.

Trade and other receivables

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance is a specific loss component that relates to individually significant exposures. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

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

At 31 December 2016, there was no significant concentration of credit risk except for amounts receivable due from 3 (2015: 2) major customers amounting to US\$121,773,000 (2015: US\$25,523,000) which accounted for 39% (2015: 26%) of the Group's gross trade receivables. At 31 December 2016, the Company has significant concentration of credit risk with subsidiaries and related corporations which accounted for 48% (2015: 80%) of the Company's gross trade receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Notes to the Financial Statements

24 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Guarantees

The maximum exposure of the Company in respect of the intra-group financial guarantee (see Notes 14 and 15) at the end of the reporting period is if the subsidiary defaulted on the utilised facilities extended by the bank and trading counterparties amounting to US\$ 883,709 (2015: US\$ Nil) at 31 December 2016.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group manages its liquidity risk by maintaining adequate lines of credit.

Interest rate risk

It is the Group's policy to obtain the most favourable interest rates available without increasing its foreign currency exposure. Surplus funds are placed with reputable banks to earn interest income.

As the Group's interest bearing financial assets and liabilities are short term in nature, any future variations in interest rates will not have a material impact on the results of the Group.

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this foreign currency risk are primarily the Singapore dollar, the Chinese renminbi and Hong Kong dollar. Currently, the Group does not hedge its foreign currency exposure.

The Group monitors its foreign currency exposures on an on-going basis and ensures that the net exposure is kept to an acceptable level. The Group is also exposed to currency translation risk on its net investments in foreign operations. Such exposures are reviewed and monitored on a regular basis.

Commodity price risk

The Group manages its costs of purchase and sales of oil commodities, using commodity paper derivative instruments. Management manages its commodity price risk using a suite of risk management tools which include marginal value at risk limits and hypothetical stress-tests of various scenarios. These risk management tools were designed by management, reviewed by the Risk Management Committee, and approved by the Board of Directors.

The Group enters into commodity paper derivative instruments, in which it agrees to exchange the difference between the fixed and floating prices, calculated by reference to an agreed-upon principal quantity, with its counterparties. The commodity paper derivative instruments entered into commit the Group to settle these instruments at various settlement dates.

Notes to the Financial Statements

24 FINANCIAL RISK MANAGEMENT (continued)

Commodity price risk (continued)

Sensitivity analysis

A change of 10% in oil forward price at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as the financial year ended 31 December 2015.

	Profit or loss	
	10% increase	10% decrease
	US\$'000	US\$'000
2016		
Oil physical and paper derivative instruments	(20,634)	20,634
2015		
Oil physical and paper derivative instruments	(5,784)	5,784

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\$16,481,000 (2015: US\$5,170,000). A 10% weakening of the fair value of oil inventory would have an equal but opposite effect on profit or loss.

The above sensitivity analysis is hypothetical and should not be predictive of the Group's future performance as the physical inventory volume and derivative positions change daily and are not static.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and the Company.

Derivative financial instruments

The fair values of oil physical and paper derivative instruments were determined based on price indices after adjusting for contract specific factors.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Notes to the Financial Statements

25 OPERATING LEASES

Leases as lessee

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

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Within one year	18,182	13,760	17,734	13,574
Between one and five years	776	–	402	–
	<u>18,958</u>	<u>13,760</u>	<u>18,136</u>	<u>13,574</u>

The Company leases an office under operating lease. The lease typically runs for a period of 5 years, with an option to renew the lease after that date. Lease payments are increased every 3 years to reflect market rentals based on changes in a local price index. In addition, the Company leases storage facilities and time charter oil vessels for periods ranging from 3 months to 3 years, with options to renew the leases at the end of the respective lease term.

Subsidiaries lease office premises under operating leases. The average lease term is approximately one year, with options to renew the leases after that date.

26 RELATED PARTIES

Key management personnel compensation

Key management personnel compensation comprises:

	Group	
	2016 US\$'000	2015 US\$'000
Directors' fees	484	453
Directors' remuneration	500	353
Key executive officers' remuneration	1,622	1,403
	<u>2,606</u>	<u>2,209</u>

The key management personnel compensation for the financial years ended 31 December 2016 and 2015 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 2016, the Group's sales and purchases of oil commodities with government-related entities account for approximately 36% (2015: 31%) of the Group's total sales and 44% (2015: 61%) of the Group's total purchases. During the year, approximately 17% (2015: 20%) of the Group's banking fees and 7% (2015: 7%) of the Group's operating expenses were transacted with government-related entities.

