China Aviation Oil (Singapore) Corporation Ltd
中国航油（新加坡）股份有限公司

A subsidiary of China National Aviation Fuel Group Limited
中国航空油料集团有限公司子公司

FORGING AHEAD SUSTAINING MOMENTUM

砥砺奋进，坚定前行

2020年年度报告 Annual Report 2020

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FORGING AHEAD SUSTAINING MOMENTUM
砥砺奋进，坚定前行

In a year marked by uncertainty and volatility due to the COVID-19 pandemic, CAO's unwavering commitment and solid business fundamentals underpinned our performance stability. Adhering to our business philosophy of "Compliance as Top Priority, Risk Management of Utmost Importance", CAO is committed to overcome the challenges, manage the supply and trading chain, and continue to serve our global markets while seeking more opportunities to enhance our resilience and drive long-term growth.

FINANCIAL HIGHLIGHTS
业绩亮点

Total Supply and Trading Volume
总业务量

27.6
million tonnes 百万吨

Revenue
营业额

US$ **10.5**
billion 十亿美元

Net Profit
净利润

US$ **56.2**
million 百万美元

Return on Equity
净资产回报率

6.6%

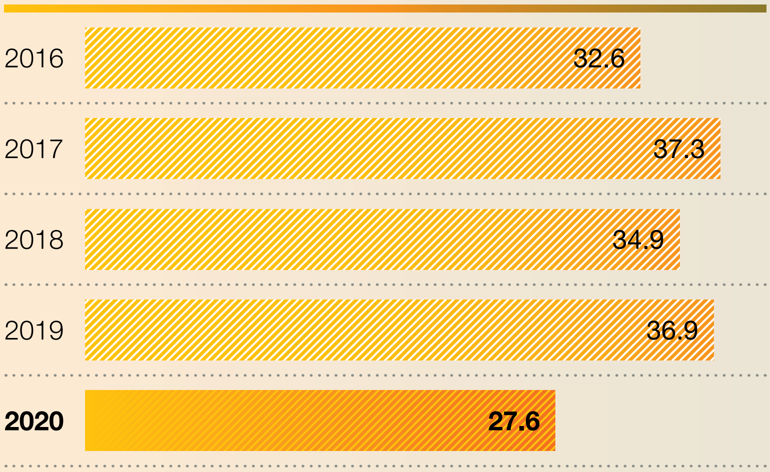
Return on Assets
资产回报率

3.2%

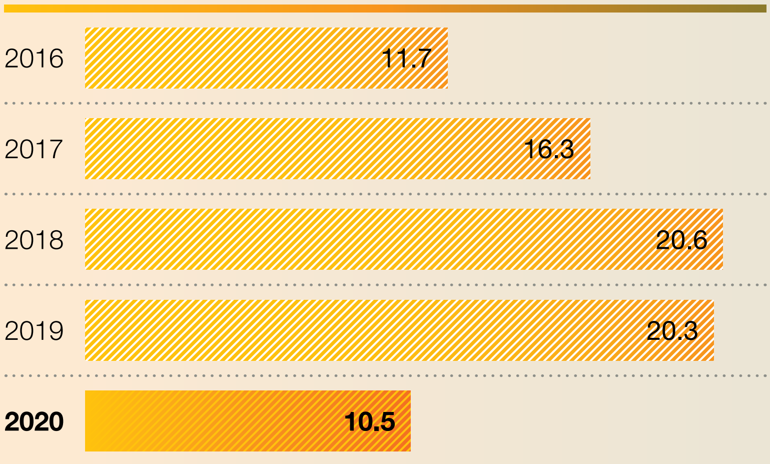
Net Asset Value/Share
每股净资产值

US **101.94**¢
美分

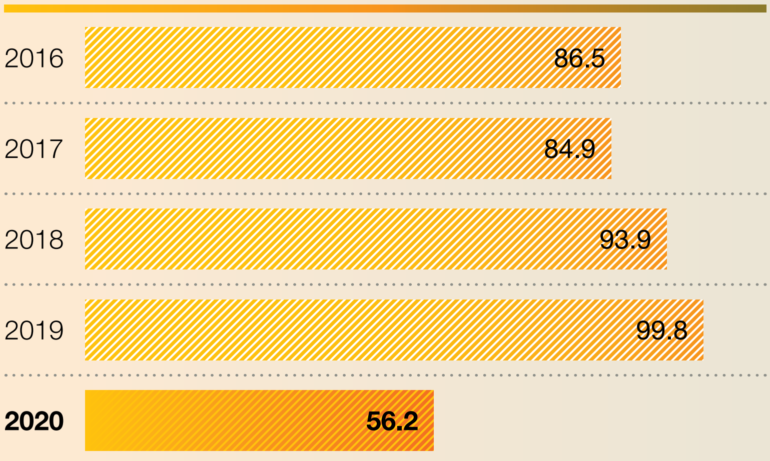
TOTAL SUPPLY AND TRADING VOLUME (million tonnes)
总业务量（百万吨）



REVENUE (US$ billion)
营业额（十亿美元）



NET PROFIT (US$ million)
净利润（百万美元）



CAO AT A GLANCE
公司简介

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

Headquartered in Singapore with a strong and growing presence at key international aviation hubs in Hong Kong SAR, Los Angeles and London; with an entrenched presence in China, CAO and its wholly owned subsidiaries (the "Group"), China Aviation Oil (Hong Kong) Company Limited ("CAOHK"), North American Fuel Corporation ("NAFCO") and China Aviation Fuel (Europe) Limited ("CAFEU") supply jet fuel to airline companies in Asia Pacific, North America, Europe and the Middle East. The Group also engages in international trading of jet fuel and other oil products.

OUR KEY INVESTMENTS

The Group owns investments in oil-related businesses that are synergetic to its supply and trading activities, with a portfolio of assets along an integrated global supply and trading value chain, comprising storage, pipelines and airport refuelling facilities. These associated companies comprise 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"), Aircraft Fuel Supply B.V. ("AFS"), and a controlling stake in CNAF Hong Kong Refuelling Limited ("CNAF HKR") and cover a broad spectrum of businesses that form integral parts of the Group's integrated value chain.

OUR KEY SHAREHOLDERS

China National Aviation Fuel Group Limited ("CNAF"), the single largest shareholder of CAO, holds 51.31% of the total issued shares of CAO (excluding treasury shares). As a state-owned enterprise, CNAF is the largest aviation transportation logistics services provider in the PRC, providing aviation fuel procurement, storage, transportation and refuelling services at over 200 PRC airports.

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

OUR BUSINESSES

Jet Fuel Supply & Trading

As the largest physical jet fuel trader in Asia Pacific and a key importer of jet fuel to the civil aviation industry of the PRC, CAO supplies jet fuel to international airports across the PRC, including Beijing Capital International Airport, Shanghai Pudong and Hongqiao International Airports and Guangzhou Baiyun International Airport.

Supporting global air travel demand, the Group has been marketing and supplying jet fuel to airline companies at international airports worldwide since 2011. Today, the Group supplies jet fuel to close to 40 international airports outside mainland China in over 20 countries, covering Asia Pacific, North America, Europe and the Middle East.

Trading of Other Oil Products

CAO has a diversified oil products portfolio including fuel oil, gasoil, gasoline and crude oil which shores up its global supply and trading network and diversifies its revenue streams. Leveraging on its extended global reach, CAO has entrenched its market presence as an active supplier of these oil products in Asia Pacific and continues to build and optimise structural advantages in these products globally.

Investments in Oil-related Assets

CAO seeks to deliver sustainable growth and create long-term shareholder value through investments in oil-related assets synergistic 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)
- Aircraft Fuel Supply B.V. ("AFS") – (12.5% equity stake)

CAO AT A GLANCE
公司简介

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

中国航油(新加坡)股份有限公司(简称"CAO"或"公司"),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,是亚太地区最大的航油实货贸易商和中国最重要的航油进口商。

公司总部在新加坡,依托于中国市场,业务在全球主要航空枢纽如香港特区、洛杉矶及伦敦等不断拓展壮大。CAO及其全资子公司(统称"公司"):中国航油(香港)有限公司(简称"香港公司")、北美航油有限公司(简称"北美公司")和中国航油(欧洲)有限公司(简称"欧洲公司")向位于亚太、北美、欧洲和中东的航空公司供应航油。公司也开展航油和其它油品的国际贸易。

主要股资

公司投资于与供应和贸易活动有协同性的油品相关业务,包括储罐、管线、机场加注设施,其资产业务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")、阿姆斯特丹机场航油供应公司(简称"AFS")和相对控股的中国航油香港供油有限公司(简称"香港供油公司"),资产遍布多个业务版块,形成公司重要的一体化价值链。

主要股东

CAO最大的股东是中国航空油料集团有限公司(简称"CNAF"),CNAF持有CAO全部发行股票(不包含库存股)的51.31%。CNAF是中国国有企业,也是中国最大的航空运输服务保障企业,为中国超过200家机场提供航空油料的采购、存储、运输和加注服务。

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

业务概况

航油业务

作为亚太地区最大的航油实货贸易商和中国最重要的航油进口商,CAO向中国各地的国际机场供应航油,包括北京首都机场、上海浦东机场、上海虹桥机场和广州白云机场。

受全球需求推动,自2011年以来,公司积极拓展国际航空公司供油业务。公司目前为亚太(不包括中国大陆)、北美、欧洲和中东20多个国家约40个国际机场供应航油。

油品贸易业务

公司执行多元化战略,通过打造全球供应与贸易网络,拓展油品业务,包括燃料油、柴油、汽油和原油业务,由此来扩大收入来源。CAO凭借其拓展的全球业务,已在亚太地区成为这些油品的活跃供应商,并会继续打造和优化这些油品的结构性优势。

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相关实业资产,纵向整合公司价值链,实现可持续增长,并创造长期股东价值。CAO的现有投资包括:

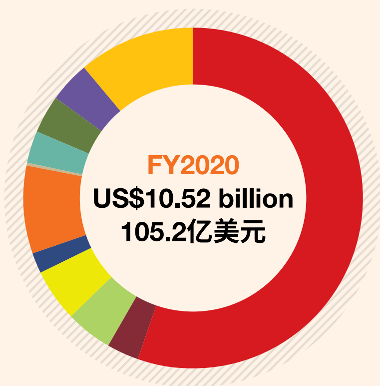
- 上海浦东国际机场航空油料有限责任公司(简称"浦东航油")——(CAO持股33%)
- 中国航油集团津京管道运输有限责任公司(简称"管输公司")——(CAO持股49%)
- 中国航油集团新源石化有限公司(简称"新源公司")——(CAO持股39%)
- 韩国丽水枢纽油库有限公司(简称"OKYC")——(CAO持股26%)
- 中国航油香港供油有限公司(简称"香港供油公司")——(香港公司持股39%,控股)
- 阿姆斯特丹机场航油供应公司(简称"AFS")——(欧洲公司持股12.5%)

INTERNATIONAL REACH
国际触角

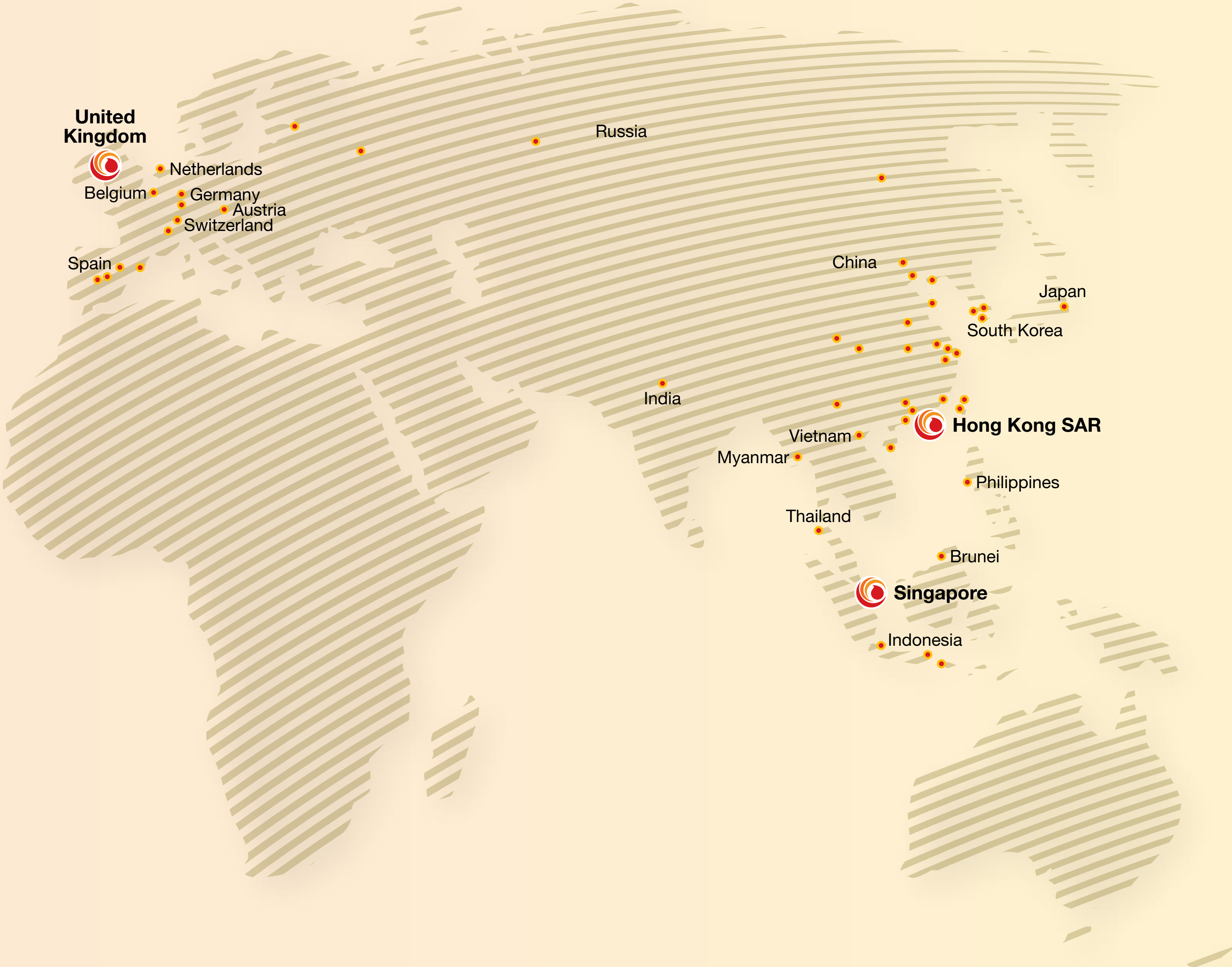
DIVERSIFIED GEOGRAPHIC BASE
地理多元化

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

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%

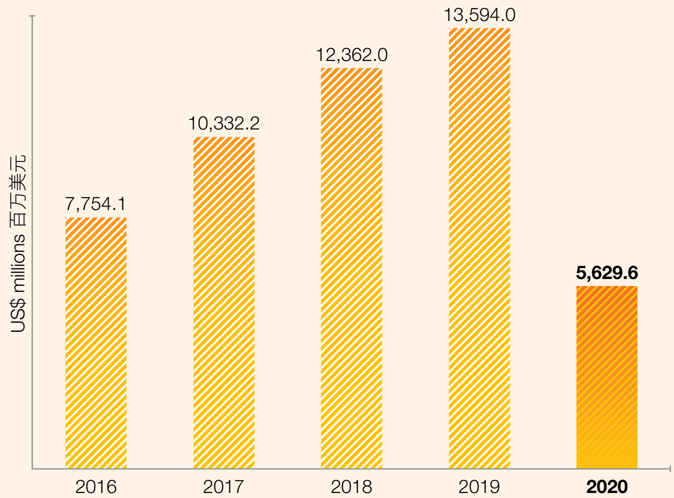


China 中国	55.4%
South Korea 韩国	3.0%
USA 美国	4.6%
Hong Kong SAR 香港特区	4.8%
Indonesia 印度尼西亚	2.1%
Singapore 新加坡	8.2%
Middle East 中东	0.3%
Europe 欧洲	3.2%
Malaysia 马来西亚	3.4%
Australia 澳大利亚	4.1%
Other Regions 其它地区	10.9%

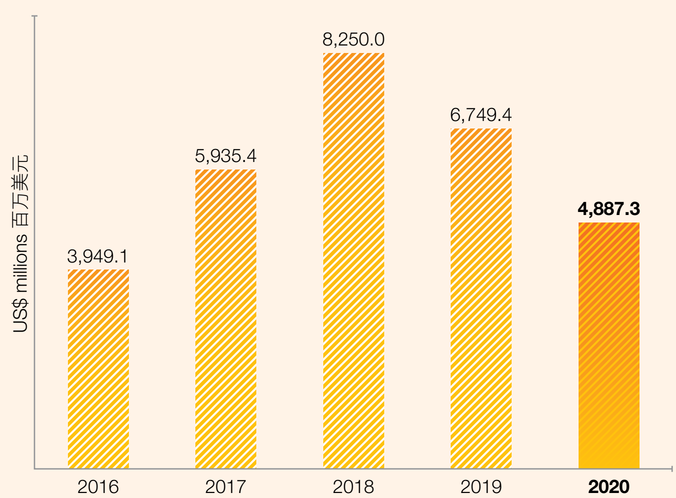


DIVERSIFIED PRODUCT BASE
产品多元化

Revenue – Middle Distillates
收入 — 中馏分



Revenue – Other Oil Products
收入 — 其它油品



SUSTAINABLE BUSINESS MODEL
可持续的业务模式

We procure internationally and deliver cargoes to customers globally.

我们在全球范围内采购货物，交付至不同区域客户的手中。

PROCUREMENT
采购

International Oil Markets
国际油品市场

OPTIMISATION & TRADING
优化与贸易

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

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

Secure Resources
锁定资源

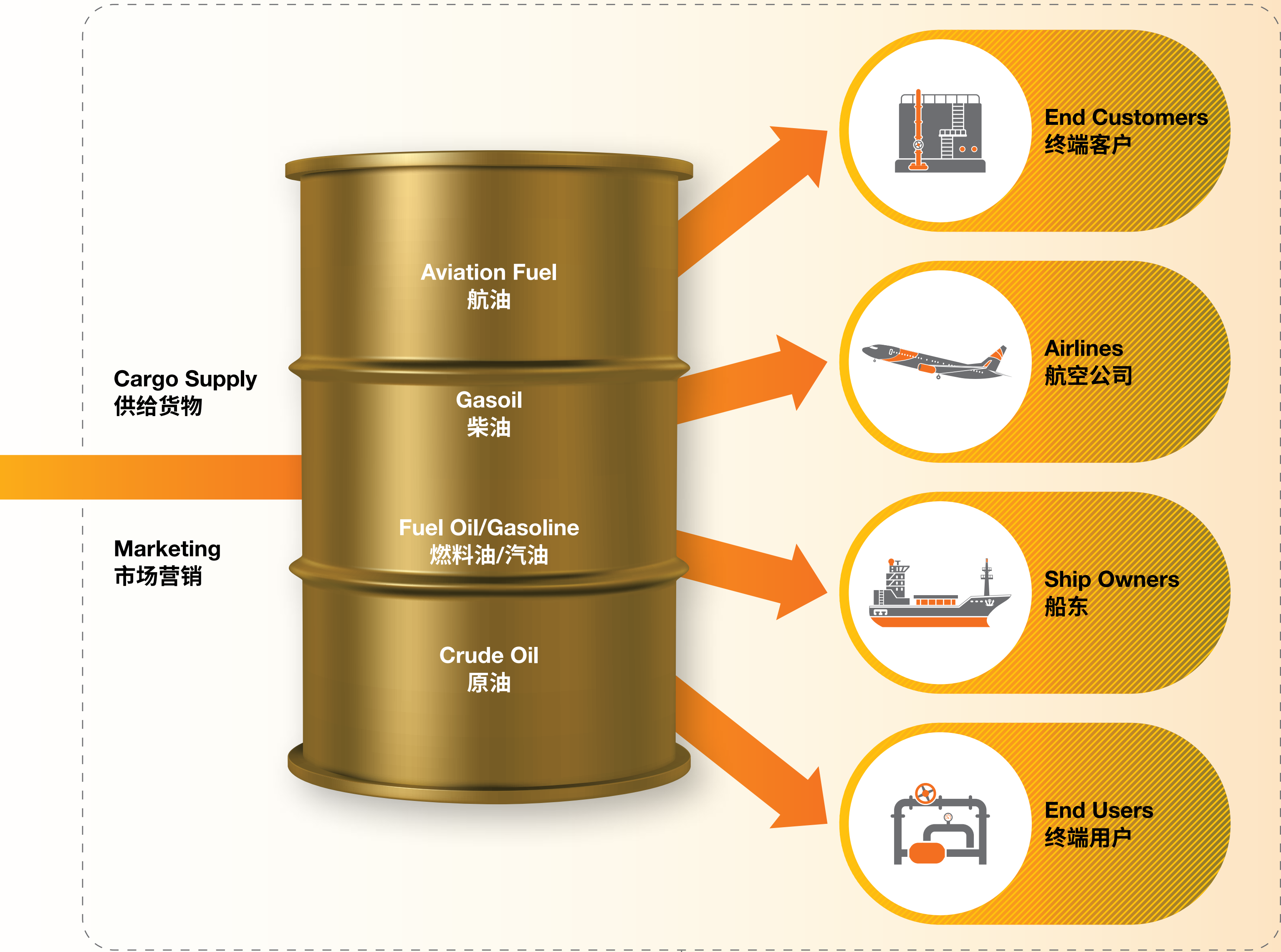
Optimise Logistics
优化物流

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

Storage
储罐

OKYC
韩国丽水枢纽油库有限公司

Xinyuan
新源公司



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

AFS
阿姆斯特丹机场航油供应公司

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

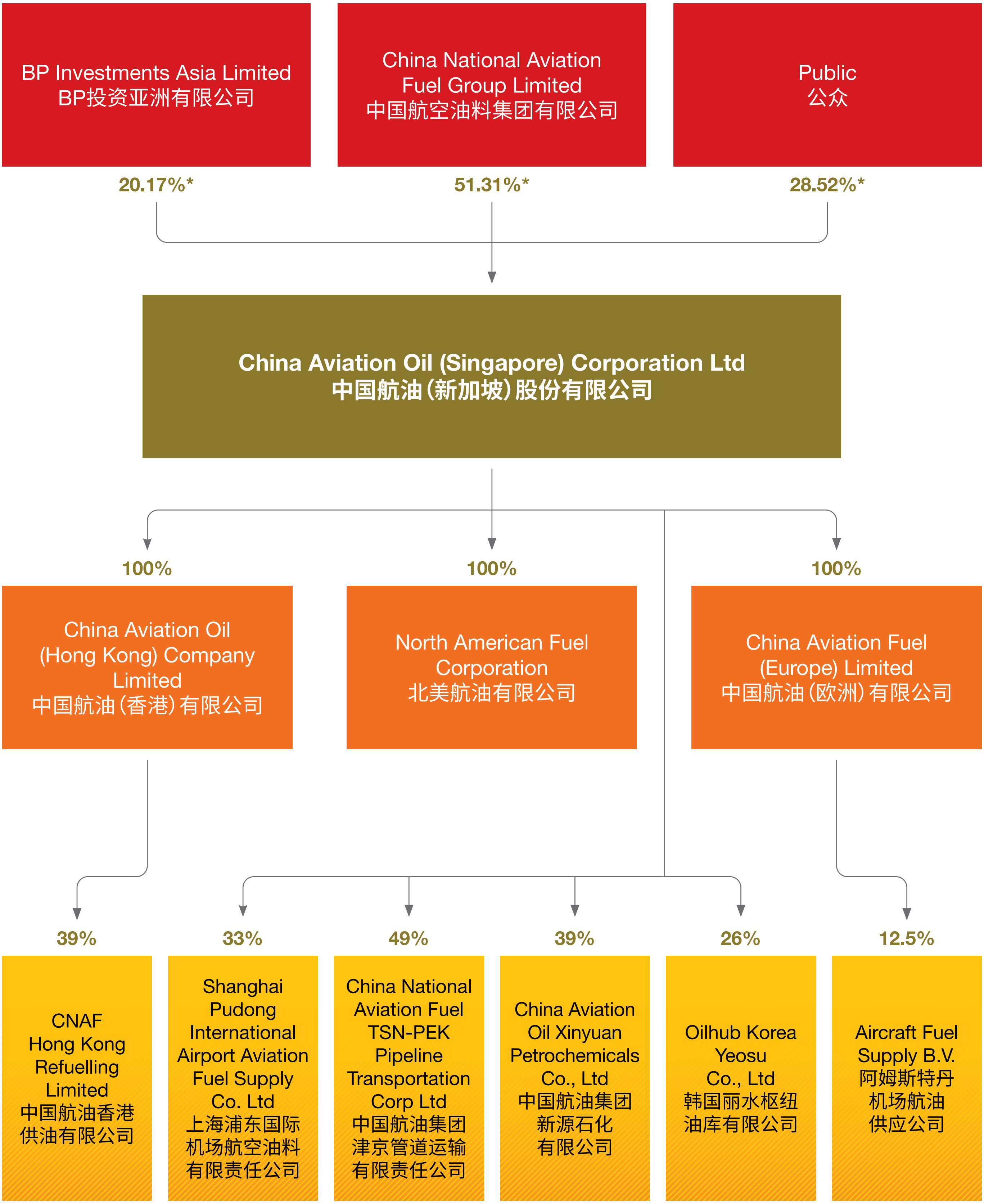
CORPORATE VALUES

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 2021)
公司结构图（截至2021年3月）



* Excluding treasury shares 不包括库存股

FOCUS ON STABILITY

In the face of pandemic-related disruptions during the year, CAO remained resolute in mitigating and managing risks to deliver a resilient performance – a testament to the strength of our product & service offerings, global network, financial position and our team's ability to efficiently optimise our operations.