Notes to the Financial Statements

26 RELATED PARTIES (continued)

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

	2016 US\$'000	Group 2015 US\$'000
Related corporation of a corporate shareholder		
Sale of fuel oil	–	11,812
Purchase of jet fuel	330,076	60,640
Related parties under CNAF:		
Related corporations		
Sale of jet fuel	1,998,494	2,353,750
Sale of aviation gasoline	320	2,027
Purchase of jet fuel	1,159,758	493,514
Associate		
Sale of jet fuel	1,426,564	1,718,571
Purchase of jet fuel	45,360	52,731
Other related party:		
Associate		
Storage tank rental expense	18,761	17,047

27 ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group believes the following critical accounting policies involved the most significant judgements and estimates used in the preparation of the financial statements.

Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Valuation of trade receivables

At each reporting date, the Group evaluates whether there is any objective evidence that trade receivables are impaired and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Notes to the Financial Statements

27 ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (continued)

Key source of estimation uncertainty (continued)

Valuation of investment in associates

The Group evaluates whether there are any indicators of impairment in the investment in associates at each reporting date. If there are indicators of impairment, management performs an evaluation of the investment's recoverable amount. The recoverable amount is based on the higher of value-in-use or fair value less cost to sell.

Value-in-use is estimated based on management's forecast of future cash flows discounted to present value using the pre-tax discount rate. The fair value less cost to sell requires an estimate of the market value of the investments. Significant estimates and assumptions are made in determining value-in-use and fair value less cost to sell.

Taxes

Significant judgement is required in determining the capital allowances, taxability of certain income and deductibility of certain expenses during the estimation of the provision for taxes and deferred tax liabilities.

The Company exercises significant judgement to determine the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Fair value of derivative financial instruments

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, after adjusting for contract specific factors. The use of a different price index may impact the Company's estimate of the fair value of its derivative financial instruments.

Critical judgement made in applying accounting policies

Classification of investment in associates

Based on the terms and conditions of the shareholder's agreement entered for each of its investments in associates, the Group has significant influence over its investees by virtue of its board representation on the respective investees and the Group's rights and obligations arising from board reserve matters as agreed with the other shareholders.

Supplementary Information

INTERESTED PERSON TRANSACTIONS

	Aggregate value of interested person transactions excluding transactions conducted under shareholders mandate pursuant to Rule 920 of the SGX Listing Manual		Aggregate value of interested person transactions conducted under shareholders mandate pursuant to Rule 920 of the SGX Listing Manual	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Sales revenue from related corporations*	–	–	2,195,029	2,355,777
Sales revenue from related corporation of a corporate shareholder*	–	–	–	11,812
Purchases from related corporations*	–	–	1,428,192	493,514
Purchases from related corporation of a corporate shareholder*	–	–	348,619	60,640
Services rendered from related corporation of a corporate shareholder	–	–	493	497
Gain/(Loss) from trading of derivative financial instruments with related corporation of a corporate shareholder*	–	–	–	(40)
Supply chain services rendered from related corporation*	–	–	4,077	903
Transportation revenue earned by associate from related corporations	–	–	9,866	9,429
Loan granted by associate to related corporation	–	–	7,649	9,847
Principal deposited with related corporation	–	–	256,715	114,698
Interest earned on principal deposited with related corporation	–	–	294	47
Interest income earned by associates from related corporations	–	–	327	344
Interest paid to related corporation	–	–	2	0
Loan granted to associate	–	–	6,290	3,080
Interest earned on loan granted to associate	–	–	39	4
Purchase from associate	–	–	111	6

* The disclosure of Interested Party Transactions has been changed in 4Q 2016 to include the full estimated value of contracts instead of transaction value. Hence, one-time adjustments of \$200,589,829 for Sales Revenue from Related Corporations and \$35,552,771 for Purchases from Related Corporation of a Corporate Shareholder were made in FY 2016 to account for those contracts entered into in 3Q 2016 but deliveries made in 4Q 2016.

The reported IPT based on estimated contract values will not be adjusted with variances between estimated contract values and the actual transaction values. However, the actual transactional values upon delivery fulfilment, will be reported under the section of "Notes to the Financial Statements – Related Parties".