CHAIRMAN'S STATEMENT 董事长致辞

Gong Feng 龚丰
Chairman 董事长

Dear Shareholders,

In 2020, the global outbreak of the COVID-19 pandemic brought about extraordinary hardship to society at large. Lockdowns and travel curbs globally curtailed international trade, reversed economic growth and severely impacted the global aviation industry in particular. Whilst the full impact of the pandemic has continued to amplify into the new financial year 2021 with new virus strains and fresh lockdowns further exacerbated by lingering China-U.S. tensions, vaccine rollouts in several countries have since brought hope that the world is finally seeing light at the end of the tunnel.

In 2020, worldwide travel restrictions due to the COVID-19 pandemic directly led to a steep decline in aviation fuel demand. The collapse in aviation fuel demand, further augmented by high volatility in oil prices which heightened trading risks during the year, had significantly affected the global jet fuel supply business of China Aviation Oil (Singapore) Corporation Ltd ("CAO" or the "Group"). Such adverse circumstances however, forced the Group to harness its resilience to exercise its trading and risk management expertise which came into full play during the year through comprehensive risk assessment, trading optimisation and costs curtailment. As the deployment of vaccinations diminish risks and government policies impel economic recovery, the Group saw improvements across its operations in the second half of financial year 2020, backed by the resumption of economic revival to pre-COVID levels led by the People's Republic of China ("PRC").

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2020 ("FY2020"), the Group's revenue decreased 48.30% from a year ago to US$10.52 billion due primarily to the decrease in oil prices and total supply and trading volume. Gross profit declined 21.53% to US$45.87 million due mainly to lower profits from the jet fuel supply business, which was impacted by the COVID-19 pandemic.

Total supply and trading volume decreased 25.21% to 27.62 million tonnes in FY2020, compared to 36.93 million tonnes a year ago. Against the backdrop of the collapse in aviation fuel demand, volume for middle distillates fell 35.98% to 14.25 million tonnes, of which jet fuel volume decreased 42.87% to 9.30 million tonnes whilst volume for gasoil decreased 17.22% to 4.95 million tonnes. Volume for other oil products decreased 8.86% to 13.37 million tonnes, mainly due to lower volume for fuel oil.

Total share of results from CAO's associated companies was US$24.79 million for FY2020 compared to US$65.53 million in the corresponding period a year ago with the Group's key associate, Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA") contributing US$19.79 million for FY2020, a decline of 66.36% year-on-year, due to lower revenue and profits as a result of lower refuelling volume and oil prices caused by the COVID-19 pandemic.

The Group's FY2020 net profit of US$56.19 million was 43.71% lower than the corresponding period a year ago, due mainly to lower share of results from associates which were partially offset by a 26.53% decrease in expenses.

CHAIRMAN'S STATEMENT
董事长致辞

DIVIDENDS

The Board of Directors has proposed a one-tier, tax-exempt first and final dividend of 2.58 Singapore cents per ordinary share for approval by shareholders at the forthcoming annual general meeting. The Group's earnings per share for FY2020 was 6.53 US cents compared to 11.61 US cents for FY2019.

THRIVING IN ADVERSITY, MAINTAINING STABILITY

CAO's financial performance in FY2020 was hard earned. Faced with unprecedented headwinds, the Group had strengthened its resolve to achieve significant breakthroughs in its trading business by working cohesively with its partners, deploying cost optimisation strategies across its supply chain and seizing market opportunities to realise commendable financial performance, further solidifying its competitive positioning in the supply chain through its diversified business in the process. At the same time, CAO continued to actively explore asset investment opportunities through its global network, augmenting its strategic plans to broaden revenue streams in order to maintain sustainable development to create long-term value for its shareholders.

As the key supplier of imported aviation fuel to the civil aviation industry of the PRC, the strong resumption of domestic air travels in the PRC in the second half of 2020 had laid a solid foundation for CAO's steady recovery going forward. Supported by the second largest aviation market in the world, CAO is well positioned for the continued recovery of the global aviation industry even as momentum picks up in terms of new prospects for the Group's business development, with further integration of Guangdong, Hong Kong and Macao Bay Area, riding the tide of the establishment of the Hainan Province Free Trade Zone. These developments collectively places CAO and its subsidiaries in good stead to benefit from further expansion of the value chain across the Asia Pacific region, revealing much growth prospects for the Group.

At the same time, as the largest physical jet fuel trader in the Asia Pacific region, CAO continues to supply aviation fuel to close to 40 international airports outside of mainland China. With the new year 2021 seeing the global aviation industry poised for recovery as vaccination diminishes health risks and governments driving economic growth, CAO remains in good stead to benefit from the global economic recovery in the years ahead.

Whilst the international aviation market has taken a pause in view of the pandemic, it should not take too long for international aviation to see a recovery and CAO will ensure that its long-term development prospects remain intact by continuously strengthening risk management, exercising financial prudence and seizing strategic opportunities to achieve new breakthroughs in business development.

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

CHAIRMAN'S STATEMENT
董事长致辞

Oil Storage facilities at CNAF
CNAF储罐设施

ACCOLADES

Over the years, the Company has won many accolades from the investment community for its proactive approach to shareholder communication and transparency. Whilst the pandemic caused many award events to be cancelled in 2020, the Company was again ranked by analysts covering the stock as a "Top Singapore Small Cap Jewels" in view of its strong fundamentals and standing in the Singapore equity market. This followed the Company's "Most Transparent Company" (Winner in Energy Category) by Securities Investors Association of Singapore, the "Best Risk Management" (Gold Award, Mid Cap Category) by Singapore Corporate Awards 2019 as well as being named "Best Performing Stock" (Commerce Category) by The Edge Billion Dollar Club the year before. CAO's continuance on the Singapore Exchange's ("SGX") Fast Track Programme, which recognises listed companies with good corporate governance standing and compliance track records in upholding timely submissions to the SGX also validates the Group's corporate standing as a foremost listed Company on the SGX.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I wish to thank all shareholders, investors and stakeholders for your continued support and confidence in CAO. I also wish to thank my fellow Board of Directors, past and present for their invaluable guidance to navigate CAO through difficult terrains. To the management and staff of CAO, my heartfelt thanks for your dedication and commitment to grow CAO.

2021 looks set to be a pivotal year and corporate plans, reputations and resilience will continue to be put to the test in an uneven economic recovery. Amid changing market dynamics, I am confident that CAO will emerge a much stronger and international enterprise as the Group fine-tunes its strategies and enhances its readiness for the risks and opportunities ahead, to position itself for the future.

Gong Feng
Chairman

CHAIRMAN'S STATEMENT
董事长致辞

各位股东：

2020年，全球爆发新冠疫情，给经济社会各个领域都带来了前所未有的挑战。世界范围的封锁和出行限制影响了国际贸易，重挫了经济增长，特别是重创了全球航空业。疫情的全面影响持续到2021财年，新毒株的陆续出现和新封锁，外加紧张的中美关系令全球经济雪上加霜。然而，多国有序推进新冠病毒疫苗接种却带来了希望，世界经济重现曙光。

2020年，由于疫情采取的出行限制直接造成了航油需求骤降，需求锐减和油价剧烈波动加剧了中国航油（新加坡）股份有限公司（简称"CAO"或"公司"）的贸易风险，对公司的全球航油供应业务造成重大影响。然而，面对空前不利的局面，CAO团队上下一心，通过全面风险评估、优化贸易和降本增效攻坚克难，充分发挥贸易及风险管理的专业水平。随着疫苗的推广，疫情风险逐渐降低，加上政府政策推动经济复苏，中国经济恢复到疫情前水平，使公司业务在2020年下半年得到改善。

财务业绩

截至2020年12月31日（简称"2020财年"），公司收入同比下降48.30%至105.2亿美元，主要因为油价和总供应与贸易量下降。毛利下降21.53%至4,587万美元，主要因为受疫情影响，航油供应业务利润下降。

2020财年，公司总供应与贸易量为2,762万吨，较2019财年的3,693万吨减少25.21%。随着航油需求崩盘，中馏分业务量较去年同期下跌35.98%至1,425万吨，其中，航油业务量同比减少42.87%至930万吨；柴油业务量同比下降17.22%至495万吨。其它油品业务量同比减少8.86%至1,337万吨，主要因为燃料油业务量下降。

2020财年，CAO联营公司的投资收益为2,479万美元，去年同期为6,553万美元；由于主要联营公司——上海浦东国际机场航空油料有限责任公司（简称"浦东航油"）在2020财年的投资收益同比下降66.36%至1,979万美元，主要因为疫情导致加注量及油价下滑，浦东航油收入及利润减少。

公司2020财年的净利润同比减少43.71%至5,619万美元，主要因为联营公司投资收益减少，而运营费用下降26.53%抵消了部分利润的下滑。

股息

在即将召开的常年股东大会上，董事会将提请股东批准派发每股0.0258新元的年终免税股息，2020财年的每股净收益为6.53美分，2019财年则为11.61美分。

攻坚克难、保持平稳

2020财年，公司的财务业绩来之不易。面对前所未有的困难，公司通过与合作方紧密合作，在整个供应链上部署降本增效战略，抓住市场机会实现良好的财务业绩，并借助多元化业务进一步巩固其在供应链上的竞争地位，坚定了公司在贸易业务上取得重大突破的决心。与此同时，CAO继续通过其全球网络积极探索实业投资机会，扩大其战略计划、拓展收入来源，以保持可持续发展，为股东创造长期价值。

作为中国民用航空业的最重要航油进口供应商，中国民航业在2020年下半年的强劲复苏为CAO的稳健发展奠定了坚实基础。CAO背靠世界上第二大航空市场，其业务发展前景呈现新的增长势头。公司准备好迎接全球航空业的持续复苏，随着粤港澳大湾区朝更高水平的一体化推进，并且借助海南省自贸区建设的良机，CAO及其子公司将受益于亚太区价值链的进一步拓展，迎来巨大的增长机遇。

同时，作为亚太地区最大的航油实货贸易商，CAO继续为中国大陆以外约40个国际机场供应航油。全球航空业预料将在2021年开始复苏。随着疫苗的推出，疫情风险逐渐降低，且政府推动经济增长，CAO将在未来几年继续受益于全球经济复苏。

面对疫情，国际航空市场暂停脚步，然而，国际航空业预计将在不久的未来里复苏。CAO将确保其长期发展前景保持不变，不断加强风险管理、优化财务并抓住战略机遇，以实现业务发展的新突破。

市场认可

多年来，公司积极主动地与股东沟通并提高透明度，赢得了投资界的诸多赞誉。尽管疫情导致2020年的多项颁奖活动被取消，但公司凭借其强劲的基本面和在新加坡股市的地位，再次被分析师评为"新加坡小盘股瑰宝"。在这之前，公司还曾被新加坡证券投资者协会评为"最透明公司"（能源组别）、获颁2019年新加坡企业奖"最佳风险管理"（金奖，中盘股组别），以及被"前沿亿万新元俱乐部"评为"最佳表现股票"（商业组别）。CAO继续上榜新交所快速通道计划企业名单；该计划旨在表彰具备高标准企业治理并保持良好合规记录的上市公司，进一步奠定了公司作为新交所重要上市公司的企业地位。

致意与感谢

我谨代表董事会，感谢所有股东、投资者和利益相关者一直以来对CAO的支持和信任。同时，我也要感谢历任和现任董事们给予的宝贵指导，帮助公司渡过难关。衷心感谢管理层和全体员工对公司成长所做的奉献和承诺。

2021年将是关键的一年，经济复苏艰难，企业的计划、声誉和韧性将继续受到考验。在不断变化的市场形势下，我坚信随着公司不断调整战略、放眼未来、加强风险管理、准备迎接机遇，CAO将成为更强大、更国际化的企业。

龚丰
董事长

BOARD OF DIRECTORS
董事会

Gong Feng, 56
Non-Executive,
Non-Independent Chairman

Date of first appointment as a director:
9 December 2020

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

Length of service as director:
23 days
(as at 31 December 2020)

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

Academic and Professional Qualification(s):
- Master of Business Administration, National University of Singapore
- Qualified Senior Engineer (Professor Level), China

Present Directorships:
(as at 31 December 2020)

Listed Companies:
Nil

Other Principal Directorships:
Nil

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

Past Directorships held over the preceding 3 years (from 1 January 2018 to 31 December 2020):
Nil

Others:
- Former Head of Planning Division of China National Aviation Fuel Group Limited
- Former Deputy General Manager (Branch Head) of China Aviation Oil Supply Corporation (North-West Branch)
- Former Deputy Head of Safety Technology Division, China Aviation Oil Supply Corporation
- Former Assistant Manager of Safety Technology Division, China Aviation Oil Supply Corporation
- Former Officer of Fuel Supply Department, CAAC

龚丰，56岁
非执行、非独立董事长

首次当选董事日期：
2020年12月9日

上次董事重选日期：
不适用

供职董事年限：
23天
（截至2020年12月31日）

供职董事委员会：
不适用

学术和专业资历：
- 新加坡国立大学商学院工商管理专业，研究生学历
- 研究员级高级工程师

现任董事席位：
（截至2020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）：
- 中国航空油料集团有限公司副总经理

过去三年曾任董事席位（2018年1月1日至2020年12月31日）：
无

其他：
- 曾任中国航空油料集团有限公司计划处处长
- 曾任中国航空油料总公司西北分公司副总经理（主持工作）
- 曾任中国航空油料总公司安全技术处副处长
- 曾任中国航空油料总公司安全技术处干部、助理员
- 曾任中国民航总局物资司油料处干部

BOARD OF DIRECTORS
董事会

Teo Ser Luck, 52
Lead Independent Director

Date of first appointment as a director:
24 April 2019

Date of last re-election as a director:
4 June 2020

Length of service as director:
1 year 8 months
(as at 31 December 2020)

Board Committee(s) served on:
(as of 19 February 2021)
Audit Committee (Chairman)
Risk Management Committee (Member)
Nominating Committee (Member)

Academic and Professional Qualification(s):
- Degree in Accountancy, Nanyang Technological University, Singapore

Present Directorships:
(as at 31 December 2020)

Listed Companies:
- BRC Asia Limited (Chairman)
- Serial System Ltd (Deputy Chairman)
- Straco Corporation Limited (Independent Director)
- Yanlord Land Group Limited (Independent Director)
- MindChamps PreSchool Limited (Lead Independent Director)

Other Principal Directorships:
- F4U Pte Ltd (Director)
- Vicduo Tech Pte Ltd (Director)
- 2YSL Pte Ltd (Director)

Major Appointments (other than directorships):
- Adviser to the Institute of Chartered Accountants of Singapore (ISCA)
- Adviser to Singapore Fintech Association

Past Directorships held over the preceding 3 years (from 1 January 2018 to 31 December 2020):
- Lead Independent Director of United Engineers Limited

Others:
- Former Minister of State for Trade and Industry
- Former Senior Parliamentary Secretary in the Ministry of Transport and Ministry of Community Development, Youth and Sports
- Former Minister of State for Manpower
- Former Mayor of the North East District
- Former Member of Parliament

张思乐，52岁
首席独立董事

首次当选董事日期：
2019年4月24日

上次董事重选日期：
2020年6月4日

供职董事年限：
1年零8个月
（截至2020年12月31日）

供职董事委员会：
（截至2021年2月19日）
审计委员会（主席）
风险管理委员会（成员）
提名委员会（成员）

学术和专业资历：
- 新加坡南洋理工大学，会计学位

现任董事席位：
（截至2020年12月31日）

上市公司：
- BRC亚洲有限公司（董事长）
- 新晔集团（副董事长）
- 星雅集团（独立董事）
- 仁恒置地集团有限公司（独立董事）
- 迈杰思幼儿园有限公司（首席独立董事）

其他主要董事席位：
- F4U私人有限公司（董事）
- Vicduo Tech私人有限公司（董事）
- 2YSL私人有限公司（董事）

主要任职（除董事职位外）：
- 新加坡特许会计师协会顾问
- 新加坡金融科技协会顾问

过去三年曾任董事席位（2018年1月1日至2020年12月31日）：
- 联合工程有限公司（首席独立董事）

其他：
- 曾任贸工部政务部长
- 曾任社会发展、青年及体育部和交通部高级政务次长
- 曾任人力部政务部长
- 曾任东北区市长
- 曾任新加坡国会议员

BOARD OF DIRECTORS
董事会

Wang Yanjun, 58
Chief Executive Officer/ Executive Director

Date of first appointment as a director:
5 February 2018

Date of last re-election as a director:
25 April 2018

Length of service as director:
2 years 10 months
(as at 31 December 2020)

Board Committee(s) served on:
Nil

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

Present Directorships:
(as at 31 December 2020)

Listed companies:
Nil

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

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

Past Directorships held over the preceding 3 years (from 1 January 2018 to 31 December 2020):
- China National Aviation Fuel Southern Property Co., Ltd.

Others:
- Former Chairman, General Manager of Shenzhen Cheng Yuan Aviation Oil Company Limited
- Former Chairman of China National Aviation Fuel South China Bluesky Corporation Ltd

王延军，58岁
首席执行官/执行董事

首次当选董事日期：
2018年2月5日

上次董事重选日期：
2018年4月25日

供职董事年限：
2年10个月
（截至2020年12月31日）

供职董事委员会：
无

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

现任董事席位：
（截至2020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）
- 中国航油香港供油有限公司（董事长/董事）
- 北美航油有限公司（董事长/董事）
- 韩国丽水枢纽油库有限公司（董事）
- 上海浦东国际机场航空油料有限责任公司（副董事长）

主要任职（除董事职位外）：
- 中国航油（香港）有限公司总经理

过去三年曾任董事席位 (2018年1月1日至2020年12月31日)：
- 中国航油南方置业有限公司

其他：
- 曾任深圳承远航空油料有限公司董事、总经理
- 曾任华南蓝天航空油料有限公司董事长

BOARD OF DIRECTORS
董事会

Li Yongji, 52
Non-Executive,
Non-Independent Director

Date of first appointment as a director:
5 February 2018

Date of last re-election as a director:
25 April 2018

Length of service as director:
2 years 10 months
(as at 31 December 2020)

Board Committee(s) served on:
(as of 19 February 2021)
Audit Committee (Vice Chairman)
Risk Management Committee (Vice Chairman)

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

Present Directorships:
(as at 31 December 2020)

Listed companies:
Nil

Other principal directorships:
- China National Aviation Fuel Corporation Ltd (Director)

Major Appointments (other than directorships):
- Assistant to President of China National Aviation Fuel Group Limited
- President and Chief Financial Officer of China National Aviation Fuel Corporation Ltd

Past Directorships held over the preceding 3 years (from 1 January 2018 to 31 December 2020):
- Director of China National Aviation Fuel South China Bluesky Corporation Ltd
- Director of Shenzhen Airport Petroleum Co., Ltd.
- Chairman of Supervisory Board of China National Aviation Petrochemical Pipeline Co., Ltd.

Others:
- Former Supervisory Board member of China National Aviation Fuel Corporation Ltd
- Former General Manager of Finance Division, China National Aviation Fuel Group Limited
- Former General Manager of Finance Division, China Aviation Oil Holding Company
- Former Head of Assets and Financial Management Division, China Aviation Oil Holding Company
- Former Deputy Director of Finance Division, China Aviation Oil Supply Corporation
- Former Deputy Director of the Restructuring Office, China Aviation Oil Supply Corporation

李永吉，52岁
非执行、非独立董事

首次当选董事日期：
2018年2月5日

上次董事重选日期：
2018年4月25日

供职董事年限：
2年10个月
（截至2020年12月31日）

供职董事委员会：
（截至2021年2月19日）
审计委员会（副主席）
风险管理委员会（副主席）

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

现任董事席位：
（截至2020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）

主要任职（除董事职位外）：
- 中国航空油料集团有限公司总经理助理
- 中国航空油料有限责任公司总裁、财务总监

过去三年曾任董事席位（2018年1月1日至2020年12月31日）：
- 华南蓝天航空油料有限公司（董事）
- 深圳空港油料公司（董事）
- 中国航油石化管道有限公司（监事会主席）

其他：
- 曾任中国航油有限责任公司监事
- 曾任中国航空油料集团有限公司财务金融部总经理
- 曾任中国航空油料集团公司财务部总经理
- 曾任中国航空油料集团公司资产财务部负责人
- 曾任中国航空油料总公司财务处副处长
- 曾任中国航空油料总公司股改办公室副主任

BOARD OF DIRECTORS
董事会

Zhang Yuchen, 47
Non-Executive,
Non-Independent Director

Date of first appointment as a director:
1 November 2020

Date of last re-election as a director:
Nil

Length of service as director:
2 months
(as at 31 December 2020)

Board Committee(s) served on:
(as of 19 February 2021)
Nominating Committee (Vice Chairman)
Remuneration Committee (Vice Chairman)

Academic and Professional Qualification(s):
- Bachelor of Engineering
- Qualified Engineer

Present Directorships:
(as at 31 December 2020)

Listed companies:
Nil

Other principal directorships:
Nil

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

Past Directorships held over the preceding 3 years (from 1 January 2018 to 31 December 2020):
Nil

Others:
- Former General Manager of South China Bluesky Corporation Ltd, Hubei branch
- Former Deputy General Manager of South China Bluesky Corporation Ltd, Hubei branch
- Former Manager of Safety Monitoring Technology Development Department, South China Bluesky Corporation Ltd
- Former Assistant to the General Manager, South China Bluesky Corporation Ltd, Hubei branch
- Former Manager, South China Bluesky Corporation Ltd, Yichang branch
- Former Acting Manager, South China Bluesky Corporation Ltd, Yichang branch
- Former Assistant of Safety Monitoring Technology Development Department, South China Bluesky Corporation Ltd
- Former Fuelling Operator at Aviation Fuel Station, South China Bluesky Corporation Ltd, Hubei branch
- Former Deputy Officer of Yichang Supply Station, CNAF Hubei branch
- Former Assistant Engineer, Wuhan Tianhe Airport Construction Headquarter, Wuhan Airport Development Group
- Former Intern Engineer, Wuhan Tianhe Airport Construction Headquarter, Wuhan Airport Development Group

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张宇尘，47岁
非执行、非独立董事

首次当选董事日期：
2020年11月1日

上次董事重选日期：
无

供职董事年限：
2个月
（截至2020年12月31日）

供职董事委员会：
（截至2021年2月19日）
提名委员会（副主席）
薪酬委员会（副主席）

学术和专业资历：
- 工学学士
- 工程师

现任董事席位：
（截至2020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）：
- 中国航空油料集团有限公司采购管理部总经理