Statistics of Shareholdings

As at 28 February 2017

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 28 February 2017, 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 is 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	492	3.68	25,476	0.00
100 - 1,000	2,037	15.24	1,210,306	0.14
1,001 - 10,000	7,351	55.01	31,349,445	3.65
10,001 - 1,000,000	3,464	25.92	123,683,506	14.38
1,000,001 and above	20	0.15	703,914,895	81.83
Total	13,364	100.00	860,183,628	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	DBS Vickers Securities (Singapore) Pte Ltd	442,444,416	51.44
2	BP Investments Asia Limited	173,476,942	20.17
3	DBS Nominees Pte Ltd	20,596,006	2.39
4	Citibank Nominees Singapore Pte Ltd	15,717,004	1.83
5	United Overseas Bank Nominees (Private) Limited	6,487,939	0.75
6	DB Nominees (Singapore) Pte Ltd	6,099,200	0.71
7	UOB Kay Hian Private Limited	5,953,255	0.69
8	HSBC (Singapore) Nominees Pte Ltd	5,359,720	0.62
9	Raffles Nominees (Pte) Limited	4,898,256	0.57
10	Lee Fook Choy	3,200,000	0.37
11	Morgan Stanley Asia (Singapore) Securities Pte Ltd	2,861,400	0.33
12	CIMB Securities (Singapore) Pte Ltd	2,453,704	0.29
13	Maybank Kim Eng Securities Pte Ltd	2,387,022	0.28
14	OCBC Securities Pte Ltd	2,268,622	0.26
15	Phillip Securities Pte Ltd	2,210,911	0.26
16	OCBC Nominees Singapore Private Limited	2,157,957	0.25
17	DBSN Services Pte Ltd	1,794,741	0.21
18	Kang Hian Soon or Keh Siu Kim	1,265,000	0.15
19	Lam Yew Chong	1,213,800	0.14
20	Lim Thiam Yew Paul	1,069,000	0.12
	Total	703,914,895	81.83

SUBSTANTIAL ORDINARY SHAREHOLDERS

(As shown in the Register of Substantial Shareholders as at 28 February 2017)

No.	Name	No. of Shares		%
		Direct Interest	Indirect 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 23rd Annual General Meeting of the Company will be held at Suntec Singapore International Convention & Exhibition Centre, Meeting Rooms 301 and 302, 1 Raffles Boulevard, Singapore 039593 on Tuesday, 18 April 2017 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 2016 together with the auditors' report thereon. (Resolution 1)
2. To declare a first and final (one-tier, tax exempt) dividend of S\$0.045 per ordinary share for the year ended 31 December 2016. (Resolution 2)
3. To approve Directors' Fees of S\$689,390 for the financial year ended 31 December 2016 (2015: S\$638,839). (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 Wang Kai Yuen (Resolution 4)
Mr Ang Swee Tian (Resolution 5)
Mr Li Runsheng (Resolution 6)
5. To re-elect Dr Xi Zhengping, who will cease to hold office in accordance with Article 97 of the Constitution of the Company and who, being eligible, will offer himself for re-election. (Resolution 7)
6. To re-appoint Deloitte & Touche LLP as the Company's auditors and to authorize the Directors to fix their remuneration. (Resolution 8)

AS SPECIAL BUSINESS

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

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 (the "**shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, the "**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)

8. That:

- (a) approval be and is hereby given for the renewal of the shareholders' general mandate (which was last renewed at the annual general meeting of the Company held on 20 April 2016) 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 31 March 2017 (the "**Letter**"), with any party who is of the class or classes of interested persons described in Annex II to the Letter, provided that such transactions are made on normal commercial terms and are not prejudicial to the Company and its minority shareholders, and are entered into in accordance with the review procedures for interested person transactions as set out in Annex II to the Letter (the "**IPT Mandate**");
- (b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or until the date on which the next annual general meeting of the Company is required by law to be held, whichever is the earlier;
- (c) the audit committee of the Company (comprising Independent Directors Mr Ang Swee Tian, Dr Wang Kai Yuen and Mr Li Runsheng, and Non-Independent, Non-Executive Directors 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 the SGX-ST from time to time; and
- (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)

Notice of Annual General Meeting

9. That:

- (a) for the purposes of the Companies Act (Chapter 50 of Singapore) (the “**Companies Act**”), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire fully paid issued ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) on-market purchase(s) on the SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted (the “**Other Exchange**”); and/or
 - (ii) off-market purchase(s) if effected otherwise than on the SGX-ST or, as the case may be, the Other Exchange in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, the Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next annual general meeting of the Company is held; and
 - (ii) the date by which the next annual general meeting of the Company is required by law to be held; and
- (c) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the Share Purchase Mandate.

For the purposes of this Resolution:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares on the SGX-ST were recorded, before the day on which a market purchase was made by the Company or, as the case may be, the date of the announcement of the offer pursuant to an off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant period of five (5) market days;

“**Maximum Limit**” means that number of issued Shares representing ten per cent. (10%) of the total number of Shares excluding treasury shares as at the last annual general meeting or as at the date of the passing of this Resolution (whichever is the higher); and

“**Maximum Price**”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (a) in the case of an on-market purchase of a Share, one hundred and five per cent. (105%) of the Average Closing Price of the Shares; and
- (b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, one hundred and ten per cent. (110%) of the Average Closing Price of the Shares.

(Resolution 11)

Notice of Annual General Meeting

10. That approval be and is hereby given for the provision of pipeline transportation services by China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd (中国航油集团津京管道运输有限责任公司) (“**TSN-PEKCL**”) to China National Aviation Fuel Corporation Ltd (中国航空油料有限责任公司) (“**CNAFCL**”) under the jet fuel transportation services framework agreement proposed to be entered into between TSN-PEKCL and CNAFCL on the terms, and in accordance with the parameters (including the methods and procedures for determining the pipeline transportation prices thereunder), set out in the Letter.

(Resolution 12)

11. To transact any other ordinary business which may properly be transacted at an annual general meeting.

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary

Singapore
31 March 2017

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. A proxy need not be a member of the Company.
3. If the member is a corporation, the instrument appointing the proxy must be under seal of the hand of an officer or attorney duly authorised.
4. 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 16 April 2017.

Notice of Annual General Meeting

EXPLANATORY NOTES:

- Resolution 4** Dr Wang Kai Yuen, will upon re-appointment, continue as Deputy Chairman and Lead Independent Director as well as Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee. He is considered a Non-Executive, Independent Director. There are no relationships (including immediate family relationships) between Dr Wang and the other Directors of the Company.
- Resolution 5** Mr Ang Swee Tian, will upon re-appointment, continue as Chairman of the Audit Committee and a member of the Remuneration Committee, Nominating Committee and Risk Management Committee. He is considered a Non-Executive, Independent Director. There are no relationships (including immediate family relationships) between Mr Ang and the other Directors of the Company.
- Resolution 6** Mr Li Runsheng, will upon re-appointment, continue as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. He is considered a Non-Executive, Independent Director. There are no relationships (including immediate family relationships) between Mr Li and the other Directors of the Company.
- Resolution 7** Dr Xi Zhengpiing, will upon re-appointment, continue as Chairman of the Board. He is considered a 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 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 Letter.
- 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 provision of pipeline transportation services by TSN-PEKCL to CNAFCL under the jet fuel transportation services framework agreement proposed to be entered into between TSN-PEKCL and CNAFCL on the terms, and in accordance with the parameters (including the methods and procedures for determining the pipeline transportation prices thereunder), set out in the Letter.

Notice of Annual General Meeting

Article 91 of the Constitution of the Company

Every Director shall retire from office once every three (3) years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation.

Article 97 of the Constitution of the Company

The Company may by ordinary resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Without prejudice thereto, the Directors shall have power at any time so to do, but so that the total number of Directors shall not thereby exceed the maximum number (if any) fixed by or in accordance with these presents. Any person so appointed by the Directors shall hold office until the next annual general meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 23rd Annual General Meeting of the Company (the “**23rd 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 23rd AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 23rd 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 23rd Annual General Meeting of the Company to be held on 18 April 2017, the Register of Members and the Transfer Books of the Company will be closed on 28 April 2017 for the preparation of dividend warrants. The Register of Members and the Transfer Books will re-open on 2 May 2017. 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 27 April 2017, 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 9 May 2017.

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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, _____ (Name) _____ (NRIC/Passport/Co. Reg. No.)

of _____ (Address)

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

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her/them, the Chairman of the Annual General Meeting (the **"Meeting"**) as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Meeting of the Company, to be held at Suntec Singapore International Convention & Exhibition Centre, Meeting Rooms 301 and 302, 1 Raffles Boulevard, Singapore 039593 on Tuesday, 18 April 2017 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 2016		
4	To re-elect Dr Wang Kai Yuen as a Director retiring under Article 91		
5	To re-elect Mr Ang Swee Tian as a Director retiring under Article 91		
6	To re-elect Mr Li Runsheng as a Director retiring under Article 91		
7	To re-elect Dr Xi Zhengping as Director pursuant to Article 97		
8	To re-appoint Auditors and authorise the Directors to fix their remuneration		
	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 the General Mandate for Interested Person Transactions		
11	To approve the Proposed Renewal of the Share Purchase Mandate		
12	To approve the Proposed Pipeline Services Contract		

Dated this _____ day of _____ 2017

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

* Delete where inapplicable

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

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 31 March 2017.

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, address, NRIC/Passport number and proportion of shareholding (number of Shares, class of Shares and percentage) 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 and spot sealing are disallowed.

Affix
Postage
Stamp

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

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

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.



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

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