过去三年曾任董事席位（2018年1月1日至2020年12月31日）：
无

其他：
- 曾任华南蓝天航空油料有限公司湖北分公司总经理
- 曾任华南蓝天航空油料有限公司湖北分公司副总经理
- 曾任华南蓝天航空油料有限公司安全技术监督开发部经理
- 曾任华南蓝天航空油料有限公司湖北分公司总经理助理
- 曾任华南蓝天航空油料有限公司宜昌分公司经理
- 曾任华南蓝天航空油料有限公司宜昌分公司经理（代）
- 曾任华南蓝天航空油料有限公司安全监督技术开发部助理
- 曾任华南蓝天航空油料有限公司湖北分公司航空加油站加油员
- 曾任中国航空油料湖北分公司宜昌供应站油库副主任
- 曾任武汉机场综合发展总公司天河机场建设指挥部助理工程师
- 曾任武汉机场综合发展总公司天河机场建设指挥部见习工程师

BOARD OF DIRECTORS
董事会

Li Runsheng, 68
Non-Executive,
Independent Director

Date of first appointment as a director:
24 April 2014

Date of last re-election as a director:
4 June 2020

Length of service as director:
6 years 8 months
(as at 31 December 2020)

Board Committee(s) served on:
(as of 19 February 2021)
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 2020)

Listed companies:
- COSCO SHIPPING Energy Transportation Co., Ltd. (Independent Director)

Other principal directorships:
Nil

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 3 years (from 1 January 2018 to 31 December 2020):
Nil

Others:
- Member of the Academic Committee of the 1st China Top Think Tank, CNPC Economics & Technology Research Institute
- Expert of the Second Expert and Academic Committee, China International Engineering Consulting Corporation
- Distinguished Professor at China University of Petroleum, Beijing
- Distinguished Professor at Zhejiang University of Finance & Economics
- Former Vice Chairman and Director of the Expert Committee of China Petroleum and Chemical Industry Association
- Former Assistant to President, Deputy Director of Advisory Center of China National Petroleum Corporation
- Former Vice President of PetroChina Company Limited, Refining & Marketing Branch
- Former Director of the Department of Policies and Legislation, State Bureau of Petroleum and Chemical Industries

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李润生，68岁
非执行、独立董事

首次当选董事日期：
2014年4月24日

上次董事重选日期：
2020年6月4日

供职董事年限：
6年零8个月
（截至2020年12月31日）

供职董事委员会：
（截至2021年2月19日）
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2020年12月31日）

上市公司：
中远海运能源运输股份有限公司（独立董事）

其他主要董事席位：
无

主要任职（除董事职位外）：
无

过去三年曾任董事席位（2018年1月1日至2020年12月31日）：
无

其他：
- 中国石油经济技术研究院第一届国家高端智库学术委员会委员
- 中国国际工程咨询公司第二届专家学术委员会专家
- 中国石油大学（北京）特聘教授
- 浙江财经大学特聘教授
- 曾任中国石油和化学工业联合会副会长、专家委员会主任
- 曾任中国石油天然气集团公司总经理助理、咨询中心副主任
- 曾任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
- 曾任中国国家石油和化学工业局政策法规司司长

BOARD OF DIRECTORS
董事会

Hee Theng Fong, 66
Non-Executive, Independent Director

Date of first appointment as a director:
24 April 2019

Date of last re-election as a director:
4 June 2020

Length of service as director:
1 Year 8 months
(as at 31 December 2020)

Board Committee(s) served on:
(as of 19 February 2021)
Risk Management Committee (Chairman)
Audit Committee (Member)
Remuneration Committee (Member)

Academic and Professional Qualification(s):
- L.L.B. (Honours), National University of Singapore
- Diploma in PRC Law, Suzhou University

Present Directorships:
(as at 31 December 2020)

Listed companies:
- Straco Corporation Limited (Independent Director)
- Zheneng Jinjiang Environment Holding Company Limited (Independent Director)
- Yanlord Land Group Limited (Independent Director)
- Haidilao International Holding Ltd (Independent Director)
- Huazhu Group Limited (Independent Director)

Other principal directorships:
Nil

Major Appointments (other than directorships):
- Consultant of Harry Elias Partnership LLP

Past Directorships held over the preceding 3 years (from 1 January 2018 to 31 December 2020):
- Independent Director of YHI International Limited
- Independent Director of First Resources Limited
- Independent Director of Datapulse Technology Limited
- Independent Director of Delong Holdings Limited
- Independent Director of NTUC Fairprice Co-operative Limited
- Independent Director of NTUC Fairprice Foundation Ltd
- Director of Business China
- Director of Chinese Development Assistance Council (CDAC)
- Director of Singapore Chinese Cultural Centre
- Independent Director of Tye Soon Limited
- Independent Director of APAC Realty Limited

Others:
- Deputy Chairman of Singapore Medishield Life Council
- Member of ACRA's Complaints and Disciplinary Panel
- Member of Advisory Committee for "China Ready Programme" under the Ministry of Law

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许廷芳，66岁
非执行、独立董事

首次当选董事日期：
2019年4月24日

上次董事重选日期：
2020年6月4日

供职董事年限：
1年零8个月
（截至2020年12月31日）

供职董事委员会：
（截至2021年2月19日）
风险管理委员会（主席）
审计委员会（成员）
薪酬委员会（成员）

学术和专业资历：
- 新加坡国立大学，法学（荣誉）学士
- 苏州大学，中国法律文凭

现任董事席位：
（截至2020年12月31日）

上市公司：
- 星雅集团（独立董事）
- 浙能锦江环境控股有限公司（独立董事）
- 仁恒置地集团有限公司（独立董事）
- 海底捞国际控股有限公司（独立董事）
- 华住集团有限公司（独立董事）

其他主要董事席位：
无

主要任职（除董事职位外）：
依莱雅士律师事务所顾问

过去三年曾任董事席位（2018年1月1日至2020年12月31日）：
- 友发国际有限公司（独立董事）
- 第一资源有限公司（独立董事）
- 胜达科技有限公司（独立董事）
- 德龙控股有限公司（独立董事）
- 联总平价合作社（独立董事）
- 联总平价基金会（独立董事）
- 通商中国（董事）
- 华社自助理事会（董事）
- 新加坡华族文化中心（董事）
- 大顺有限公司（独立董事）
- 亚太地产有限公司（独立董事）

其他：
- 新加坡终身健保理事会副主席
- 新加坡会计与企业管理局投诉纪律小组会员
- 新加坡律政部"中国通识"计划咨询委员会会员

BOARD OF DIRECTORS
董事会

Conrad Frederick James Clifford, 62
Non-Executive, Independent Director

Date of first appointment as a director:
19 February 2021

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

Length of service as director:
N.A.
(as at 31 December 2020)

Board Committee(s) served on:
(as of 19 February 2021)
Remuneration Committee (Chairman)
Risk Management Committee (Member)
Nominating Committee (Member)

Academic and Professional Qualification(s):
- Master of Business Administration, Durham University Business School
- Master of Arts (Honours) Oriental Studies, Corpus Christi College, Cambridge University, England

Present Directorships:
(as at 31 December 2020)

Listed companies:
N.A.

Other principal directorships:
N.A.

Major Appointments (other than directorships):
- Regional Vice President, Asia Pacific of International Air Transport Association

Past Directorships held over the preceding 3 years (from 1 January 2018 to 31 December 2020):
Nil

Others:
- Former Interim/Acting Managing Director of Antrak Air Ghana
- Former Group Chief Executive Officer of Monarch Travel Group

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康瑞德 F.J.克利福德, 62岁
非执行、独立董事

首次当选董事时间:
2021年2月19日

上次董事重选时间:
不适用

任职董事年限:
不适用
(截至2020年12月31日)

任职董事委员会:
(截至2021年2月19日)
薪酬委员会(主席)
风险管理委员会(成员)
提名委员会(成员)

学术和专业资历:
- 杜伦大学商学院工商管理硕士
- 英国剑桥大学Corpus Christi学院东方研究文学硕士(荣誉学位)

现任董事席位:
(截至2020年12月31日)

上市公司
不适用

其他主要董事席位:
不适用

主要任职(除董事职位外):
- 国际航空运输协会区域副总裁

过去三年曾任董事席位 (2018年1月1日至2020年12月31日):
无

其他:
- 曾任加纳安戳科航空公司代董事总经理
- 曾任英国君王旅游集团首席执行官

BOARD OF DIRECTORS
董事会

Bella Young Pit Lai, 56
Non-Executive, Non-Independent Director

Date of first appointment as a director:
22 April 2015

Date of last re-election as a director:
25 April 2018

Length of service as director:
5 years 8 months
(as at 31 December 2020)

Board Committee(s) served on:
(as of 19 February 2021)
Audit Committee (Member)
Risk Management Committee (Member)
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 2020)

Listed companies:
Nil

Other principal directorships:
- BP Hong Kong Limited (Director)

Major Appointments (other than directorships):
- General Manager of BP Xiaoju New Energy (Shenzhen) Co., Ltd.

Past Directorships held over the preceding 3 years (from 1 January 2018 to 31 December 2020):
- Director of J & A Petrochemical Sdn. Bhd.
- Director of Shine Top International Investment Limited (Dissolved)

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
- Former General Manager of Air BP Asia

楊必麗，56岁
非执行、非独立董事

首次当选董事日期：
2015年4月22日

上次董事重选日期：
2018年4月25日

供职董事年限：
5年零8个月
（截至2020年12月31日）

供职董事委员会：
（截至2021年2月19日）
审计委员会（成员）
风险管理委员会（成员）
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
- 美国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2020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）

主要任职（除董事职位外）：
- 碧辟小桔新能源（深圳）有限责任公司总经理

过去三年曾任董事席位（2018年1月1日至2020年12月31日）：
- J & A Petrochemical Sdn. Bhd.（董事）
- 耀通国际投资有限公司（已解散）（董事）

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
- 曾任Air BP亚洲总经理

CORPORATE INFORMATION (as at March 2021)
公司信息（截至2021年3月）

DIRECTORS

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

Teo Ser Luck
(Lead Independent Director)

Wang Yanjun
(Chief Executive Officer/ Executive Director)

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

Zhang Yuchen
(Non-Executive, Non-Independent Director)

Li Runsheng
(Independent Director)

Hee Theng Fong
(Independent Director)

Conrad F.J. Clifford
(Independent Director)

Bella Young Pit Lai
Non-Executive, Non-Independent Director)

AUDIT COMMITTEE

Teo Ser Luck *(Chairman)*
Li Yongji *(Vice Chairman)*
Li Runsheng
Hee Theng Fong
Bella Young Pit Lai

REMUNERATION COMMITTEE

Conrad F.J. Clifford *(Chairman)*
Zhang Yuchen *(Vice Chairman)*
Li Runsheng
Hee Theng Fong
Bella Young Pit Lai

NOMINATING COMMITTEE

Li Runsheng *(Chairman)*
Zhang Yuchen *(Vice Chairman)*
Teo Ser Luck
Bella Young Pit Lai
Conrad F.J. Clifford

RISK MANAGEMENT COMMITTEE

Hee Theng Fong *(Chairman)*
Li Yongji *(Vice Chairman)*
Teo Ser Luck
Bella Young Pit Lai
Conrad F.J. Clifford

COMPANY SECRETARY

Doreen Nah

AUDITORS

Deloitte & Touche LLP
(Appointed on 20 April 2016)
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809
Partner in charge: Tay Boon Suan
(Since financial year 2016)

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

董事

龚丰
（董事长/非执行、非独立董事）

张思乐
（首席独立董事）

王延军
（首席执行官/执行董事）

李永吉
（非执行、非独立董事）

张宇尘
（非执行、非独立董事）

李润生
（独立董事）

许廷芳
（独立董事）

康瑞德·克利福德
（独立董事）

楊必麗
（非执行、非独立董事）

审计委员会

张思乐 *（主席）*
李永吉 *（副主席）*
李润生
许廷芳
楊必麗

薪酬委员会

康瑞德·克利福德 *（主席）*
张宇尘 *（副主席）*
李润生
许廷芳
楊必麗

提名委员会

李润生 *（主席）*
张宇尘 *（副主席）*
张思乐
楊必麗
康瑞德·克利福德

风险管理委员会

许廷芳 *（主席）*
李永吉 *（副主席）*
张思乐
楊必麗
康瑞德·克利福德

公司秘书

蓝肖蝶

外部审计师

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

股票登记处和转让处

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

主要银行

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

注册办公室

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

EYE ON OPPORTUNITY

CAO is determined to navigate market uncertainties by adopting a proactive mindset in transforming our business, broadening our global presence and market share to ensure the Group's capability to continue serving customers amid difficult conditions and deliver long-term growth for our shareholders.

CEO'S MESSAGE
首席执行官致辞

Wang Yanjun 王延军
Chief Executive Officer/Executive Director 首席执行官/执行董事

Dear Shareholders,

The world grappled with the worst global pandemic in a century with the rapid spread of the COVID-19 virus in 2020. Global economies languished amid lockdowns and travel curbs, which severely affected the aviation industry. With persisting Sino-US tensions and intensifying geopolitical conflicts, these dire macroeconomic factors collectively curtailed global trade and led to demand and supply oil shocks, market volatilities and economic uncertainties during the year.

The tough markets and market disruptions in 2020 resulted in an oil rout and the aviation sector bore the full brunt, alongside many players in the oil industry. Nevertheless, China Aviation Oil (Singapore) Corporation Ltd ("CAO" or "the Group") remained resolute in its strategic focus to pursue growth and the expansion of its businesses amid prudent financial management. The delivery of the Group's FY2020 results was therefore hard earned, given the perilous market conditions presented by the COVID-19 pandemic, which severely affected the performance of our key associate, Shanghai Pudong International Airport Aviation Fuel Supply Company ("SPIA").

RESILIENCE AMID ADVERSITY

In many ways, the year 2020 allowed CAO to demonstrate its resilience and tenacity in perilous times which also attests to the viability of the Group's two-pronged strategy to drive growth in its aviation fuel and oil products trading businesses amid the challenging global economic and market conditions. Despite the unprecedented challenges presented by the pandemic, the Group stayed ahead of the curve with its forward-looking insights on the impact of COVID-19 pandemic on China's domestic demand for jet fuel and made good trading decisions that enabled the Group to achieve a creditable set of results for the year.

Aided by the entrenched presence of our parent company, China National Aviation Fuel Group Limited ("CNAF"), in the PRC, and at a time when the pandemic decimated energy demand and oil prices collapsed, leaving much of the world stupefied, the Group however, took appropriate trading decisions through our global integrated supply chain. This strategy further enabled CAO to fulfil the needs of end customers and suppliers throughout the crisis and aided to absorb market disruption across our supply chain.

DRIVING SUSTAINABLE GROWTH

In 2020, the Group continued to work towards sustainable progress by carrying out strategic alignments that it had started the year before and made organisational changes to streamline its corporate structure, with considerable efforts put in toward greater cross-functional refinement, enabling improvement and betterment in the management of the Group. Continuing to reinforce the concept of compliance and risk management first, efforts were made toward instilling regulatory compliance and fostering an effective risk culture across the Group's global presence. At the same time, the Group also focused on streamlining business costs and maximising cost savings to further enhance the Group's sustainability through measures such as improving the utilisation of storage tanks and pipelines, managing shipping operation costs and other measures, all of which elevated the Group's operations and returns.

CEO'S MESSAGE
首席执行官致辞

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

2020 also saw the Group taking decisive measures to prevent the spread of COVID-19 and hunker down in the face of strong headwinds facing businesses. Despite the difficult operating environment, additional measures were taken to ensure that CAO remains competitive in the long run and entrench its leadership position in aviation fuel. Today, CAO remains well positioned to capture opportunities across the value chain in the aviation market with an increasingly wide spectrum of customers. The Group will stay the course to build on its jet fuel supply and trading network complemented with trading in other oil products to further develop its competitiveness and potential to deliver long term value for our shareholders.

The year was therefore a disorientating mix of growth and crisis for CAO's business even as we sought to think ahead to prime CAO for sustainable growth in the years to come. CAO remains cautiously optimistic about its performance given the expected gradual recovery in global economic growth as well as stimulus measures that are spurring demand even as our strong balance sheet continues to serve us well in the years of recovery ahead.

APPRECIATION

On behalf of the management and all staff of CAO, I wish to express my heartfelt thanks to our parent company, CNAF and major shareholder, BP Investments Asia Limited ("BP") for their unceasing support. I would also like to thank all our shareholders for their understanding and support as well as the detailed and effective guidance from the Board of Directors. My sincere gratitude to our suppliers, trading counterparties, bankers and other business partners for their support as we look forward to greater collaboration in the future.

A deep appreciation to all at our associated and investment companies, as well as all employees at CAO and other stakeholders for your support; the Group could not have achieved all that we have without each and every of your commitment and perseverance through the years.

The world has emerged from 2020 in a much-altered state as the world economy gets back on track and shifts toward a post-pandemic future of renewals. Into 2021, many parts of the Chinese economy have already recovered and is expected to see further pickup particularly in the area of consumer spending. Whilst outside of China, vaccination and lower mobility restrictions mean consumption and the resumption of air travels, the global macroeconomic landscape continues to be dominated by tensions between the US and China. Nevertheless, CAO will press ahead and face these rapidly evolving challenges head on, seeking and leveraging market opportunities to continually expand the Group's global integrated value chain in furtherance of the Group's growth trajectory.

Wang Yanjun
Chief Executive Officer/Executive Director

CEO'S MESSAGE
首席执行官致辞

各位股东：

全球在2020年遭受了百年一遇的严重疫情，新冠病毒的迅速传播更是让世界饱受创伤。因全球采取封锁和出行限制，经济因此萎靡不振，使航空业受到重创。中美关系持续紧张，地缘政治冲突不断加剧，严峻的宏观经济因素限制了全球贸易，导致这一年石油市场供需失衡、波动加剧和经济充满不确定性。

2020年，严峻和混乱的市场环境导致原油崩盘，航空业和许多油气相关行业遭受重创。尽管如此，中国航油（新加坡）股份有限公司（简称"CAO"或"公司"）仍然坚持其战略重点，在稳健的财务管理下寻求业务增长和扩张。疫情造成市场环境萧条，严重影响了主要联营公司——上海浦东国际机场航空油料有限责任公司（简称"浦东航油"）的业绩，因此，公司2020财年所取得的业绩实属来之不易。

攻坚克难

公司在2020年于许多方面展现了临危不乱、攻坚克难、不屈不挠的精神，证明公司在充满挑战的全球经济和市场环境下，凭借两翼齐飞的战略来推动航油业务和油品贸易增长的可行性。虽然疫情带来了史无前例的艰巨挑战，但公司始终勇往直前，就疫情对中国国内航油需求的影响保持远见，做出有利的贸易决策，在这一年取得多项良好业绩。

尽管疫情导致能源需求骤降、油价暴跌，且令世界多地手足无措，但公司凭借母公司中国航空油料集团有限公司依托于中国市场的优势，通过全球一体化供应链，做出正确的贸易决定，在危机期间满足终端客户和供应商的需求，帮助消化整个供应链的市场混乱。

推动可持续增长

2020年，公司继续致力于可持续发展，通过前一年的战略实施和组织架构的精简化，努力朝着跨部门精细化方向迈进，从而改进与完善管理。公司继续强化合规和风险管理理念；首先，公司在全球范围努力灌输合规理念，以有效地培养风控文化。与此同时，公司还致力于降本增效，进一步加强可持续性发展等措施，通过提高储罐和管线利用率、紧抓船运运营成本和其他措施，提升公司的运营和回报。

公司也在2020年采取果断措施来预防疫情的扩散，并在面对重重困难下保持定力。尽管运营环境艰难，但公司采取额外措施，保持长期竞争力，巩固其在航油领域的领导地位。随着航空市场客户范围越来越广，公司将抓紧整个航空价值链上的机遇，保持其竞争实力。公司将继续巩固其航油供应与贸易网络，辅以其他油品贸易，进一步发展其竞争力和潜力，为股东创造长期价值。

对CAO来说，这一年的业务增长与危机并存，因此，公司运筹帷幄，为未来几年的可持续增长做好准备。全球经济复苏在望，经济刺激措施也将带动需求，而随着全球经济在未来几年的逐步复苏，公司凭借其强劲的资产负债表，对未来几年的业绩持谨慎乐观态度。

致谢

在此，我谨代表公司管理层和全体员工，对母公司中国航空油料集团有限公司及大股东BP投资亚洲有限公司（简称"BP"）一直以来的支持表示衷心的感谢！感谢所有股东的理解和支持，以及董事会悉心有效的指导。

衷心感谢供应商、贸易对家、银行和其他商业伙伴对公司的支持，期待未来有更深入广泛的合作。

衷心感谢所有联营公司及公司全体员工和其他利益相关方的支持，因为你们多年的辛勤付出和不懈努力，公司才能取得今天的成就。

随着全球经济于2020年走出疫情回到正轨，世界格局已发生了重大变化。进入2021年，中国经济的多个领域已经复苏，预计将进一步增长，尤其是在消费支出领域。在中国以外，随着疫苗接种的展开和出行限制的放松，消费和航空旅行逐渐恢复，然而，中美紧张局势将继续主导全球宏观经济格局。尽管如此，CAO仍将砥砺奋进，直面瞬息万变的挑战，寻求并利用市场机遇以不断拓展公司的全球价值链，进而推动公司的发展。

王延军
首席执行官/执行董事

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MARKET OVERVIEW

2020 was characterised by the sharp economic fallout in the first half of the year as a result of the global COVID-19 pandemic. The ongoing trade conflicts, geopolitical uncertainties, increasing protectionist measures and pandemic-led changes caused unprecedented volatility for the oil and gas industry. Global air travel, which typically accounts for approximately 10% of global oil demand, came to a near-standstill even as the near-halt in related trade and business activities severely impacted demand for other transportation fuels. Amidst unprecedented market conditions, the Brent Crude slumped into negative territory to -US$37.63 per barrel in April, before staging a rebound to hit a high of US$69.90 per barrel in December 2020. Despite the adverse volatility in oil prices and unprecedented market challenges, CAO's two-pronged strategy to drive growth, leveraging on the global operations of its core jet fuel and other oil products businesses, allowed the Group to deliver an overall resilient business performance in 2020.

JET FUEL SUPPLY AND TRADING

The emergence of COVID-19 and its rapid spread across the globe in early 2020 created a crisis of unprecedented magnitude to the global aviation industry. In response to the pandemic and to contain the spread of the virus, countries closed borders and airlines suspended flights, bringing the aviation industry to a virtual halt. The disruption decimated aviation demand with Platts Singapore jet fuel prices tumbling to US$24 per barrel in March and plunging to US$13.06 per barrel on 22 April 2020, the lowest in a decade. Singapore's jet fuel refining gross margin also fell from US$14.62 per barrel in January 2020 to turn negative and dipped further to -US$8.05 per barrel in early May, a record low in more than five years.

In this challenging environment, CAO's jet fuel bench capitalised on market opportunities to further build and optimise its jet fuel inventories, resulting in increased operational efficiency and profits. At the same time, the bench leveraged on the high heating demand during Japan's winter season and procured low sulphur kerosene for which the market supplies were low, and met the Japanese demand in a timely manner, effectively increasing the Group's revenues and expanding its business portfolio.

AVIATION MARKETING

COVID-19 has severely tested the resilience of CAO and its core jet fuel business, particularly the aviation marketing segment, which has been hard hit since the first quarter 2020 when global air travel was affected significantly by lockdowns and travel restrictions.

With the outbreak of COVID-19 worldwide, airline flights rapidly decreased following the air traffic and travel restrictions put in place by various governments around the world. At the same time, airline companies started to reduce flight frequencies on many routes which made the Group's aviation marketing business face an uncertain future and extremely challenging times.

Into-plane refuelling operations at a Chinese airport
在中国机场的加注服务

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As governments imposed travel restrictions to curb the spread of the pandemic, global air traffic came to a standstill for a prolonged period in 2020, leading to the collapse of jet fuel demand. International Air Transport Association's ("IATA") statistics showed that jet fuel consumption from the global airline sector plunged 47% to 3.3 million barrels per day, down from the peak of 6.3 million barrels per day in 2019.

Inevitably, the COVID-19 pandemic has had an unprecedented impact on the Group's aviation marketing business. Supply volumes at international airports outside mainland China was down 41.81% to 1.69 million tonnes for FY2020.

Global economies have been heavily hit which caused significant impact on the operations of the Group's subsidiaries spanning Asia, North America and Europe. At Hong Kong International Airport, total jet fuel consumption was 3.4 million tonnes, which was down 53% from 2019.

In the United States, airline jet fuel demand in 2020 averaged around 50% lower than 2019. At its lowest point in March, jet fuel demand at Los Angeles International Airport was some 75% lower at the peak of the pandemic when major world cities implemented lockdowns and travel restrictions, causing air travel to come to a near-halt. Nevertheless, jet fuel demand began gaining momentum in May 2020 with the increase in cargo flights as well as the resumption of some international flights in July. Even though total jet fuel demand at Los Angeles International Airport (LAX) and John F Kennedy International Airport (JFK) in 2020 dropped to 60% and 45% of 2019's jet fuel demand at both American airports respectively, the Group's North American subsidiary, NAFCO's market share at LAX and JFK remained stable. Over in Europe, international passenger traffic saw a modest recovery in the summer of 2020 as travel restrictions eased only to see a re-introduction of containment measures when a second wave of the pandemic emerged in late August leading air passenger and traffic volumes in Europe to remain dismal. Compounded by the discouragement of all non-essential travels by various governments in the European Union, these factors severely impacted the Group's subsidiary, CAFEU, in the United Kingdom as its jet fuel supply to airline companies was greatly affected, with many airline customers opting to rollover supply contracts due to the extreme uncertainty to their businesses.


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

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Jet fuel discharge operations at port
码头卸油场景

Given the difficult operating environment, the Group adopted a more prudent marketing strategy with the focus to leverage and optimise its global supply and trading network. The Group's customer base remained stable with top key markets comprising Hong Kong SAR, South Korea, Indonesia, United Kingdom and Russia in 2020.

As at end December 2020, the Group supplied jet fuel to about 40 cities in 15 countries outside mainland China.

GASOIL AND FUEL OIL

The COVID-19 pandemic made for a volatile year for the Asia Pacific gasoil and fuel oil markets in the first half 2020 (1H 2020). At the start of the year, due to the lower sulphur fuel oil specifications required under the International Maritime Organisation ("IMO") 2020 rule change, gasoil demand was high which supported strong gasoil prices. However, due to low oil refining margins, some refinery maintenance and closures, the rate of refineries restart in Asia was generally on the low side. This, in turn, increased the tension in the supply of gasoil and low sulphur kerosene, changing the supply and demand dynamics for gasoil. At the same time, the demand for marine fuel oil and fuel oil from Far East power plants namely in Korea and Japan remained extremely weak, resulting in the price differential between gasoil and low sulphur kerosene to reach US$30-US$40 per tonne in the fourth quarter.

Seizing opportunities from the fast-changing market structure, the CAO trading bench secured more gas and gasoil resources for domestic export and actively looked to expand supply to new markets in Southeast Asia. The bench also strengthened its gasoil portfolio through the leasing of storage tanks, sustaining volume and gross profit for the gasoil bench.

CRUDE OIL

In 1H 2020, the first wave of the COVID-19 pandemic brought forth volatile market conditions and demand distortion. The extreme imbalance in supply and demand was further exacerbated when the split within OPEC+ deepened over production cuts, resulting in oversupply, followed by a stockpile of crude inventories and a subsequent precipitous fall in prices.

As movement restrictions and containment measures were lifted in the second half year 2020 (2H 2020), strong demand recovery in China benefitted many Asian economies. Leading as the world's largest crude oil importer, China imported approximately 542 million tonnes of crude oil in 2020 which rallied oil prices. Leveraging on the strong relations with Chinese counterparties, the bench increased business with State-Owned Enterprises and independent Chinese refineries, notwithstanding the continued market volatility which persisted for the rest of the year. In 2020, crude oil trading volume increased 3% year-on-year and became a major source of revenue for CAO.

Looking ahead, the global economy is expected to remain subdued even as vaccination programmes are rolled out across the world. The resurgence of COVID-19 cases around the world as well as the re-introduction of containment measures will continue to weigh on global markets. Nevertheless, the Group will rise to the challenge and advance our adaptive and collaborative culture to create value for our stakeholders.

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INVESTMENTS IN OIL-RELATED ASSETS

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

Established in 1997, SPIA is the exclusive supplier of jet fuel and into-plane services at Shanghai Pudong International Airport ("Pudong Airport"), one of the busiest airports in the PRC. It owns and operates all into-plane refuelling facilities at Pudong Airport, including a full suite of hydrant systems, a fleet of dispensers and refuelling trucks, refuelling stations, airport tank farm, a 42-km dedicated jet fuel pipeline connecting Pudong Airport to Waigaoqiao terminal with storage facilities of 200,000m^3 in capacity. CAO owns a 33% stake in SPIA, with Shanghai International Airport Co., Ltd owning 40% and Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd owning 27% respectively.

As a major international aviation hub in Asia Pacific, Pudong Airport is one of the best connected hub airports in China with 210 direct destinations. In 2020, the number of international flights at Pudong Airport fell sharply due to the COVID-19 pandemic. Air passenger traffic was down 60% from the prior year, and outbound flights dived 45.6%, impacting SPIA's performance severely.

With the resumption of Chinese domestic air travels in the second half of 2020, the PRC pulled ahead of other major economies to economic revival on the resumption of business activities and increasing domestic air travel demand. For FY2020, total jet fuel sales and refuelling volume at SPIA was 2.66 million tonnes. Share of profits from SPIA was US$19.79 million in FY2020, a decline of 66.4% year-on-year.

As many countries started to roll out mass vaccinations in 2021, international air travel is expected to pick up in 2H 2021 which will support the growth prospects for SPIA.

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

Established in 2008, China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL") is a pipeline company supplying jet fuel to Beijing Capital International Airport ("Beijing Capital Airport) and Tianjin Binhai International Airport ("Tianjin Airport"). China National Aviation Fuel Group Logistics Co., Ltd. and CAO hold 51% and 49% stakes in TSN-PEKCL respectively. Its key asset is a 185km long jet fuel transportation pipeline which links Tianjin Tanggu Nanjiang Port, Tianjin Airport and Beijing Airport.

As COVID-19 hit air travel demand, Beijing Capital Airport was significantly impacted by the sharp drop in traffic, particularly when Beijing-bound international flights were diverted to other surrounding airports as part of pandemic containment measures. Also, international flights were limited with international airlines allowed to operate on single routes only and on reduced flight frequency to one flight to the PRC per week. Tianjin Airport operations had also shrank considerably with the implementation of strict COVID-19 preventive measures across the Chinese civil aviation industry. For FY2020, total jet fuel transportation volume of TSN-PEKCL decreased 62% year-on-year to 1.08 million tonnes and TSK-PEKCL incurred a loss of US$0.79 million for the fiscal year.

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

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

Xinyuan's storage business achieved a leasing utilisation rate of 99% for FY2020, contributing US$0.36 million to the Group.

Due to relatively low strategic synergy, CAO had made an announcement in June 2018 about the Group's intention to divest its 39% stake in Xinyuan. Despite prior attempts to divest these shares, CAO had again listed the 39% stake on Beijing Equity Exchange for sale on 3 December 2020. Divestment of the Xinyuan stake is still ongoing.

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

OKYC, the largest independent storage tank terminal in South Korea, was incorporated under a joint venture agreement with six other companies including Korea National Oil Corporation ("KNOC"), GS Caltex, SK Incheon Petrochem, Samsung C&T, Seoul Line and LG International. CAO is the second largest shareholder with 26% equity stake after KNOC, which holds 29% of the total issued shares of OKYC.

Strategically located at the centre of the North-East Asian region with easy access to major oil consuming countries and well equipped for very large crude carriers (VLCC) loading and discharging at berth up to 17.7 metres, OKYC owns and operates a commercial storage tank terminal with a total capacity of 1.3 million m^3, capable of storing crude oil and oil products including jet fuel.

Amidst unprecedented market conditions, oil demand plummeted with subsequent oversupply which resulted in high demand for physical storage facilities, enabling OKYC

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Pipelines at Shanghai Pudong's discharge port
浦东机场卸油码头输油管线

to enjoy 98.1% storage utilisation rate in 2020. CAO's share of profits from OKYC increased 19.3% year-on-year to US$6.16 million.

CNAF Hong Kong Refuelling Limited ("CNAF HKR")

CNAF HKR, an associated company of which CAO's wholly owned subsidiary, CAOHK, is a shareholder, is dedicated to provide high quality 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 professional hydrant dispensers and bowsers which are supported by a refuelling station that comes with an administration building and scheduling office sited in a 3,000 m^2 compound. Shareholders of CNAF HKR include CAOHK, Shenzhen Cheng Yuan Aviation Oil Company, China United Petroleum (Holding) Company Limited and Cheer Luck Investment Limited. CAOHK holds 39% of the total issued shares of CNAF HKR, while the other three companies hold equity stakes of 37%, 14% and 10% respectively.

HKIA handled 8.84 million passengers in 2020, a 88% plunge from the previous year, reflecting nearly a full year of COVID-19's devastating impact on air travel. The impact of the pandemic included the cancellation of flights which was followed by a significant reduction in flight schedules. Total number of flights handled by HKIA was 160,655 with passenger flights registering a decrease of 75.2% year-on-year. Nonetheless, as the world's busiest cargo airport, cargo flights at HKIA increased 18.35% in FY2020 on the back of increased e-commerce and personal protective equipment shipments amid lockdowns and travel restrictions. Benefitting from the robust air cargo demand, CNAF HKR supplied more than 20% of the jet fuel refuelling volume during the year and handled approximately 26% of the flights at HKIA in 2020.

Aircraft Fuel Supply B.V. ("AFS")

AFS is a company incorporated in the Netherlands which holds the concession from the Schiphol Airport Authority to manage the storage and distribution of jet fuel on behalf of its shareholders to airlines at Amsterdam Airport Schiphol ("Schiphol Airport"). CAO holds 12.5% of AFS's issued ordinary shares while the other shareholders include major airline companies and several oil majors.

As one of the best connected airport hubs in Europe, the main international airport of the Netherlands, Schiphol Airport, is equipped with the capacity to handle up to 500,000 flights annually. Due to travel restrictions imposed by governments worldwide to prevent the spread of COVID-19, Schiphol Airport's passenger traffic was impacted and declined 70.9% year-on-year as total air transportation throughput decreased 54.2%. Air passenger traffic began to decline in late January and reduced significantly by end of February when COVID-19 spread across Europe and resulted in subsequent lockdown of several European cities. Despite a recovery in commercial air travel during the summer holiday season in July and August, a resurgence of COVID-19 cases and subsequent rise in infections during autumn brought forth another round of travel restrictions, causing air traffic to decrease and remain weak for the rest of the year.

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市场情况

因新冠疫情的影响，2020年上半年的全球经济受到了严重冲击。除疫情所导致的种种变数外，中美贸易冲突不断、地缘政治的不确定性，以及各国政府实施贸易保护主义政策等因素，导致油气行业经历前所未有的巨大动荡。原本占全球石油需求量约10%的全球航空旅行需求近乎停滞，相关的贸易和商业活动也几乎处于停滞状态，严重影响了对运输燃料的需求。在这种史无前例的市场环境下，布伦特原油于4月份跌入负值区域，至每桶负37.63美元，随后在2020年12月大幅反弹，回升到每桶69.90美元的高价位。面对油价大幅波动、市场环境充满严峻挑战的大环境，CAO通过两翼齐飞的战略推动业务增长，借力其核心航油及其他油品贸易业务的全球化运作，在2020年的整体业务表现依然强劲。

航油供应与贸易

疫情在2020年迅速蔓延，为全世界带来前所未有的重大危机，而全球航空业更是经历了罕见的严峻冲击。为了防控和遏制疫情传播，各国政府关闭边境、航空公司暂停航班，使航空业几乎陷入停滞状态。在凌乱的市场环境下，航空旅行需求锐减，普氏新加坡航油价格也于3月下跌至24美元/桶，并在2020年4月22日暴跌至13.06美元/桶，为十年来最低。新加坡航油精炼毛利率也从2020年1月的14.62美元/桶下滑至5月初的负8.05美元/桶，创下五年多来新低。

在这充满挑战的市场环境下，CAO的航油贸易团队抓住市场机会，建立并优化航煤库存，提升运营效率，创造了良好的利润；同时抓住日本冬季取暖需求高涨的行情，及时采购了市场稀缺的低硫煤油货源供应日本需求，增加了收入和利润来源。

航空市场营销

因受新冠疫情的影响，各国政府自2020年第一季度开始实施隔离封锁和出行限制，导致全球航空业面临严重冲击，严峻试探了CAO及其核心航油业务的韧性，尤其是其航空市场营销方面。

随着全球疫情爆发，各国政府纷纷限制旅游出行，导致航班数量锐减。与此同时，航空公司也开始减少许多航线的航班频率，以致公司的航油销售业务前景充满不确定性与艰巨挑战。

各国政府为遏制疫情蔓延，实施出行限制，使全球航空客运量在2020年长时间停滞不前，进而导致航油需求骤降。据国际航空运输协会（简称“IATA”）的统计数据显示，全球航空业的航油消耗量下滑至330万桶/天，与2019年高峰期的630万桶/天相比，暴跌了47%。

新冠疫情无疑对公司的航空市场营销业务造成了史无前例的重大影响。2020财年，公司在中国大陆以外的国际机场的航油供应量下降41.81%至169万吨。全球经济遭受重创，公司分布在亚洲、北美和欧洲的子公司的运营也受到严重影响。香港国际机场于2020年的总航油消耗量为340万吨，较2019年下滑53%。

美国于2020年的航油需求平均较2019年低约50%。在三月疫情高峰时期，鉴于各国政府实施了封锁和出行限制，航空旅游几乎完全停止，使洛杉矶国际机场的航油需求量滑落至最低点，约减少75%。尽管如此，随着货运航班在2020年5月开始增加，以及部分国际航班逐渐在7月份恢复，航油需求也逐步回升。虽然洛杉矶国际机场和纽约肯尼迪国际机场在2020年的总航油需求量较2019年分别减少60%和45%，但公司位于北美的子公司北美航油有限公司所持有的洛杉矶国际机场和纽约肯尼迪国际机场的市场份额保持平稳。在欧洲方面，随着当地政府于2020年夏季放宽出行限制，国际客运量开始回升。然而，欧洲却在8月下旬迎来第二波疫情，使欧洲政府再次实施疫情防控措施，导致欧洲的航空客运量和旅客吞吐量颇为惨淡。结合欧盟各国政府不鼓励民众进行所有不必要的旅行等因素，公司位于英国的中国航油（欧洲）有限公司的航油供应业务受到严重影响。由于该子公司的许多航空公司客户的业务存在极大的不确定性，它们诸多选择了展期供应合约。

在此背景下，公司采取了更为谨慎的营销策略，着重借助和优化其全球供应和贸易网络。故此，公司旗下的客户群，包括香港特别行政区、韩国、印度尼西亚、英国和俄罗斯等主要市场在2020年保持稳定。

截至2020年12月，公司向中国大陆以外的15个国家、约40个城市供应航油。

柴油和燃料油

亚太区柴油和燃料油市场在2020年上半年因疫情的影响，也极具波动性。鉴于国际海事组织（简称“IMO”）于2020年年初规定使用低硫燃料油，柴油需求大幅提升，进而带动柴油价格上涨。然而，因炼制利润太低以及部分炼厂检修和关闭，亚洲炼厂整体开工率较低，使得柴油和低硫燃料油的供应紧张，改变了柴油市场供需基本面。与此同时，来自船用油和远东发电厂（韩国、日本）的燃料油需求非常疲弱，柴油和低硫燃料油在第四季度的价差达到每吨30-40美元。

CAO贸易团队抓住快速变化的市场结构所带来的机遇，争取到了更多的国内出口汽柴油资源，同时积极开辟东南亚需求市场；通过租赁储罐加强供应能力，有效地提升了贸易量和毛利。

原油

2020年上半年，第一波疫情的到来为全球市场掀起惊涛骇浪，严重影响原油需求。当OPEC+就减产问题出现分歧时，市场供需的严峻失衡进一步加剧，导致供应过剩、原油库存堆积，使原油价格随后急剧下滑。

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随着中国政府在2020年下半年放宽其出行限制和疫情防控措施，中国的强劲复苏也让许多亚洲经济体连带受益。作为全球规模最大的原油进口国，中国在2020年进口约5.42亿吨原油，促使油价回升。尽管原油市场在2020年持续波动，但贸易团队凭借与中国贸易对家的良好合作关系，增加了与国有企业和中国独立炼油厂的业务量。公司在2020年的原油贸易量同比增加3%，是CAO的主要收入来源。

展望未来，虽然各国政府正陆续开展疫苗接种计划，但全球经济复苏的步伐依然缓慢。此外，世界各地不断出现新增疫情确诊病例，迫使不少政府再次实施疫情遏制措施，对全球市场继续造成影响。尽管如此，公司仍将砥砺前行，直面迎接挑战，推进公司的灵活适应性和协作文化，为各利益相关者创造价值。

油品相关实业投资

上海浦东国际机场航空油料有限责任公司（简称"浦东航油"）

浦东航油成立于1997年，是上海浦东国际机场（简称"浦东机场"）的唯一航油供应商和加注服务商,浦东机场为中国最繁忙机场之一。浦东航油拥有并经营浦东机场所需全部飞机加油设施，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，并设有库容量达20万立方米的储罐设施及连接浦东机场与外高桥码头的42公里专用航油管线。CAO拥有浦东航油33%的股份，其余由上海国际机场股份有限公司持股40%，中国石化上海高桥石油化工有限公司持股27%。

作为亚太主要的国际航空枢纽，浦东机场连通国际-国内210个机场，是中国枢纽机场中最佳的机场之一。2020年，受新冠疫情影响，浦东机场的国际航班大幅减少。其旅客吞吐量较2019年下降60%，出港航班也下跌45.6%，受此拖累，严重影响了浦东航油的整体业绩。

由于中国国内旅行需求于2020年下半年逐步恢复，加之中国经济领跑全球，商务活动和国内出行需求的增加，支持浦东航油全年航油总销售量和加注量达266万吨。公司2020财年来自浦东机场的投资收益为1,979万美元，同比下滑66.4%。

随着新冠疫苗在2021年于各国陆续推出，国际航班需求预计在下半年逐步增加，从而使浦东航油的业务量逐步恢复。

Trading floor of CAO
贸易员工作场景

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中国航油集团津京管道运输有限责任公司（简称"管输公司"）

中国航油集团津京管道运输有限责任公司（简称"管输公司"）成立于2008年，是保障北京首都国际机场（简称"首都机场"）和天津滨海国际机场（简称"天津机场"）飞机供油的专业化管道运输公司。中国航油集团物流有限公司和CAO为管输公司两大股东，分别持股51%和49%。其主要资产为一条全长185公里、连接天津塘沽南疆码头、天津机场及首都机场的航油运输管道。

全球航空旅游需求因新冠疫情的影响，遭受了沉重打击，北京首都机场的旅客吞吐量也因此急剧下降。尤其是为了遏制疫情，将飞往北京的国际航班都转飞其他临近机场。此外，国际航班也受到限制，每家航空公司每条航线每周运营班次不得超过一班。天津机场的运营也因中国民航业实施严格的疫情防控措施而大幅缩量。2020财年，管输公司的总航油运输量同比下降62%至108万吨，于该财年亏损79万美元。

中国航油集团新源石化有限公司（简称"新源公司"）

新源公司主要经营储库租赁和油品贸易业务，其主要资产为位于中国广东省茂名市总库容为7.9万立方米的油库罐区。新源公司的股东包括巨正源股份有限公司、CAO和中国航空油料集团有限公司，分别持股60%、39%和1%。

新源公司的仓储业务在2020财年的出租率为99%，贡献投资收益36万美元。

由于战略契合度较低，CAO于2018年6月公告拟出售所持新源公司39%的股权。前期尝试脱售未果后，CAO于2020年12月3日在北京产权交易所再次挂牌出售该39%股权。新源股权的出售仍在进行中。

韩国丽水枢纽油库有限公司（简称"OKYC"）

OKYC是韩国最大的独立仓储设施，并由CAO与韩国国家石油公司、加德士、SK仁川石化、三星物产、Seoul Line和LG国际在内的其他六家公司合资成立。CAO是OKYC的第二大股东，持股26%，仅次于持股29%的韩国国家石油公司。

OKYC位于东北亚中心地带的战略要冲，便于油品运往主要石油消费国，并配备接纳超大型油轮的装卸设施，吃水最大达17.7米。OKYC也拥有总库容达130万立方米的商业储罐和码头，可储存原油和包括航油在内的其它油品。

在史无前例的市场环境下，石油需求暴跌，导致供过于求，进而提高业界对储罐设施的大量需求，使OKYC在2020年实现了98.1%的总储罐利用率。CAO来自OKYC的投资收益较上年同比上升19.3%，为616万美元。

中国航油香港供油有限公司（简称"香港供油公司"）

香港供油公司是CAO全资子公司香港公司的联营公司，专为香港赤腊角国际机场（简称"香港国际机场"）提供高质量的航油加注服务。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，香港供油公司配有专业的管线加油车和罐式加油车，并设有占地3,000平方米的加注站、行政楼和调度室。其股东包括香港公司、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。

香港国际机场于2020年的旅客吞吐量为884万人次，较前年大幅下降88%，反映出一整年来新冠疫情对航空出行造成的恶劣影响。在疫情的影响下，航班不但被取消，其航班次数也显著减少。香港国际机场于2020财年的起降架次为160,655架次，其中客运量同比下降75.2%。尽管如此，作为全球业务最繁忙的货运机场，香港国际机场的货运量在2020财年增长18.35%，主要是因各国政府施行封锁和旅行限制，以致电子商务和个人防护的货运有所增加。鉴于强劲的航空货运需求，香港供油公司在2020年为香港国际机场约26%的航班架次提供加注服务，总计供应超过20%的航油加注量。

阿姆斯特丹机场航油供应公司（简称"AFS"）

AFS为荷兰注册公司，持有史基浦机场管理局发出的特许经营权，代表其股东在阿姆斯特丹史基浦机场为航空公司提供航油供应服务。CAO持有AFS所发行普通股的12.5%，其他股东包括航空公司和几家大型石油公司。

作为荷兰主要的国际机场，史基浦机场是欧洲连通性最好的枢纽机场之一，其年均通行航班能力达50万架次。鉴于全球政府为防止疫情蔓延所实施的旅行限制，史基浦机场的旅客吞吐量也受到影响，同比下降70.9%，总航空运输量则下降54.2%。其航空客运量从2020年1月下旬开始下滑，而随着疫情在欧洲各地迅速蔓延，导致数个欧洲城市施行隔离封锁政策，史基辅机场的航空客运量至2月底已大幅缩减。尽管商业航班需求在7月和8月的暑假期间有所恢复，但疫情确诊病例的回升以及感染传播率于秋季的增长所带来的另一轮旅行限制，使航空客运量再次下降，且该年增长趋势保持疲弱。

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Placing investor relations as a strategic management priority and in keeping with our endeavour to maintain high standards of corporate governance and transparency, CAO remains committed to maintain active, open and fair communication with our shareholders. Despite the market disruptions posed by the COVID-19 pandemic during 2020, which restrained face-to-face interaction with investors, the Group persisted to render a sustained communication flow with the investment community, turning to virtual platforms to provide accurate, fair and timely information about the Group's business operations and performance. The sustained outreach efforts despite the times underscore the Group's commitment to create long-term value for our stakeholders through proactive investor relations practices.

In 2020, the rapid spread of the COVID-19 pandemic globally brought economic activities to a standstill as countries imposed tight movement restrictions to halt the spread of the virus. As the pandemic took its toll, its impact on the global economy was evident, plunging most countries into recession during the year, with global per capita income contracting severely in most countries. Consequently, 2020 saw the largest economic shock the world has experienced in decades and the global equity markets were marked by uncertainties plagued by lingering geopolitical tensions and trade conflicts, further compounded by a global pandemic, which took the lives of over 2 million worldwide and infecting 116 million across the globe.

During the year, the Group's senior management and investor relations team maintained active working relationships with local and international brokerage firms, investment banks and the media despite the challenges posed by the COVID-19 pandemic, communicating via tele-conferencing and video-conferencing whilst working from home for most parts of an extremely challenging year. CAO's share performance was weighed down significantly at the peak of the pandemic in March 2020 due to the subdued investor sentiments as well as market concerns over the impact the pandemic had on the aviation and oil and gas industry amid travel restrictions and lockdowns globally. This saw its share price plummet to new lows since 2017.

Nevertheless, despite the physical limitations presented by the pandemic, CAO's senior management and investor relations team continued to engage the investment community by reaching out to both existing and potential institutional investors, financial analysts, the media as well as retail shareholders on various virtual communication platforms on a sustained basis. Utilising virtual platforms as outreach tools, the investor relations team persisted in engaging with investors globally, focusing on helping investors understand the impact of the pandemic on the Group and the various measures taken to mitigate its downside as well as the Group's efforts toward sustainable development despite the crippling pandemic. At the 2020 Annual General Meeting, the Group's senior management team addressed questions from investors and the Securities Investors' Association (Singapore) ("SIAS"), presenting the FY2019 business performance to over 30 shareholders who attended the AGM virtually. At the same time, updates on the Group's business, financial performance and market outlook were provided.

As at 31 December 2020, CAO's share price closed at S$1.06, with a market capitalisation of S$0.9 billion. CAO continued to remain as a constituent in major benchmark indexes including FTSE ST China, FTSE ST Small Cap and MSCI Singapore Small Cap Indexes.

CAO remains committed to delivering shareholder value with a dividend payout based on 30% of the Group's annual consolidated net profits attributable to shareholders. At the forthcoming Annual General Meeting, the Board of Directors will propose a one-tier, tax-exempt first and final dividend of 2.58 Singapore cents per ordinary share for FY2020.

GLOBAL BASE OF INTERNATIONAL SHAREHOLDERS

As at 31 December 2020, China National Aviation Fuel Group Limited remains our largest shareholder with 51.31% of issued share capital (excluding treasury shares). BP Investments Asia Limited, a subsidiary of oil major, BP Plc, the second largest shareholder holds 20.17% of issued share capital (excluding treasury shares). CAO holds a total of 6,000,000 treasury shares which remains unchanged in 2020. The number of registered shareholders has held at around 13,000 during 2020. An analysis of the shareholding structure carried out as at 31 December 2020 showed that institutional holdings accounted for 14.10% of the issued share capital, with the share of institutional investors predominantly from the United Kingdom, Malaysia, United States, Hong Kong SAR and Australia.

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CAO management team addressed analysts and institutional investors at the virtual FY2020 Results Briefing
公司管理层在线上组织的全年业绩发布会上与分析师及机构投资者交流

ACCOLADES

Over the years, CAO has won many accolades from the investment community for its proactive approach to shareholder communication and transparency. During 2020, whilst many award events were cancelled in view of the COVID-19 pandemic, the Group was ranked by RHB Research as a "Top Singapore Small Cap Jewels" stock pick in view of its strong fundamentals and standing in the Singapore equity market. This followed the Group's "Most Transparent Company" (Winner in Energy Category) award by SIAS, the "Best Risk Management" (Gold Award, Mid Cap Category) award by Singapore Corporate Awards 2019 as well as being named "Best Performing Stock" (Commerce Category) by The Edge Billion Dollar Club the year before.

To cultivate the wider investing public's familiarity with the CAO Group, increase global awareness and appreciation of CAO's business growth strategies, corporate developments and financial performance as well as enhance the quantity and quality of analysts' research, CAO had leveraged on its expanded channels of communication comprising international virtual conferences, face-to-face video meetings, tele-conferences, tele-earnings briefings and recorded webcasts as well as through Zoom, Microsoft Teams and Cisco Webex to conduct virtual meetings with the international investment and financial community.

PROACTIVE & OPEN COMMUNICATION WITH THE INVESTMENT COMMUNITY

Standing by our commitment towards transparent and open communications with investors and to keep local and international investors updated on the Group's latest developments, CAO is aptly covered by sell-side analysts, predominantly from various brokerages, who regularly publish research and industry reports.

Alongside our interaction with both retail and institutional investors, we also monitor media reports closely, as part of our efforts to continuously improve corporate disclosures and investor relations practices. In 2020, CAO was covered by over 90 media articles, sustaining the Group's share of voice internationally even as the Group continued to maintain a robust mobile compatible corporate website to provide useful information to investors in a timely manner.

Over the longer horizon, the deep recessions triggered by the pandemic are expected to leave lasting scars through lower investment, an erosion of investor confidence on the structural changes inflicted on global trade and supply linkages. CAO will however stay the course to uphold our efforts in investor relations as a responsibility to shareholders.

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2020 CAO SHARE PRICE MOVEMENT & TRADING VOLUME
2020年CAO股价走势与交易量

SHARE PRICE INFORMATION
股价信息

Share Price (S$) 股价(新元)	2016	2017	2018	2019	2020
As at last trading day of the year 截至当年的最后一个交易日	1.400	1.620	1.060	1.270	1.060
High 最高价	1.580	1.800	1.710	1.470	1.320
Low 最低价	0.580	1.390	1.040	1.040	0.720
Average 平均	1.123	1.605	1.498	1.256	1.022

Source: Bloomberg
资料来源:彭博社

CORPORATE CALENDAR
公司事务时间表

2021	
Announcement of 2H 2020 and 2020 full-year financial results 2020财年下半年和全年业绩公告	26 February 2021 2021年2月26日
27th Annual General Meeting 第27届公司常年股东大会	28 April 2021 2021年4月28日
Proposed First and Final Dividend for FY2020 2020财年首次及年终股息 Record Date 登记日 Payment date 付款日	 10 May 2021 2021年5月10日 21 May 2021 2021年5月21日
Announcement of 1H 2021 results 2021财年上半年业绩公告	30 July 2021 2021年7月30日
2022	
Announcement of 2H 2021 and 2021 full-year financial results 2021财年下半年和全年业绩公告	February 2022 2022年2月

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CAO management team provided an update of the Group's FY2019 financial and operating performance at the virtual annual general meeting in 2020
公司管理层在2020年线上常年股东大会向股东们介绍公司2019财年的财务和运营业绩

CAO将投资者关系作为战略管理的优先事项，努力保持高标准的公司治理和透明度，致力于与股东保持积极、公开和公平的沟通。尽管新冠疫情在2020年对市场造成干扰，限制了与投资者的面对面交流，但公司坚持与投资界保持沟通，通过虚拟平台，准确、公正与及时地提供公司业务运营和业绩信息。虽然时局困难，但公司仍持续开展投资者关系的推广工作，通过积极的投资者关系实践为其利益相关者创造长期价值。

2020年，新冠疫情在全球迅速蔓延，促使各国实施严格的出行限制以防控病毒传播，进而导致经济活动陷入停滞。疫情对全球经济的巨大影响显而易见，这一年来，多国陷入衰退，全球人均收入也严重下降。全世界在2020年经历了数十年来最大的经济冲击；全球股市充满不确定性，经济饱受地缘政治紧张局势和贸易冲突的影响，加上全球疫情爆发，导致超过200万人死亡、1.16亿人染疫。

在疫情的影响下，公司员工在过去一年来，绝大部分的时间都在家办公，于是公司管理层和投资者关系团队通过电话会议和视频会议，与本地及国际证券行、投资银行和媒体保持积极的工作关系。在2020年3月疫情最严重时期，因投资者情绪低迷，加上市场担心疫情所引起的全球出行限制和封锁政策会严重打击航空和油气业，以致CAO股价大幅下跌至2017年以来新低。

然而，尽管疫情造成了出行限制，公司管理层和投资者关系团队仍继续通过各种虚拟交流平台与现有和潜在的机构投资者、金融分析师、媒体和散户股东接洽，积极与投资界保持联系。投资者关系团队通过虚拟平台推广工具，与全球投资者保持联系，专注于协助投资者了解疫情对公司的影响、公司所采取的各种疫情缓解措施，以及公司在疫情的影响下，仍在朝可持续发展的方向努力迈进。在2020年常年股东大会上，公司管理层解答了投资者和新加坡证券投资者协会（简称"SIAS"）的提问，并向30多位出席线上常年股东大会的股东展示了公司2019财年业绩。与此同时，公司也展示了其业务、财务业绩和市场展望的最新状况。

截至2020年12月31日，CAO股价闭市报1.06新元，市值为9亿新元。CAO依然是主要基准指数的成分股，包括富时海峡时报中国指数、富时海峡时报小盘股指数和摩根士丹利资本国际新加坡小盘股指数。

CAO坚持将公司年度可分配净利润的30%作为股息派发给股东。在即将召开的常年股东大会上，董事会将提议在2020财年发放每股0.0258新元的单层、免税年终股息。

全球股东持股情况

截至2020年12月31日，中国航空油料集团有限公司仍是CAO的最大股东，持有全部发行股票的51.31%（不包括库存股）。石油巨头BP旗下子公司BP投资亚洲有限公司是CAO的第二大股东，持有全部发行股票的20.17%（不包括库存股）。公司共持有600万股库存股，此数目在2020年保持不变。其注册股东数量在2020年约为1.3万人。截止2020年12月31日的股权结构分析显示，机构持股占全部发行股票的14.10%，机构投资者主要来自英国、马来西亚、美国、香港特别行政区和澳大利亚。

投资者的认可

多年来，公司积极主动与股东沟通并提升透明度，获得了投资界的诸多赞誉。2020年，鉴于疫情爆发，多项颁奖活动被取消，但公司凭借其强劲的基本面和在新加坡股市的地位，被兴业研究评为"新加坡小盘股瑰宝"。除此之外，公司也在2019年被新加坡证券投资者协会评为"最透明公司"（能源组别第一名）、获颁2019年新加坡企业奖"最佳风险管理"（金奖，中盘股组别），以及被"前沿亿万新元俱乐部"评为"最佳表现股票"（商业组别）。

为了让更多投资者熟悉CAO及提高外部对公司业务增长战略、企业发展和财务业绩的认知和理解，同时提升分析师研究报告的数量和质量，CAO于多方拓展沟通渠道，包括国际虚拟会议、面对面视频会议、电话会议、电子业绩简报和网络广播，并通过Zoom、微软团队和思科Webex等视频平台与国际投资和金融界人士进行虚拟会议。

与投资界保持积极开放的沟通

公司恪守与投资者进行透明、开放沟通的承诺，及时向国内外投资者通报公司的最新发展情况；卖方分析师均给予公司的评价报道，主要出现在各家券商定期发布的研究报告和行业报告中。

除了与散户和机构投资者互动，公司还密切关注媒体报道，不断改进信息披露的质量和投资者关系实践。2020年，媒体刊登了超过90篇有关CAO的报道，保持公司在国际上的话语权。与此同时，公司继续强化网站与移动设备的兼容性，以及时向投资者提供有用信息。

展望未来，因疫情所引发的严重经济衰退预计将留下持久伤痕，如投资额的减少、结构性变化对全球贸易与供应网的影响削弱了投资者信心等。然而，为了对股东负责，CAO将继续为推进投资者关系工作而不懈努力。

KEY MANAGEMENT
管理层简介

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

WANG YANJUN

Chief Executive Officer/Executive Director of CAO & Chairman/President of CAOHK

As the Chief Executive Officer ("CEO") and Executive Director of CAO Group, Mr Wang Yanjun has overall responsibility for the operations management of the entire business of the Group. He provides supervision and leadership, with his principal focus on corporate development and investments, human resources, legal and compliance as well as administration functions, to achieve operating targets and business growth. He is accountable to the Board of Directors for the overall business performance of the Group. Concurrently, he is the Chairman of CNAF Hong Kong Refuelling Limited ("CNAF HKR") as well as the Chairman/President of China Aviation Oil (Hong Kong) Company Limited ("CAOHK"), where he directs and manages the day-to-day business operations in Hong Kong SAR and also oversees the joint venture operations of CNAF HKR. Mr Wang is also the Chairman of North American Fuel Corporation, Deputy Chairman of Shanghai Pudong International Airport Aviation Fuel Supply Corporation Ltd and the Director of Oilhub Korea Yeosu Co., Ltd.

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

KEY MANAGEMENT
管理层简介

XU GUOHONG
Chief Financial Officer

As the Chief Financial Officer ("CFO"), Mr Xu Guohong leads CAO's finance function with specific responsibility for financial management, reporting and accounting practices, financial planning and analysis, treasury and taxation. Mr Xu directs and manages the Group's day-to-day finance operations across all business units and also heads the risk management function. Mr Xu also serves as the Director of China Aviation Oil (Hong Kong) Company Ltd, CNAF Hong Kong Refuelling Limited and Shanghai Pudong International Airport Aviation Fuel Supply Corporation Ltd.

Mr Xu has over 30 years of experience in the petroleum industry in China. Prior to joining CAO, Mr Xu was General Manager of the Audit Department at China National Aviation Fuel Group Limited ("CNAF") between 2012 to 2017. From 2007 to 2012, Mr Xu was the Chief Financial Officer of CNAF Land Oil Company Limited and subsequently, Chief Financial Officer of CNAF Petroleum Company Limited. Before joining CNAF, Mr Xu served 19 years at the head office of PetroChina Jinxi Refining and Chemical Company as well as a branch of PetroChina Jinxi Petrochemical Company with responsibilities for financial assets management, accounting and audit.

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

ZHANG XINGBO
Vice President of CAO & President of NAFCO

As Vice President, Mr Zhang Xingbo manages the front office teams for the aviation fuel and oil products trading divisions, as well as the operations function of CAO, where he also assists the CEO to manage the safety and operational risks of the Group's global business activities. Concurrently, Mr Zhang is the President of North American Fuel Corporation ("NAFCO") and is responsible for the overall North America country operations, overseeing the financial and reporting functions as well as the risk management function at NAFCO. He is also the Chairman of China Aviation Fuel (Europe) Limited, Deputy Chairman of China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd and China Aviation Oil Xinyuan Petrochemicals Co., Ltd as well as a Director of NAFCO, and Oilhub Korea Yeosu Co., Ltd.

Mr Zhang has over 20 years of experience in the oil industry, having accumulated extensive experience in China National Aviation Fuel Group Limited's ("CNAF") procurement, trading and international business divisions in Asia Pacific and Europe. From 2011 to 2014, he was the Deputy General Manager of International Business at CNAF, where he was in charge of its overseas subsidiaries and the aviation business outside China. Prior to this role, he worked as Vice President at China Aviation Oil (Hong Kong) Company Ltd for more than three 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.

KEY MANAGEMENT
管理层简介

王延军
CAO首席执行官/执行董事
兼中国航油(香港)有限公司董事长/总裁

作为CAO首席执行官和执行董事，王延军先生全面负责公司生产经营管理工作。他监管和带领经营班子，着重分管企管与投资、人力资源、法律与合规和行政办公室，以实现公司经营目标和业务增长，并就公司整体业务表现向董事会负责。王先生同时担任中国航油香港供油有限公司(简称"香港供油公司")董事长，以及中国航油(香港)有限公司(简称"香港公司")董事长/总裁，指导并管理公司在香港特别行政区的日常业务运作，及监督香港供油公司的合资业务。王先生也是北美航油有限公司董事长、上海浦东国际机场航空油料有限责任公司副董事长和韩国丽水枢纽油库有限公司董事。

关于王先生更详细的介绍，请参阅"董事会"部份。

许国宏
财务总监

作为财务总监，许国宏先生负责主导公司的财务工作，主要职责包括财务管理、财务报告、会计核算、财务规划与分析、资金运作和税务事宜。许先生负责指导和管理公司所有业务部门的日常财务运作，同时也主管风险管控工作。许先生也是中国航油(香港)股份有限公司、中国航油香港供油有限公司和上海浦东国际机场航空油料有限责任公司的董事。

许先生在中国石油行业有超过30年的经验。在加入CAO之前，许先生从2012年至2017年任中国航空油料集团有限公司("CNAF")审计部总经理;2007年至2012年，许先生曾先后担任中国航油集团陆地石油有限公司和中国航油集团石油有限公司的财务总监。在加入CNAF之前，许先生先后在中国石油锦西炼油化工总厂和锦西石化分公司工作19年，负责财务资产、会计、审计等管理工作。

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

张兴波
CAO副总裁兼北美航油有限公司总裁

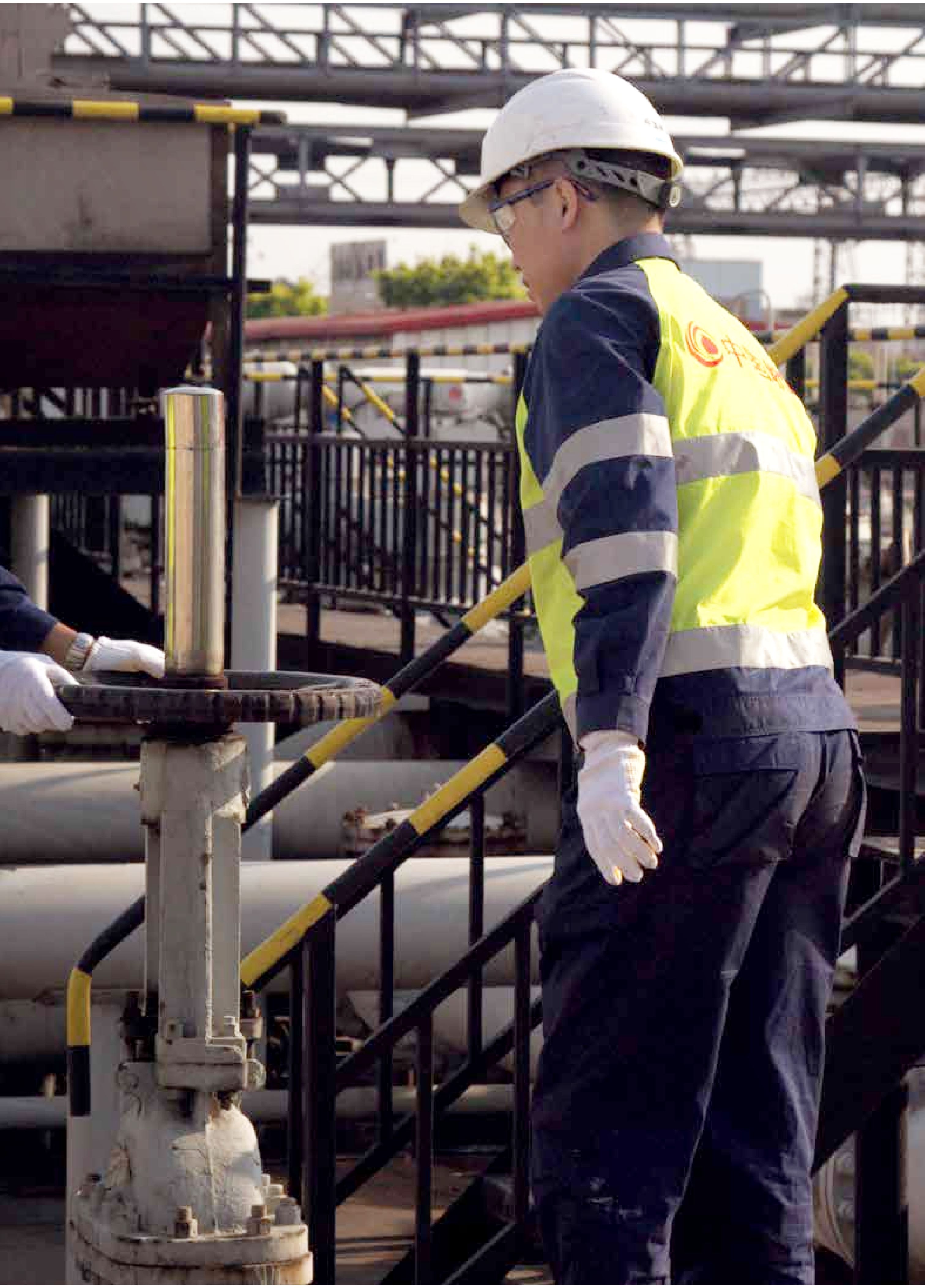
作为副总裁，张兴波先生负责公司前台的航油业务、油品贸易以及运作工作。张先生也协助首席执行官监管公司全球运营活动的安全和运作风险。他同时是北美航油有限公司(简称"北美公司")的总裁，负责整个北美的运营、监管财务汇报，以及北美公司的风险管理工作。他也是中国航油(欧洲)有限公司的董事长、中国航油集团津京管道运输有限责任公司和中国航油集团新源石化有限公司的副董事长，以及北美航油有限公司和韩国丽水枢纽油库有限公司的董事。

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

EMPHASIS ON SAFETY

For CAO, ensuring our team's safety is top priority. By having safety measures in place and protecting our communities from health risks, we are better positioned to move forward, emerge stronger and grow together.



SUSTAINABILITY REPORT
可持续发展报告

BOARD STATEMENT

At China Aviation Oil (Singapore) Corporation Ltd ("CAO" or "the Group"), the Board of Directors ("BOD") believes corporate responsibility is fundamental to the Group's business success. Operating responsibly as a Group is at the core of our ability to deliver sustainable impact and returns to stakeholders. We embrace our responsibility to create long-term value in a financially, environmentally and socially responsible manner for our stakeholders and the community at large by constantly upholding the highest standards of corporate governance and embedding sustainability in our everyday business and in everything we do. As the largest physical jet fuel trader in the Asia Pacific region and the key supplier of imported jet fuel to the civil aviation industry of the People's Republic of China ("PRC"), CAO also supplies jet fuel to international airports globally and engages in international trading of jet fuel and other oil products with investments in various strategic oil-related businesses. Committed to improving the Group's business activities for the long haul, we have embedded sustainability into our processes and services to contribute towards creating transparency across the Group's supply chain. The business of CAO bears a wide range of inherent environmental and social impacts, which invariably bears impact, directly or indirectly, on the communities where we operate even as we continue to seek to create value for our stakeholders by strengthening our business focus through innovating and optimising business operations.

The COVID-19 pandemic has led to a sharp contraction in global economies during 2020 as the pandemic spread unabated worldwide, creating unprecedented headwinds for the aviation industry in particular. Exacerbated by escalating US-China tensions, increasing trade protectionism and political uncertainties which weighed heavily on business sentiments, CAO like many other organisations faced extraordinary challenges during the year even as we remained steadfast in managing the Environmental, Social and Governance ("ESG") aspects of our business and operations. Throughout the year, the Group's focus remained on four key areas: strengthening operation management, streamlining business costs, driving market growth and expansion and ensuring employee and operational safety. Despite the macroeconomic headwinds, CAO continued to meet customers' needs globally by availing our global network of supply and trading operations despite very difficult circumstances. Whilst a lot of focus was devoted to the day-to-day operations of the Group, we also continued to

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

build momentum toward the strategic transformation of our business and made efforts to broaden the Group's strategic presence, diversify its product offerings and enhance its service standards to deliver results to stakeholders.

Recognising the need to ensure supply chains continued to facilitate trade and business despite the perilous pandemic situation in 2020, CAO upheld employee safety as of paramount importance and worked tirelessly at protecting our workforce whilst supporting our customers to ensure that business carries on as usual despite these times. In response to the onset of COVID-19 challenges, a COVID-19 Taskforce was set up on 29 January 2020 to manage and put in place various precautionary measures to safeguard the health and safety of our employees.

CAO will continually strive to improve its sustainability efforts and focus on areas where we can have the greatest impact even as we work towards minimising ethical, economic and social risks to contribute sustainably to CAO's long-term corporate success.

The BOD is pleased to share this sustainability report ("Report") which highlights the Group's ESG-related business activities carried out from 1 January 2020 to 31 December 2020 ("FY2020").

SUSTAINABILITY REPORT
可持续发展报告

ABOUT THIS REPORT

CAO's 2020 sustainability report complies with the Singapore Exchange Securities Trading Limited (the "SGX-ST") "Comply or Explain" requirements for sustainability reporting, and continues to apply the key principles of the International Integrated Reporting Council's ("IIRC") Integrated Reporting <IR> approach to communicate how the Group drives long-term value creation. This Report has also been prepared with reference to the Global Reporting Initiative Standards ("GRI") Standards relating to materiality assessment.

This Report sets out CAO's commitments, governance, policies, performance and targets in respect of managing the environmental and social impacts of the Group and its subsidiaries spanning Singapore, Hong Kong SAR, United States and the United Kingdom and Europe in FY2020. The Group has also aligned the material topics with the United Nations Sustainable Developmental Goals ("SDGs").

In determining the scope of this Report, CAO considered the percentage of ownership and level of influence and have included all subsidiaries where CAO has controlling interests of more than 50%. Associated companies are excluded from this Report due to the absence of direct operational control.

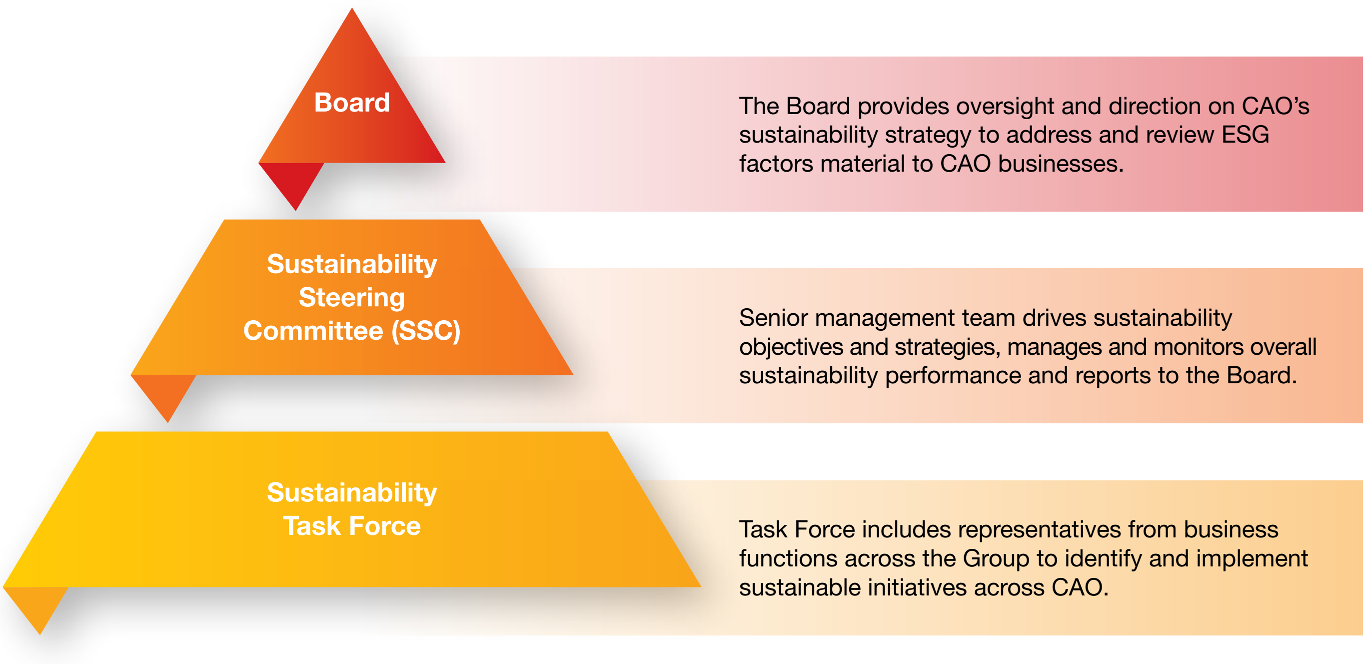
The entities covered in this report are:

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

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

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

CAO'S SUSTAINABILITY GOVERNANCE STRUCTURE

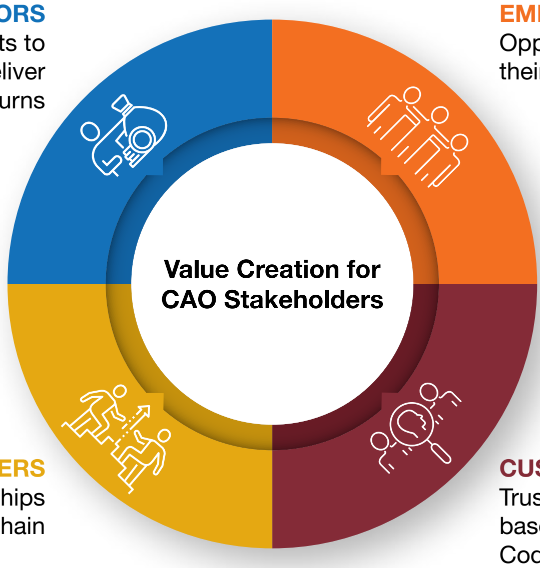


SUSTAINABILITY REPORT
可持续发展报告

OUR SUSTAINABILITY APPROACH TOWARDS VALUE CREATION

INVESTORS
Venture into new markets to drive financial growth and deliver strong returns

EMPLOYEES
Opportunities to develop their full potential



BUSINESS PARTNERS
Leverage on strategic partnerships to build up synergistic value chain

CUSTOMERS
Trusted business relationships based upon high standards of Code of Conduct and Ethics

To ensure the sustainable growth of the Group, CAO adopts a proactive approach in stakeholder engagements. While COVID-19 restrictions constrained face-to-face stakeholder engagements in 2020, the Group continued to work to maintain open dialogue through various communication channels including online interactions, video and tele-conferencing to carry on business activities which are summarised in the table below.

Key Stakeholders	Significance to CAO	Modes of Engagement
Investors	CAO proactively strives to maximise shareholder returns, and is committed to upholding high standards of corporate governance, prioritising quality and timely communication with investors and analysts as key to transparency and accountability.	Updates of financial results and announcements, business developments, press releases, and other relevant disclosures via SGXNet and the Company's external website
		Annual General Meeting
Employees	CAO strives to create a diverse and inclusive work environment where all employees feel valued, have the opportunities to grow and are driven to succeed.	Induction programme for new employees
		Training and development programmes
		Regular e-mails and meetings
		Recreational and wellness activities
		Employee feedback channels
		Career development performance appraisals
Customers	CAO seeks to provide quality product and timely delivery on a sustainable basis and strive to exceed customers' expectations.	Regular meetings to communicate updates, including new policies and practices
		Site visits
Business Partners	CAO is committed to building and sustaining its track record of healthy and safe workplaces that should not compromise the environmental performance in our operations	Regular meetings with business partners to communicate updates, including new policies and practices
		Site visits

SUSTAINABILITY REPORT
可持续发展报告

MATERIALITY ASSESSMENT

In 2020, we reviewed the material ESG topics that we first identified in our 2017 Sustainability Report. In addition, we have considered a range of potential risks by leveraging on our enterprise risk management framework to proactively identify, mitigate and manage our key business risks, and have also aligned our material topics with the SDGs. We have taken into consideration the challenging business landscape, constantly changing global and domestic regulatory development, as well as stakeholders' opinions, and have not made any significant changes in the material topics covered in this report.

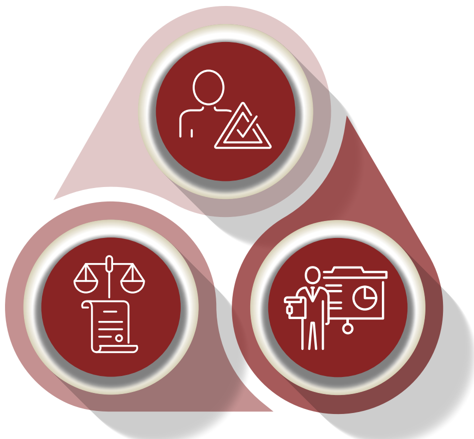
Material ESG Topics	CAO Involvement	GRI Disclosures	Our Initiatives	Relevant SDG
Economic Performance	Direct	GRI 201-1 Direct economic value generated and distributed	Proactively develop our business sustainability and long-term business strategy to mitigate macroeconomic risks. Continue to identify and penetrate key global aviation hotspots to diversify its customer base as well as extend the Group's global value chain across Asia Pacific, the United States and Europe.	8 DECENT WORK AND ECONOMIC GROWTH
Environmental Compliance	Direct	GRI 307-1 Non-compliance with environmental laws and regulations	Comply with relevant laws and regulations to avoid any potential non-compliance incidents and ensure smooth operational efficiency.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Oil Spill Prevention	Direct, indirect	GRI 306-3 Significant spills	Strive to minimise and mitigate the impact of potential oil spills to protect the surrounding environment. This aligns with the Group's corporate mission to maintain high Safety, Health and Environment ("SHE") standards and to conduct businesses in a safe, reliable and efficient manner, with minimal impact on the environment.	14 LIFE BELOW WATER
Health and Safety (Workplace and Customer)	Direct, indirect	GRI 403-2 Hazard identification, risk assessment, and incident investigation GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Maintain high SHE standards and conduct businesses in a safe, reliable and efficient manner. Proactively focus on providing high quality products and services.	8 DECENT WORK AND ECONOMIC GROWTH
Diversity and Equal Opportunities	Direct	GRI 405-1 Diversity of governance bodies and employees	Strive to create a diverse and inclusive work environment that promote and enhance the diversity, experience and abilities of the Group's workforce across all functions globally.	5 GENDER EQUALITY
Procurement Practices	Direct	Not applicable	Actively focus on and minimize potential negative reputational impacts in our supply chain.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SUSTAINABILITY REPORT
可持续发展报告

Material ESG Topics	CAO Involvement	GRI Disclosures	Our Initiatives	Relevant SDG
Protection of Sensitive Information	Direct	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Uphold the Group's high data security standards, Remain vigilant on secured communication and protection of stakeholders' legal rights to privacy and confidentiality.	
Corporate Governance	Direct	GRI 419-1 Non-compliance with laws and regulations in the social and economic arenas GRI 205-3 Confirmed incidents of corruption and actions taken	High corporate governance standards and robust internal control processes serve to provide accountability across CAO's business activities to support the realisation of its long-term strategy. No fraud, bribery or corruption will be tolerated.	

STRENGTHENING OPERATIONS MANAGEMENT

CAO's management framework has been designed to optimise business processes that drive clear accountabilities and create innovation in accordance with our operating philosophy of "Transparency, Standardisation and Refinement". Amid the unfolding COVID-19 pandemic against a backdrop of high geopolitical tensions, the Group remained focused on and had placed significant emphasis on "Compliance as Top Priority, Risk Management of Utmost Importance" to manage the material threats and opportunities in our business operations and the dynamic macroeconomic environment. In 2020, the front-office and middle-office functions reviewed and updated the Group's hedging business and trading counterparties policies to address COVID-19 related risks and repercussions to our businesses, ensuring that our controls are relevant, robust and complies with the latest international business regulatory requirements. For more details on CAO's risk management structure, strategy and key risks and mitigations, please refer to the Risk Management Section.



Corporate Governance

As a Group with global presence, CAO is committed to upholding the highest standards of corporate governance and business conduct. During the year, in recognition of the Group's commitment to corporate transparency, the Group was able to maintain a good position in the Singapore Governance and Transparency Index and is included in the FTSE ST China, FTSE ST Small Cap and MSCI Singapore Small Cap Indexes. In addition, CAO has also adopted recommendations by The Institute of Internal Audit to implement the internal audit quality assurance and improvement initiative to enable quality evaluation on the level of internal audit efficiency and effectiveness and seeks to identify opportunities for sustainability integration in the business units. An internal audit on the hedging business processes and procedures was conducted in the second half of 2020 to objectively verify that the Group complies and conforms to performance standards. For more details relating to CAO's corporate governance practices, please refer to the Statement of Corporate Governance Section.

SUSTAINABILITY REPORT
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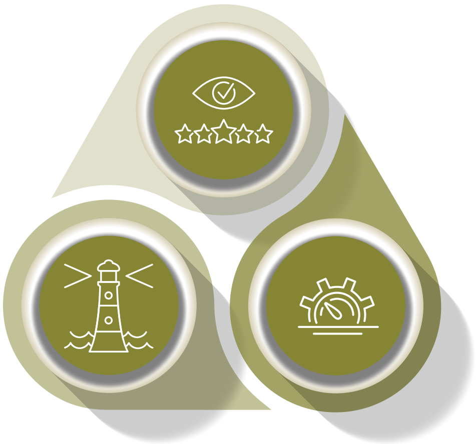


Environmental Compliance (oil spill)

STREAMLINING BUSINESS COSTS

In view of the weak economic environment brought forth by the COVID-19 pandemic, CAO has embarked on extensive cost savings measures to streamline business and administrative costs across the Group.

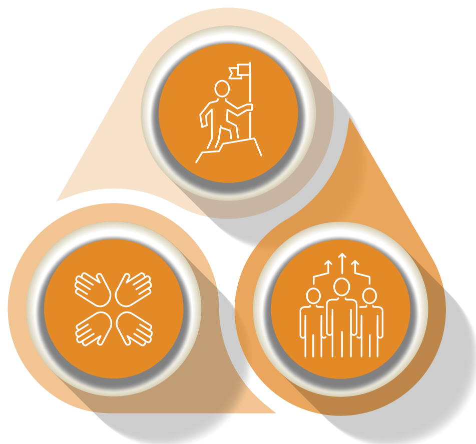
During the year, CAO further streamlined corporate expenditure across business support functions to increase spend visibility, improve operational efficiency and compliance of business processes. In addition, strong support from financial institutions had helped the Group to leverage on our strong balance sheet and centralised cash pool resources to reduce significantly the trade financing and administrative overheads.

DRIVING GROWTH

As CAO continues to focus on expanding its global presence, we recognise that the long-term business success of the Group depends on our ability to continue to attract, develop, retain and engage a good talent pool. CAO's competitive advantage lies in our versatile and innovative culture. We are committed to a fair, diversified and inclusive working environment, encouraging our people to thrive and maximise their potential, empowering employees with the accountability and responsibility to work effectively and efficiently while prioritising the goals and objectives of the Group. Please refer to CAO Human Capital Management Section for more details.

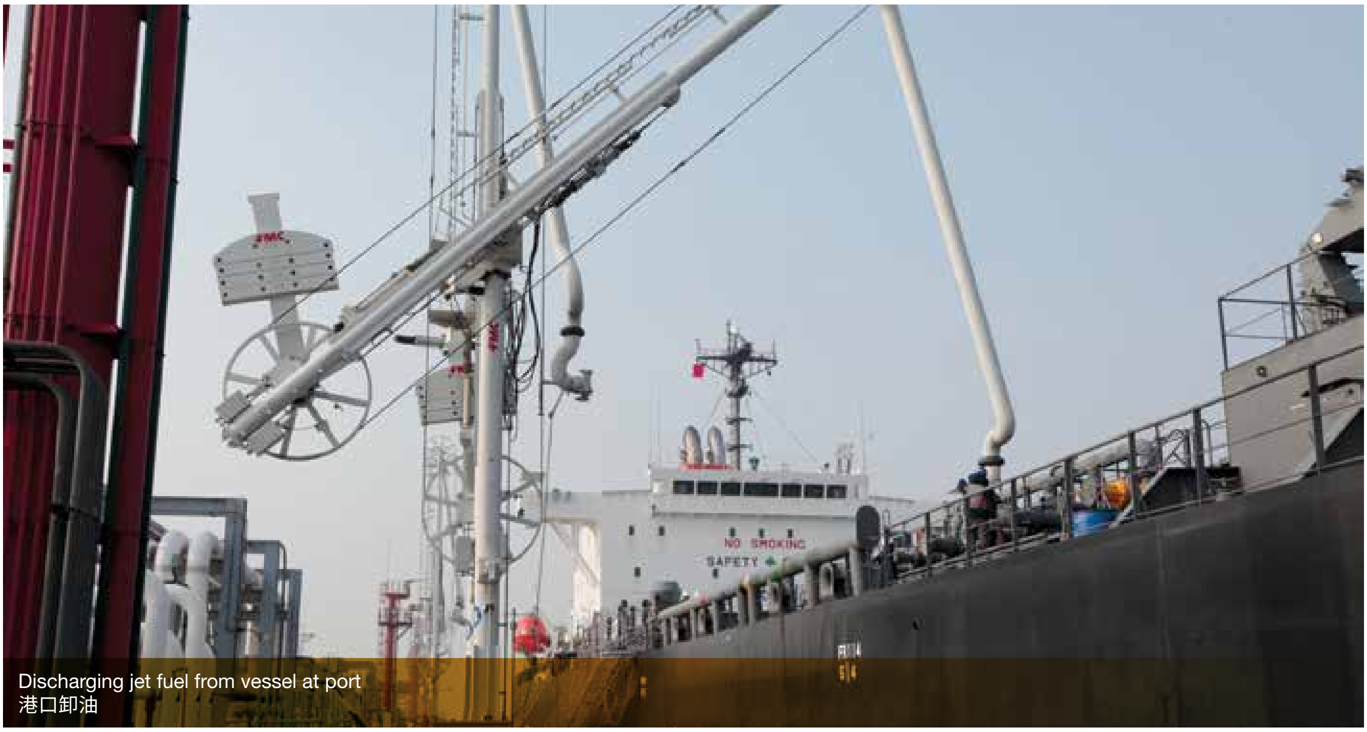
Extreme market conditions and unprecedented challenges caused by the COVID-19 pandemic affected much of FY2020, with business activities and global air travel coming to a standstill. Quarantines and lockdowns across the globe greatly impacted jet fuel demand even as CAO's aviation fuel and oil trading teams proactively sought opportunities to supply low sulphur jet fuel cargoes to new markets and build market share. With a favourable trading environment in early 2020, the front-office team also leveraged on its access to storage tanks in South Korea and the PRC to shore up its global storage capacity, to manage the oversupply and provide end customers with additional flexibility and access.

CAO also demonstrated its niche positioning and competitive advantage through its integrated supply and trading network to secure supply agreements with oil majors and oil refineries, further extending the Group's market reach and airports supply network globally. Alongside business growth, the front-office and middle-office teams effectively managed the risk exposures to ensure minimal disruptions with trading counterparties, whether in supply and/or operational execution. For more details on the Group's outlook and operating business performance, please refer to CEO's Message and CEO's Strategic Report-Operations Review Section.



Diversity and Equal Opportunity

SUSTAINABILITY REPORT
可持续发展报告


Discharging jet fuel from vessel at port
港口卸油

ENSURING SAFETY

Health and safety took on greater significance in 2020 with the global pandemic outbreak. For CAO, the need to keep our employees and other stakeholders safe posed a business continuity challenge, and protecting the health and well-being of our people and the communities where we live and work was a top priority.

Recognising the public health risk early on, a COVID-19 Taskforce was set up in January 2020, to provide guidance on precautionary measures to minimise disruptions to business while protecting employees and other stakeholders. As the COVID-19 situation evolved, risk assessments on business operations, posters on COVID-19 health and prevention topics were shared throughout the year to raise employee awareness in an effort to fight the pandemic. The COVID-19 Taskforce has also established the requirement for employees with flu-like symptoms or in contact with suspect and/or confirmed COVID-19 cases to self-isolate and stay away from the workplace for an appropriate duration of time. Responsible behaviour outside of work to reduce the likelihood of infection was also encouraged as were protocols for visitors to the workplace.

Globally, employees were encouraged to work from home and adhere to measures put in place by governments to collectively fight the pandemic. With the backing of an already robust information technology infrastructure, there were no significant interruptions to CAO's business operations during the year. Continuing to operate while maintaining a safe and healthy workplace has required the Group to adapt the ways work is completed. To reduce the risk of transmission at the workplace, social distancing and workplace occupancy limits were enforced. Hygiene practices were stepped up, preventive measures such as essential Personal Protective Equipment ("PPE") and hand sanitation supplies were provided to all employees and availed also to all in need. At the workplace, regular wipe downs of surfaces were heightened to reduce contagion.

At the onset of the pandemic, we faced shortages of essential PPE such as surgical masks on increased global demand for PPE supplies. Nonetheless, we drew on our international footprint to procure and share across the Group, enabling business operations to continue to operate safely. As of end December 2020, the Group has zero cases of COVID-19 infections among its employees.

We recognise that the evolving COVID-19 situation will continue to be a health safety risk and we are committed to ensuring the highest standards of the health and well-being of our employees.

LOOKING AHEAD

CAO will continue to enhance the competitiveness of the Group's core businesses and focus on consolidating our competitive advantages which will continue to form the building blocks of foundation for the Group's sustainable growth in the long term.

SUSTAINABILITY REPORT
可持续发展报告

董事会声明

在中国航油（新加坡）股份有限公司（以下简称“CAO”或“公司”），董事会坚信，企业责任是公司业务成功的重要基础，而以负责任的方式运营是公司向利益相关方提供可持续影响和回报的核心能力。公司有责任坚守公司治理的最高标准，将可持续发展融入日常业务和一切工作中，以对经济、环境和社会负责任，为利益相关方和社区创造长期价值。作为亚太地区最大的航油实货贸易商，以及中国民航业的主要航油进口供应商，公司还向全球国际机场供应航油，并在从事其他油品国际贸易的同时，也投资各种战略油品相关业务。公司致力于长期业务发展，将可持续发展融入到业务流程和服务中，为提高公司供应链的透明度做出贡献。公司通过不断的创新和优化业务运营加强业务重点，为利益相关方创造价值，与此同时，CAO的业务对环境和社会有深远影响，会直接或间接影响其所在社区。

随着新冠疫情在全世界蔓延，2020年全球经济大幅萎缩，航空业遭受前所未有的冲击。加之中美紧张局势不断升级，日益加剧的贸易保护主义和政治不确定性都对商业情绪造成沉重打击。这一年，CAO和众多其他企业一样面临非同寻常的挑战。尽管如此，公司仍坚定不移地致力于管理好业务和运营中的环境、社会和治理（以下简称“ESG”）事项。公司全年重点工作放在四个关键领域：强管理、降成本、促发展和保安全。虽然宏观经济因素不利，但是CAO借助全球供应与贸易网络，在异常艰难的情况下，继续圆满完成全球客户的需求。公司在专注于日常运营的同时，持续为业务战略转型创造动能，努力扩大公司的战略发展空间、打造多样化产品、提高服务标准，以为利益相关方创造业绩。

面对2020年的疫情风险，CAO意识到保障供应链对促进贸易和业务发展的重要性。公司把员工安全放在第一位，竭尽全力保护员工队伍，同时为客户提供支持，以确保业务照常进行。为应对疫情挑战，公司在2020年1月29日成立了防疫工作小组，管理并实施了各种预防措施，保障员工的健康和安全。

公司将不断努力改进可持续发展工作，专注于能够产生最大影响力的领域，努力将道德、经济和社会风险降至最低，以可持续性的方式为CAO的长期成功做出贡献。

董事会很高兴分享这份可持续发展报告（以下简称“报告”），报告重点介绍了公司从2020年1月1日至2020年12月31日（“2020财年”）所开展的ESG相关业务活动。

关于本报告

公司的2020年可持续发展报告符合新加坡证券交易所（简称“SGX-ST”）对可持续发展报告“若不遵守就必须解释”的要求，并继续采用国际综合报告理事会（简称“IIRC”）的综合报告主要原则来报告CAO推动创造长期价值的方式。本报告在编制过程中参考全球报告倡议组织（简称“GRI”）标准进行了重要性评估。

CAO的可持续发展治理结构

SUSTAINABILITY REPORT
可持续发展报告

本报告阐述了2020财年公司涵盖新加坡、香港特区、美国、英国和欧洲的子公司对管理环境及社会影响方面的承诺、治理、政策、业绩和目标。公司还在重要议题上与联合国可持续发展目标(简称"SDGs")保持一致。

在确定本报告的范围时,公司考虑了股权比例和影响力,并将CAO持有50%以上控股股份的所有子公司纳入本报告范围。因CAO对联营公司的运营没有控制权,所以没有将联营公司纳入本报告范围。

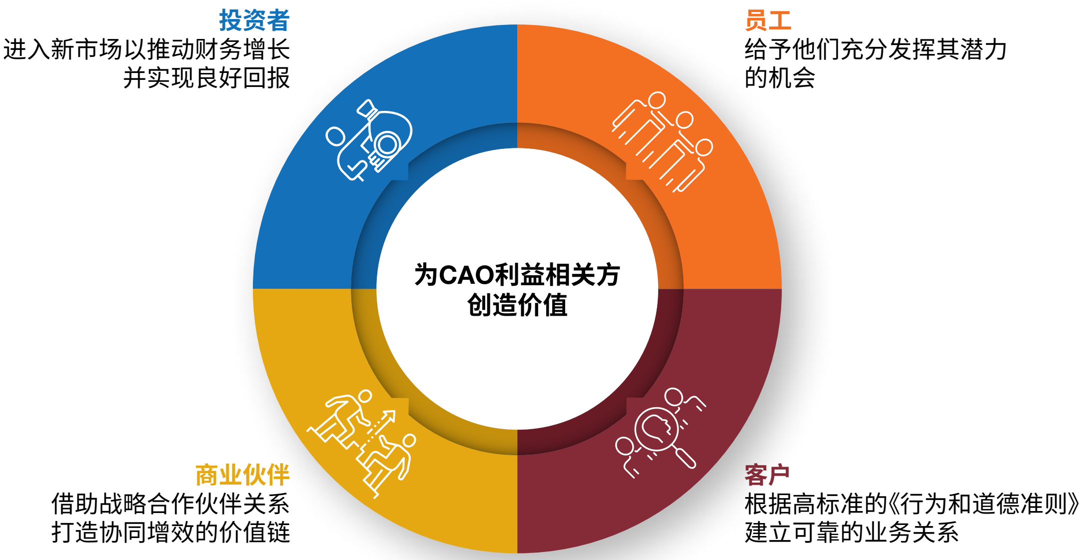
纳入本报告范围的实体包括:

1. 中国航油(新加坡)股份有限公司(在新加坡注册成立)
2. 中国航油(香港)有限公司(在香港特别行政区注册成立)
3. 北美航油有限公司(在美国注册成立)
4. 中国航油(欧洲)有限公司(在英国注册成立)

关于本报告和其他公司信息,您可登录CAO网站http://www.caosco.com查阅。

公司致力于不断改进可持续发展工作和信息披露。如果您对本报告有任何意见和建议,欢迎您直接电邮sustainability@caosco.com。

公司创造价值的可持续发展方式



SUSTAINABILITY REPORT
可持续发展报告

为确保公司的可持续发展，CAO积极与利益相关方展开沟通合作。2020年，虽然新冠疫情限制了面对面的互动活动，但公司继续通过多种沟通渠道，如线上互动、视频和电话会议，与利益相关方保持联系，开展了如下活动：

主要利益相关方	对新加坡公司的重要性	参与方式
投资者	CAO积极致力于股东回报最大化，维持良好的公司治理，与投资者和分析师保持高效及时的沟通是提高企业透明度和责任制的关键。	通过新交所网站和公司网站提供最新的财务业绩和公告、业务发展、新闻稿和其他相关披露
		常年股东大会
员工	CAO努力创造多元化和包容的工作环境，使员工受到重视，有职业发展机会和成功的动力。	新员工入职培训
		培训及发展计划
		定期电邮和会议
		休闲健康活动
		员工意见反馈渠道
		职业发展绩效评估
客户	CAO致力于在可持续的基础上提供优质的产品并及时交付，努力超越客户的期望。	与客户定期会面以交流最新情况，包括最新政策和实践
		实地访问
商业伙伴	CAO致力于实现并保持健康及安全的工作环境，确保公司运营不会影响环境。	与商业伙伴定期会面以交流最新情况，包括最新政策和实践
		实地访问

Small group discussions amongst employees are encouraged to facilitate exchange of ideas and best practices
公司积极鼓励员工进行小组讨论以促进最佳实践的交流

SUSTAINABILITY REPORT
可持续发展报告

重要性评估

2020年，我们回顾了在2017年可持续发展报告中首次列出的重要ESG因素。此外，我们还用企业风险管理框架分析了一系列潜在风险，主动识别、消减和管理关键业务风险，并将公司的重要ESG因素与可持续发展目标相结合统一。商业环境充满挑战，全球和国内监管发展日新月异，我们综合考虑了以上因素，并了解了利益相关方的意见，未对本报告中涵盖的重要ESG因素进行任何重大更改。

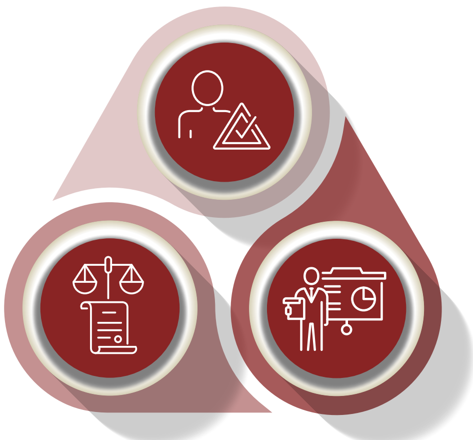
重要ESG因素	公司参与方式	GRI披露	实践	相关可持续发展目标
经济表现	直接	GRI 201-1已产生和分配的直接经济价值	积极制定可持续发展和长期业务战略，以减轻宏观经济带来的风险。 继续发掘并进入全球主要航空热点领域，拓宽客户基础，在亚太和欧美地区延伸公司的全球价值链。	8 体面工作和经济增长
环境合规	直接	GRI 307-1违反环境法律法规的情况	遵守相关环保法律法规，避免可能发生的不合规事件，并确保运营顺利、有效率。	16 和平、正义与强大机构
防止溢油	直接、间接	GRI 306-3严重溢油情况	致力于尽可能减少潜在溢油事件的影响，以保护周边环境。这与公司坚持安全、健康、环境（简称"SHE"）高标准，以安全、可靠、高效的方式经营业务，极力于对环境的影响降至最小的使命相一致。	14 水下生物
健康与安全（工作场所和客户）	直接、间接	GRI 403-2危害识别，风险评估与事故调查 GRI 416-2有关产品和服务影响健康和安全的违规事件	坚持SHE高标准，以安全、可靠、有效的方式开展业务。 力求提供高质量的产品和服务。	8 体面工作和经济增长
多元化与平等机会	直接	GRI 405-1治理组织和员工的多样化	努力创造多元化和包容的工作环境，促进和提高公司在全球所有职能部门员工的多元化、经验和能力。	5 性别平等
采购实践	直接	不适用	积极关注并尽可能减少供应链中潜在对公司声誉的负面影响。	12 负责任消费和生产
保护敏感信息	直接	GRI 418-1有关违反客户隐私权和遗失客户资料的经证实的投诉	维护公司的数据安全高标准，公司对保密通信及其利益相关方的隐私和保密合法权利保持警惕。	16 和平、正义与强大机构
公司治理	直接	GRI 419-1社会和经济领域中的违反法律法规的情况 GRI 205-3经证实的贪污事件及采取的相应行动	严格的公司治理标准和完善的内部审计程序确保了CAO的所有商业活动都有明确的责任担当，支持公司实现长期战略。公司绝不容忍任何欺诈、贿赂或贪污行为。	2 零饥饿

SUSTAINABILITY REPORT
可持续发展报告

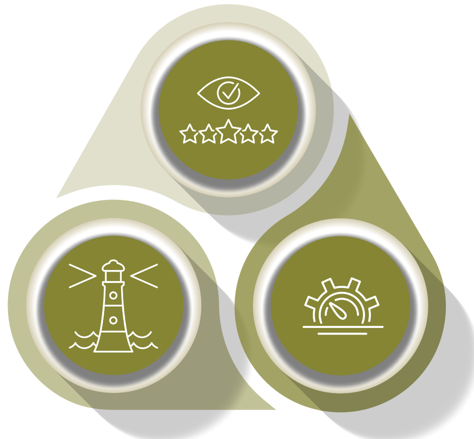
强管理

公司根据"透明化、标准化和精细化"的经营理念制定管理框架、优化业务流程、明确责任并鼓励创新。在地缘政治升温、疫情不断蔓延的情况下，公司始终关注并高度重视"合规第一，风控至上"，积极管理业务运营和宏观经济环境中的重大挑战和机遇。2020年，前台和中台部门对公司的套期保值业务和贸易对家政策进行了排查和更新，以应对疫情带来的相关风险，确保公司的管控工作到位、有力并符合最新的国际商业监管要求。有关风险管理结构、战略、重大风险及风险防范措施之详情，请参阅风险管理部分。

作为一家业务覆盖全球的公司，CAO始终坚持高标准的公司治理和商业行为。过去一年里，公司在新加坡治理和透明度指数中保持良好的排名，并继续是富时海峡时报中国指数、富时海峡时报小市值股指数和摩根士丹利国际资本新加坡小市值股指数的指数股之一，肯定了公司对企业透明度的重视。与此同时，公司还借鉴国际内部审计师协会推荐的最佳实践，实施了内部审计质量保证和改进计划，以便能够对内部审计效率和有效性进行质量评估，并在各业务部门工作中积极寻找机会，把可持续发展融入业务和日常管理。公司在2020年下半年开展对套期保值业务流程的内部审计，客观地验证了公司遵守并符合绩效标准。有关CAO公司治理方面的更多详细信息，请参阅公司治理声明部分。



公司治理



环境合规（防止溢油）

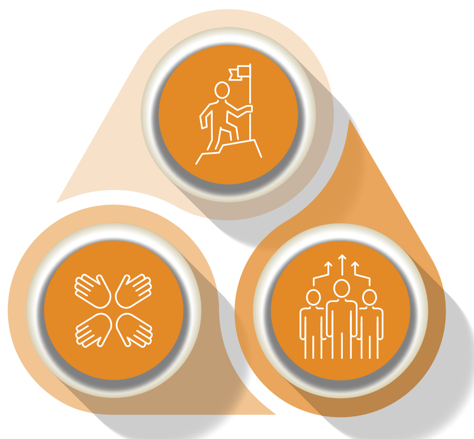
降成本

由于疫情导致经济疲弱，CAO采取了多方面的成本节约措施，以精简公司各项业务和行政支出。

这一年，公司精简了各个业务支持部门的支出，改善了支出的可见性、提高了运营效率和业务流程的合规性。同时，在银行合作方的大力支持下，公司利用其稳健的资产负债表和集中现金池资源，显著降低了贸易融资成本和管理开销。

促发展

随着公司持续专注于扩大其全球业务，我们意识到，CAO的长期业务成功取决于继续吸引、发展、留住和聘用最优秀人才的能力。CAO的竞争优势在于我们丰富的创新文化。公司致力于创造公平、多元和包容的工作环境，充分发挥员工的才能，让所有员工都能有所作为；赋予员工责任心，在优先确定公司目标的同时，切实有效地开展工作。有关更多详细信息，请参阅CAO人才资源管理部分。



多元化和平等机会

SUSTAINABILITY REPORT
可持续发展报告

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

2020财年，新冠疫情造成的极端市场条件和前所未有的挑战影响了全年大部分时间，且商业活动和全球航空旅行几乎停摆。尽管公司航油业务和油品贸易团队积极寻找机会，向新市场供应低硫航油并建立市场份额，但全球各地的疫情隔离和封锁措施对航油需求产生重大冲击。前台部门凭借2020年初有利的贸易环境以及韩国和中国的储罐设施，加大全球储量，以有效管理供给过剩的情况，为终端客户提供更多灵活性和选择。

CAO还通过其一体化的供应与贸易网，展示其精细定位和竞争优势，与大型石油公司达成供应协议，进一步扩展公司在全球的市场和机场供应网络。在业务增长的同时，前台和中台部门有效地管理风险敞口，无论是供应或运营操作，都确保将贸易对家风险降至最低。有关公司展望和运营业绩的更多详细信息，请参阅首席执行官致辞和经营概况部分。

保安全

随着全球疫情爆发，健康和安全在2020年更加突显其重大意义。对于CAO来说，确保员工和其他利益相关方的安全是保障业务延续性的一个挑战。公司高度重视保护员工及其生活和工作社区的健康和福祉。

公司在较早的时候就意识到此次公共卫生风险，并在2020年1月成立了防疫工作小组，指导开展防疫工作，将疫情对企业的影响降至最小，同时积极保护员工和各利益相关方。随着疫情爆发，公司发布了商业运营风险评估，分享及张贴关于疫情卫生和防疫主题的海报，以提高员工防疫意识，共同抗疫。防疫工作小组规定，任何有流感症状或与疑似或确诊疫情病例接触的人必须在一段时间内自我隔离，并远离工作场所。公司还鼓励员工在工作以外场合同样采取负责任的行为，减少感染的可能性，到访工作场所的访客亦需遵守相应规定。

公司鼓励全球员工在家办公，并遵守各国政府为抗疫推出的措施。在强建的信息技术基础设施的支持下，CAO的业务运营在这一年里没有出现任何重大中断。为保持安全、健康的工作场所同时继续运营，公司也调整了工作方式。为了减少工作场所的传播风险，公司实施了社交距离和工作场所人数限制，加强宣传卫生习惯，向所有员工提供必要的个人防护配备和洗手液等卫生用品；所有有需要的人都能获得防疫用品。公司还加强了工作场所的定期清洁与接触面的擦拭，以减少传播风险。

疫情初期，全球对个人防护用品的需求猛增，基本个人防护配备，例如医用口罩等紧缺。尽管如此，公司借助其国际足迹在全球范围内采购并在整个公司内分发了防护用品，使得业务运营能够安全继续。截至2020年12月底，公司无一人感染新冠病毒。

公司意识到新冠疫情还将持续，健康安全风险并未消退，公司将致力于以最高标准保障全体员工的健康和安全。

展望未来

CAO将继续提升公司核心业务的竞争力，专注于巩固竞争优势，为公司的长期可持续发展构建牢固的基石。

FINANCIAL REVIEW
业绩回顾

OVERVIEW

For the financial year ended 31 December 2020 ("FY2020"), CAO Group ("the Group") achieved total revenue of US$10.52 billion, lower by 48.30% compared to US$20.34 billion for the financial year ended 31 December 2019 ("FY2019") due to the decrease in oil prices and total supply and trading volume.

The Group's operating profit of US$35.45 million in FY2020 was 13.33% lower compared to FY2019, mainly due to lower gross profit derived from jet fuel supply business as a result of COVID-19 pandemic, which was partly offset by lower expenses.

The share of results of associates was US$24.79 million in FY2020, lower by 62.17% compared to US$65.53 million in FY2019.

The Group's net profit attributable to shareholders in FY2020 was lower by US$43.64 million or 43.71% at US$56.19 million. Consequently, Earnings Per Share ("EPS") was lower at 6.53 US cents compared to 11.61 US cents in FY2019. Return on Equity ("ROE") decreased 5.88 percentage points to 6.57%, mainly attributable to the lower profits.

The Group generated net operating cash outflow of US$166.19 million in FY2020 due to the increase in working capital requirements compared to net operating cash inflow of US$49.89 million in FY2019. Cash flow from investing activities increased due to higher dividends received from associates in FY2020.

The Group is proposing a final one-tier tax exempt ordinary dividend of S$0.0258 per share for FY2020.

Notwithstanding the challenging global market conditions, the Group will continue to stay the course to build on its jet fuel supply and trading network and strategic advantages in the trading of other oil products. The Group will also continue to focus on long-term profitability by seeking opportunities for expansion through investments in synergetic and strategic oil related assets and businesses.

OPERATING PROFIT

Total revenue decreased 48.30% to US$10.52 billion in FY2020. Revenue from supply and trading of middle distillates decreased 58.59% to US$5.63 billion, attributable mainly to the decrease in oil prices as well as supply and trading volume. Total supply and trading volume was 27.62 million tonnes for FY2020, a decrease of 25.21% compared to 36.93 million tonnes for FY2019. The supply and trading volume of middle distillates decreased 35.98% to 14.25 million tonnes for FY2020, compared to 22.26 million tonnes for FY2019, and accounted for 53.56% of the Group's total revenue in FY2020. Trading volume for other oil products, comprising mainly crude oil and fuel oil, decreased by 1.30 million tonnes or 8.86% to 13.37 million tonnes in FY2020 and generated US$4.89 billion in revenue.

China remains the Group's largest market, accounting for 55.40% of the Group's revenue in FY2020, an increase of 3.07 percentage points in proportion to the Group's revenue compared to FY2019.

Gross profit decreased by 21.53% to US$45.87 million for FY2020 compared to US$58.46 million for FY2019, mainly due to lower profits from jet fuel supply business as a result of COVID-19 pandemic.

Other operating income was US$6.75 million for FY2020, an increase of 16.08% compared to US$5.82 million for FY2019, mainly due to higher foreign exchange gains and higher other income, partially offset by a decrease in bank interest income. Foreign exchange differences improved by US$1.83 million mainly due to exchange gains from the receipt of RMB dividends from Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA"). Other income which mainly comprised of wage support and property tax rebates from the Singapore Government pertaining to COVID-19 pandemic, increased by US$0.97 million. Bank interest income was US$4.61 million for FY2020, a decrease of US$1.87 million compared to bank interest income of US$6.48 million for FY2019, primarily impacted by low deposit interest rates.

Total expenses decreased 26.53% to US$17.17 million for FY2020 compared to US$23.37 million last year due mainly to lower staff costs and finance costs.

SHARE OF RESULTS OF ASSOCIATES

Contributions from the share of results of associates, mainly from SPIA, decreased 62.17% to US$24.79 million for FY2020 compared to US$65.53 million for FY2019. Profit contribution from SPIA decreased 66.36% to US$19.79 million for FY2020 compared to US$58.83 million for FY2019, mainly due to lower revenue and profits as a result of lower refuelling volume and oil prices caused by the COVID-19 pandemic.

Share of results of other associates was US$5.00 million for FY2020 compared to US$6.70 million for FY2019, a decrease of 25.37% or US$1.70 million, mainly due to lower contribution from China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd owing to lower pipeline transportation revenue.

FINANCIAL REVIEW
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NET PROFIT

The Group's profit before tax at US$60.24 million was lower by 43.40% compared to US$106.43 million for FY2019, mainly attributable to the lower gross profits generated and lower share of results of associates due to the COVID-19 pandemic, partially offset by the decrease in expenses.

Income tax expense was US$4.05 million for FY2020 compared to U$6.60 million for FY2019, a decrease of 38.72% or US$2.55 million, mainly due to lower deferred tax liabilities recognised on the Group's share of undistributed retained earnings of associates.

As a result of lower gross profit and share of results of associates, the Group recorded net profit of US$56.19 million in FY2020, lower by US$43.64 million or 43.71% compared to US$99.83 million for FY2019.

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

FINANCIAL POSITION

The Group continues to maintain a healthy balance sheet in FY2020. As at 31 December 2020, total assets remained relatively flat at US$1.89 billion, compared to US$1.87 billion as at 31 December 2019, mainly due to the increase in trade and other receivables, and inventories, partially offset by the decrease in cash and cash equivalents, and contract assets.

The Group's liquidity and debt servicing ability remained strong. As at 31 December 2020, the Group's cash and cash equivalents were US$269.11 million, compared to US$378.78 million as at 31 December 2019, a decrease of US$109.67 million. As at 31 December 2020, the Group's current ratio and quick ratio were 1.56 and 1.47 respectively (FY2019: 1.45 and 1.39 respectively). In 2020, the Group's total trade and banking facilities amounted to US$2.08 billion.

As at 31 December, the Group's net assets stood at US$876.88 million, or 101.94 US cents per share, compared to US$834.96 million or 97.07 US cents per share as at 31 December 2019. The increase in net asset value per share was attributable mainly to the earnings generated in FY2020 less dividends paid in respect of FY2019.

The Group continues to preserve its overall liquidity position to support its growing businesses. The Group's principal sources of cash flow are derived from its supply and trading business operations as well as dividends received from its investment in associates.

The Group's FY2020 financial performance has demonstrated the strength and resilience of CAO's businesses despite operating in the most extreme market conditions, impacted by COVID-19 and the consequent economic downturn. CAO will continue to maintain a healthy bank balance, exercising stringent credit management even as it continues to focus on credit control as well as account receivables and working capital management, while proactively seeking synergetic and strategic asset investment opportunities to diversify and augment its income streams.

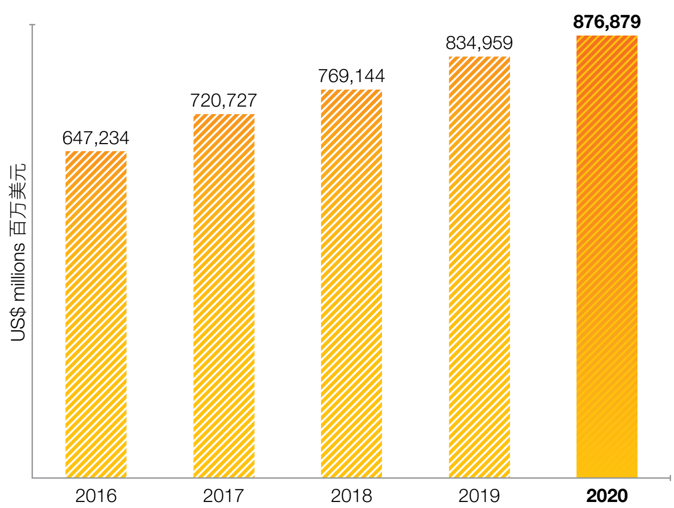
ECONOMIC VALUE ADDED

Economic Value Added ("EVA") profit for FY2020 was US$2.81 million, a decrease of 94.19% or US$45.56 million from US$48.37 million for FY2019, mainly due to the decrease in net earnings on the back of higher capital employed. Accounting net profits decreased 43.71% year-on-year to US$56.19 million for FY2020, compared to US$99.83 million for FY2019. To reward shareholders, the Board of Directors has proposed a first and final dividend in cash of S$0.0258 per share for FY2020 (FY2019: S$0.047). The Group will continue to focus on improving efficiency to create value for shareholders and remain prudent in financial management.

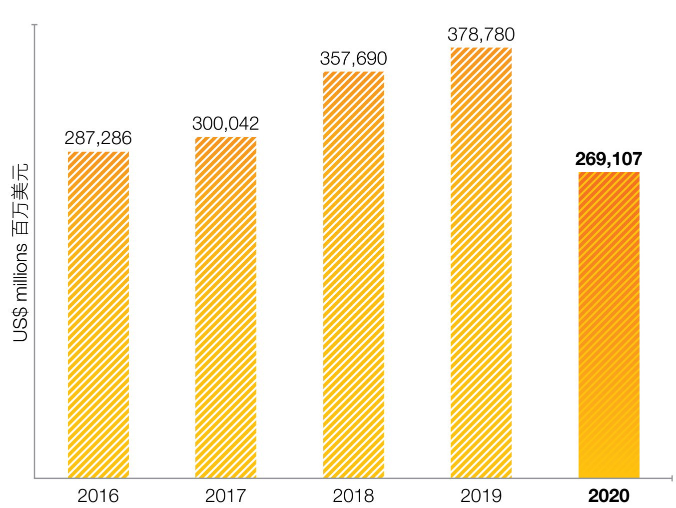
FINANCIAL REVIEW
业绩回顾

5-YEAR FINANCIAL SUMMARY 五年财务摘要	2016	2017	2018	2019	2020
INCOME STATEMENT (US$'000) 损益表(千美元)					
Revenue 营业额	11,703,191	16,267,606	20,611,954	20,343,491	10,516,955
Gross Profit 毛利	44,050	38,703	49,994	58,456	45,872
Associated Companies 联营公司	66,363	71,534	72,109	65,532	24,789
Net Profit Attributable to Equity Holders of the Company (PATMI) 可向股东分配净利润	86,457	84,927	93,858	99,830	56,193
BALANCE SHEET (US$'000) 资产负债表(千美元)					
Total Assets 总资产	1,341,970	1,909,809	1,653,568	1,872,945	1,887,949
Total Equity 股东权益	647,234	720,727	769,144	834,959	876,879
Cash and Cash Equivalent 现金及现金等价物	287,286	300,042	357,690	378,780	269,107
FINANCIAL RATIOS 财务比率					
Earnings Per Share (US$ cents) 每股收益(美分)	10.05	9.87	10.91	11.61	6.53
Net Asset Value Per Share (US$ cents) 每股净资产(美分)	75.24	83.79	89.42	97.07	101.94
Return on Equity 净资产回报率	13.95%	12.42%	12.60%	12.45%	6.57%
Return on Assets 资产回报率	7.76%	5.65%	5.63%	6.04%	3.22%
Debt Equity Ratio 股本带息负债率	15.40%	16.60%	0.00%	0.00%	0.00%

Total Equity
股东收益



Total Cash & Cash Equivalent
现金及现金等价物



FINANCIAL REVIEW
业绩回顾

TSN-PEKCL Tanggu Operation Centre
管输公司运控中心塘沽站

综述

截至2020年12月31日(简称"2020财年"),公司总收入为105.2亿美元,相比2019年12月31日(简称"2019财年")的203.4亿美元下降48.30%,主要是因为油价和总业务量下降。

公司2020财年的营业利润为3,545万美元,较2019财年减少13.33%,主要是因为航油供应业务受到新冠疫情的影响而毛利减少,同时费用减少抵消了部分降幅。

2020财年来自联营公司的投资收益为2,479万美元,较上年同期的6,553万美元,下降62.17%。

2020财年可分配给公司股东的净利润为5,619万美元,同比减少4,364万美元,降幅为43.71%。2020财年的每股收益(简称"EPS")为6.53美分,上年同期为11.61美分。净资产收益率(简称"ROE")下降5.88个百分点至6.57%,主要由于利润减少所致。

2020财年经营活动产生的净现金流出为1.66亿美元,主要是经营活动占用的资金增加,2019财年的经营活动净现金流入为4,989万美元。投资活动的现金流入增加,主要是2020财年从联营公司收到较多的股息。

公司提议2020财年的最终股息为每股0.0258新元。

尽管市场条件充满挑战,公司仍将继续发展航油供应与贸易网络,并在其他油品贸易中建立战略优势。公司也将通过投资具有协同效应和战略前景的油品相关资产和业务寻求拓展机会,继续专注发展长期盈利能力。

营业利润

2020财年总收入下降48.30%至105.2亿美元,其中:中馏分供应与贸易收入下降58.59%至56.3亿美元,主要是由于油价和供应与贸易量下降。2020财年供应与贸易总量为2,762万吨,比2019财年的3,693万吨减少25.21%,其中:中馏分供应与贸易量从2019财年的2,226万吨减少至2020财年的1,425万吨,降幅为35.98%,占公司2020财年总收入的53.56%;其他油品贸易量(主要来自于原油和燃料油)在2020财年下降130万吨或8.86%至1,337万吨,贡献48.9亿美元的收入。

中国依然是公司最大的市场,占公司2020财年收入的55.40%,与2019财年的收入相比,占比增长3.07个百分点。

2020财年毛利为4,587万美元,较2019财年毛利5,846万美元下降21.53%,主要是由于航油供应业务受到新冠疫情的影响以致毛利减少。

2020财年其他经营收入为675万美元,较上年同期582万美元增加16.08%,主要是因为汇兑收益和其他收入较高,同时银行存款利息收入减少抵消了部分增幅。汇兑收益同比增加183万美元,主要是收到上海浦东国际机场航空油料有限公司(简称"浦东航油")人民币股息产生的汇兑收益。其他收入同比增加97万美元,主要是公司获得新加坡政府针对新冠疫情影响给予的雇佣补贴和财产税减免。2020财年银行存款利息收入为461万美元,较去年同期的648万美元减少187万美元,主要原因是市场存款利率下降的影响。

2020财年总费用为1,717万美元,较上年同期的2,337万美元下降26.53%,主要是员工成本和财务费用减少。

FINANCIAL REVIEW
业绩回顾

来自联营公司的投资收益

2020财年联营公司投资收益为2,479万美元，相比上年同期的6,553万美元下降62.17%，主要是来自浦东航油的投资收益减少。2020年来自浦东航油的投资收益为1,979万美元，较上年同期的5,883万美元下降66.36%，主要是因为受到新冠疫情的影响，浦东航油的航油加注量和油价下滑导致收入和盈利齐降。

2020财年来自其他联营公司的投资收益为500万美元，较上年同期的670万美元减少25.37%或170万美元。这主要是由于来自中国航油集团津京管道运输有限责任公司的投资收益减少，因其管输量下降导致营业收入减少所致。

净利润

2020财年公司税前利润为6,024万美元，较2019财年的1.06亿美元下降43.40%，主要是因受到新冠疫情的影响，毛利和投资收益下降，费用的减少部分抵减了利润的降幅。

SPIA's into-plane refuelling operations
浦东公司的航油加注工作场景

2020财年所得税费用为405万美元，较上年同期的660万美元下降38.72%或255万美元，主要是公司按联营公司的未分配利润确认的递延所得税负债减少。

由于毛利以及来自联营公司的投资收益较少，2020财年净利润为5,619万美元，较2019财年的9,983万美元减少4,364万美元，降幅为43.71%。

财务状况

公司2020财年的资产负债状况健康。截至2020年12月31日，总资产为18.9亿美元，与上年同期的18.7亿美元基本持平，主要是由于应收账款和其他应收账款及存货增加，而现金及现金等价物和合同资产的减少，部分抵减了资产增加的幅度。

公司的资金流动性和偿债能力依然稳健。截至2020年12月31日，公司现金及现金等价物为2.69亿美元，较2019年12月31日的3.79亿美元，减少1.10亿美元。截至2020年12月31日，公司的流动比率和速动比率分别为1.56和1.47（2019财年分别为1.45和1.39）。2020年，公司的银行授信额度总计20.8亿美元。

截至2020年12月31日，公司净资产为8.77亿美元或每股101.94美分，而截至2019年12月31日，公司净资产为8.35亿美元或每股97.07美分。每股净资产的增加主要是由于2020年盈利增加，部分被支付2019年股息所抵销。

公司继续保持较好的整体资金流动性，支持业务拓展。公司主要的现金来源为供应与贸易业务以及联营公司所派发的股息。

尽管疫情对市场带来了极为恶劣的影响，导致全球经济萧条，但公司在2020财年所取得的业绩却充分展现了公司业务的运营实力及韧性。公司将继续保持充裕的资金，严格管理信用风险，持续关注信用控制、应收账款、流动资金管理，积极寻找有协同性的战略资产投资机会，以拓宽收入来源。

经济增加值

2020财年经济增加值（简称“EVA”）为281万美元，较上年的4,837万美元减少4,556万美元，降幅为94.19%；主要因为净利润减少，在投资资本增加的情况下经济增加值下降。2020财年净利润为5,619万美元，较2019财年的9,983万美元下降43.71%。为了回报股东的支持，董事会提议2020财年派发每股0.0258新元的年终股息（2019财年：0.047新元）。公司将继续提高运营效率，保持谨慎的财务管理策略，为股东持续创造价值。

RISK MANAGEMENT
风险管理

In 2020, an unexpected COVID-19 pandemic swept the world, dealing a huge blow to the global economy. Amid lockdowns and travel restrictions as the world grappled to contain the spread of the pandemic, the aviation industry was particularly impacted, exacerbated by unilateralism, trade protectionism and anti-globalisation trends as well as the escalation of geopolitical tensions. These factors made the global environment severely complex and volatile. The Group faced new challenges in its operations and business development as the complexity of the risks affecting the Group escalated, coupled with high volatility of oil prices in 2020. Impacted by COVID-19, the Brent crude quickly plunged from US$68.91 per barrel at the beginning of the year to a low of US$23.07 per barrel in April, bottoming out in the second half year 2020 to gradually recover to about US$51 per barrel at the end of the year.

Amid the complex and constantly changing market environment, the Group relied on its four-tier, two-line risk management framework and reporting structure to analyse, assess and identify various risks to effectively mitigate and manage the risk exposures faced by the Group's global business operations to ensure healthy business sustainability.

For 2020, the Group continued to strengthen its risk management framework with the establishment of a tripartite communication mechanism with subsidiaries, to effectively consolidate and centralise risk management processes under the Group. The year also saw the implementation of a COVID-19 related risk tracking system, with capabilities to perform analysis of specific risk areas in order to fortify the enterprise risk management in the Group. Improvements in the market and price risk management processes were also achieved through the streamlining of standard operating procedures using technology and systems, resulting in greater efficiency and effectiveness of the daily reporting process. The Group also completed portfolio reviews of all of its trading counterparties, in order to identify and deactivate high-risk counterparties, so as to further improve the quality of approved trading counterparties and the credit risk management in the Group. The hedging business management plan was updated during the year and the hedging strategy for the Group was thoroughly reviewed, to ensure compliance of the hedging business in accordance to the Group's policy.

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

1. Risk management framework, policies and processes
2. Risk management strategy
3. Five key risks and mitigation strategies
4. Comprehensive Enterprise risk management
5. Market risk management and sensitivity analysis
6. Credit risk management and concentration analysis

RISK MANAGEMENT FRAMEWORK, POLICIES AND PROCESSES

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

CAO's risk management foundation is built upon three pillars, namely:

1. Four-tier, two-line management and control structure.
2. Policies, guidelines and control framework.
3. System, process and people.

The Group's four-tier, two-line 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 strategy and governance level, overall responsibility for risk management of the Group lies with its Board of Directors. Accordingly, all risk management issues are ultimately reported to the Board of Directors.

At the tactical and policy level, the Risk Management Committee ("RMC") oversees strategic risk management issues. The RMC reviews the limits for various types of risks and makes recommendations to the Board for approval and in addition, 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 and control level, the Company Risk Meeting ("CRM") plans and implements risk management controls over risk exposures 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 Management team but has an independent direct reporting line to the RMC.

RISK MANAGEMENT
风险管理

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

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 years, the risk team has defined and built the framework around risk management, identifying, reporting and monitoring the risk profiles of the Group's supply and trading businesses in Singapore, Hong Kong SAR, Los Angeles and London. CAO's global risk team comprises individuals bearing professional credentials such as Energy Risk Professional (ERP) and Financial Risk Manager (FRM) by Global Association of Risk Professionals (GARP); their professional expertise in credit, market and enterprise risk management enables robust risk management practices to be effected across the Group's operations across the globe, enabling the management team to execute strategic business objectives and achieve performance targets.

RISK MANAGEMENT STRATEGY

The Group's growing multi-product portfolio businesses subjects CAO to a number of risks. These include exposure stemming from changes to regulatory and operational conditions in certain regions, fluctuations in currencies and volatility in oil prices. To better manage the exposure of the Group's growing business portfolio, CAO seeks to strengthen its risk management team through new hires and training programs, in order to manage the enlarged risk portfolio with the Group's growing presence globally.

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

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

RISK MANAGEMENT
风险管理

In addition to conducting regular market risk stress tests on positions held by the Group, an enterprise-wide stress test was conducted in 2020 in view of the COVID-19 pandemic to assess the potential impact and risk areas the pandemic may have on the Group. These enterprise-wide stress tests cover various risks in the areas of market, credit, foreign exchange, financing, operations as well as legal and regulatory risks. Through such stress-testing exercises and evaluation reports, CAO's Board of Directors and management team are regularly updated on the mitigation measures in place to manage the various risks and the implications as well as potential impact on the Group's business operations.

FIVE KEY RISKS AND MITIGATION STRATEGIES

At CAO, we constantly improve on the risk control systems through adopting best-in-class practices and developing new initiatives to enhance the Group's risk management capabilities. On top of managing the key identified business risks on a daily basis, we have also analysed and determined the top five risks in CAO's operating environment in 2020 from an internal assessment.

COMPREHENSIVE ENTERPRISE RISK MANAGEMENT

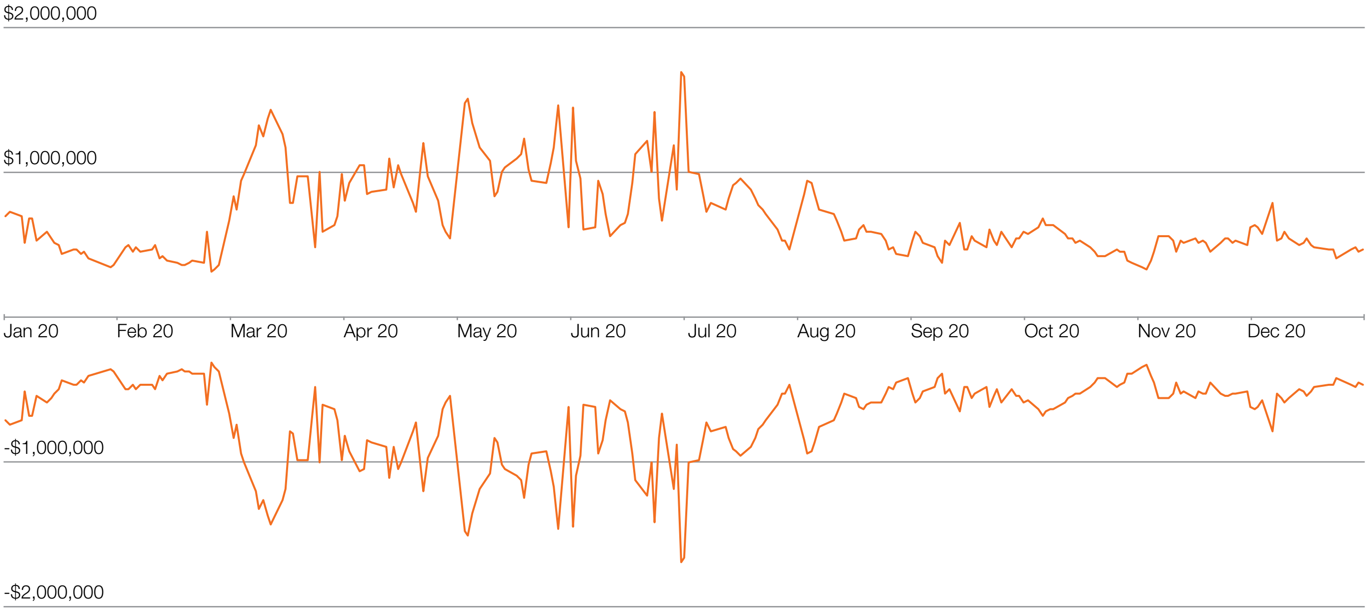
Recognising that risk management plays an important role in business sustainability, CAO has adopted Enterprise Risk Management ("ERM") practices to identify and manage the various types of risks the Group's globalised operations is exposed to. Building on the ERM practices, the risk management team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

Under the ERM, the top-down and bottom-up approach is deployed to effect information collection and compilation for the Group's risk register. CAO currently reviews its Risk Register entries semi-annually. During the review process, each risk entry is quantified in terms of impact and probability and ranked, so that most significant potential risks may be prioritised.

No.	Assessed Significant Risks	Mitigation Strategies	Impact
1	COVID-19 impact	1. Adjust business strategy on a timely basis, such as re-arranging supply contract, developing new jet fuel demand, etc. 2. To closely follow the development of the pandemic and make arrangements for personnel planning in advance. 3. Maintain workplace hygiene to prevent the spread of infections in the office. 4. Monitor the itinerary of personnel on business trip to avoid key pandemic areas. 5. Make arrangements for business continuity.	High
2	Regulatory risk – such as liberalisation of the jet fuel import market in the PRC	1. To establish a diversified portfolio and leverage on the structural advantages of the supply and trading network. 2. To improve logistics efficiencies and extend value chain to establish a comprehensive and systematic global jet fuel supply and trading network.	High
3	Trading counterparty credit risk	1. Set appropriate portfolio credit limit for trading counterparties globally. 2. Conduct annual review on active counterparties. 3. Strengthen the credit risk management team. 4. Implement credit mitigation measures, such as Letter of Credit, prepayments, credit insurance, etc. 5. Discuss and provide oversight of credit risk issues via the CRM.	Mid
4	Human resource risk	1. Implements a competitive compensation package. 2. Provides competitive employee benefits. 3. Implements a career progression & development plan. 4. Implements succession plan to address key personnel risks.	Mid
5	Single product strategic risk	1. Adopts product diversification strategy to develop supply and trading capabilities in other oil products. 2. Seeks to build structural advantages for other oil products through securing supply contracts and investing in synergetic assets to support trading activities.	Mid

RISK MANAGEMENT
风险管理

2020 MVaR UTILISATION AT COMPANY LEVEL
2020年公司市场风险值使用情况



Apart from the Risk Register, the CRM which comprises management team and heads from various business functions, is another critical component of ERM and avails an important channel for discussing risk-related topics and issues. Through regular CRM meetings, as well as ad-hoc ones and e-mail circulation, potential risk factors identified in daily business operations can be discussed and evaluated on a timely basis. For example, in the scenario where the credit risk team highlighted credit issues of late payments from a trading counterparty, the CRM may discuss and decide promptly whether to have any further commercial dealings with the relevant trading counterparty.

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

MARKET RISK MANAGEMENT AND SENSITIVITY ANALYSIS

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

The Market Value at Risk ("MVaR") is used as a primary 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, Stop-Loss limits and Hedging Ratio which are measured and monitored daily, with back-testing conducted regularly to ensure the suitability of the Group's MVaR model.

To complement the market risk limits, the Risk Management team also conducts market stress tests on the company's trading positions on a regular basis. Using historical scenarios from the database, the Risk Management team simulates in a timely manner the likely impact of the Group's recent trading position in times of extreme market conditions. In 2020, the Group conducted stress test on the impact of COVID-19, which allowed CAO to have timely and deeper insight over its business activities, enabling the Group to take mitigating measures when necessary.

Notwithstanding the high volatility in the market environment, the Group's risk appetite remained cautious and measured. The daily MVaR utilisation rate on company level, based on a 95% confidence interval, has remained stable, registering an average MVaR utilisation of US$697,405 in 2020.

In 2020, the Group continued to conduct derivatives business in strict accordance to the Hedging Business Proposal approved by the Board of Directors, which required all derivatives transactions to be for hedging purposes only and strictly prohibited speculative derivatives transactions.

RISK MANAGEMENT
风险管理

Inculcating the risk awareness culture amongst employees involves personal responsibility, teamwork and camaraderie
培养员工的风险意识文化有赖于强化员工个人的责任意识、团队契合度和合作精神

CREDIT RISK MANAGEMENT AND CONCENTRATION ANALYSIS

Due to the nature of the Group's business operations, credit risk is inherent in the Group's trading business and as such remains one of the most significant measurable risks faced by CAO.

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

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

2. 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; and

3. Country risk or sovereign risk is the risk of loss arising from a sovereign state freezing foreign currency payments or when defaults on obligations occurs.

To actively manage the Group's credit risk, counterparties' credit worthiness is evaluated periodically based on financial standing, operating and payment track record as well as background checks. Actual credit terms and limits to be granted are allocated accordingly based on the information obtained through this thorough due diligence.

In view of the volatile operating environment and uncertain geopolitical situation in 2020, the Group has continued to maintain a prudent credit risk management practice. Key highlights in this area include:

1. Special reviews and deep dives into high risk counterparties or industry segments, allowing the Group to adopt pre-emptive measures and actions to avert potential credit events;

2. Enhancement of counterparty management policies to improve the effectiveness and efficiencies of counterparty management in CAO Group, and also conducted multiple counterparties clean up exercises to reduce the exposure to riskier counterparties and improve the credit quality of the Group's portfolio of counterparties;

3. In view of the bankruptcy of several oil trading companies during the year, the Group conducted an internal review of external incidents and reported on the lessons learnt so as to prevent future occurrence of similar incidents in CAO;

4. Due to the global pandemic that resulted in the escalation of credit risk for the Group, as well as the work from home arrangement during the height of the pandemic, CAO has established a new reporting process in order to continue to monitor and report credit risk matters on a timely basis.

RISK MANAGEMENT
风险管理

Our concentration risk profile of accounts receivables are as follows:

By Country

As of 31 December 2020, CAO's geographical exposure was predominantly from Singapore (66.82%), mainland China (16.78%) and Hong Kong SAR (10.84%), which made up 94.44% of the Group's total exposure.

During the year, the predominant countries were Singapore and China. The Group continues to diversify and rebalance the geographic mix of its business as it seeks to grow its business with counterparties outside of these two countries.

By Internal Credit Rating

As of 31 December 2020, in terms of internal credit rating, the Group's exposure mainly came from Grade B1 (34.61%) and Grade B2 (25.65%), which made up around 60.26% of our account receivable position. Letter of Credit ("LC") receivables was 31.53% of total account receivables.

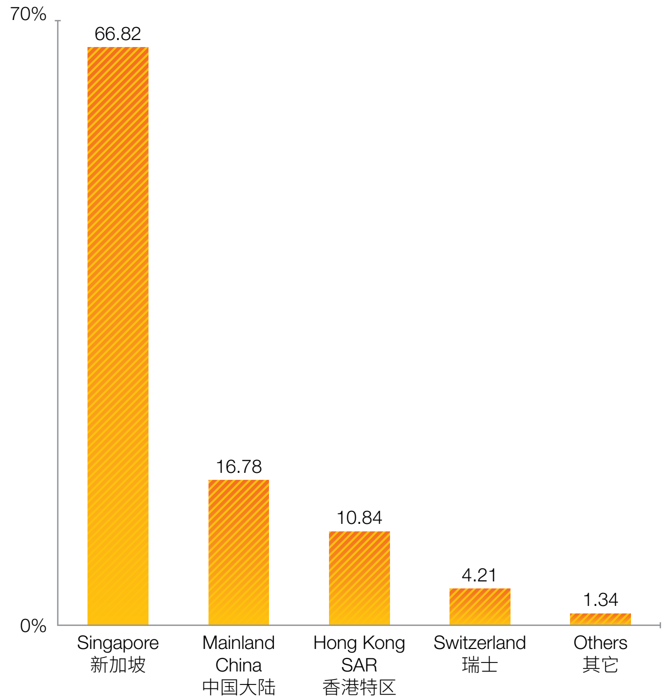
During the fiscal year, the exposure from these internal ratings of Grade A1 to B2 (including exposures against LC) equivalent of investment-grade made up more than 90% of the Group's exposure. The overall portfolio was in good position.

For counterparties with non-investment grade credit rating, CAO refrains from the extension of any credit lines, and if necessary, payment terms granted are on LC and pre-payment basis, which effectively reduced the Group's credit risk exposure.

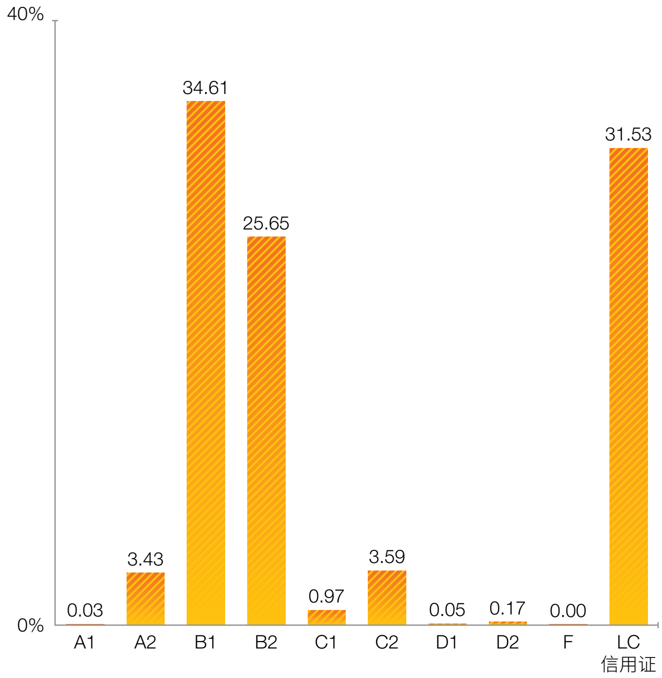
The Group had also employed credit enhancement or mitigation tools where necessary. These included obtaining parental company guarantees, cash collateral, letters of credit from investment-rated banks and ensuring offset clauses in contracts and so forth. These enhanced measures allowed the Group to be better equipped in managing the risks from daily trading activities.

Risk management in CAO remains an integral part of the Group's strategic and operational management. The Group remains committed to promote a strong culture of risk awareness internally and will continuously enhance its risk management processes and capabilities to ensure that CAO is able to effectively execute its strategies and achieve its strategic targets to deliver sustainable shareholder value.

% of AR Exposure by Place of Incorporation
按注册地划分的应收账款



% of AR Exposure by Internal Credit Rating
按内部信用评级划分的应收款



RISK MANAGEMENT
风险管理

2020年，一场始料未及的新冠疫情席卷全球，对全球经济造成巨大冲击。在世界各国努力遏制疫情蔓延、实行封锁和旅行限制的情况下，航空业受到了严重影响。而这一影响在单边主义、贸易保护主义和反全球化趋势，以及地缘政治紧张局势升级的背景下，得到进一步放大。国际形势愈加复杂多变，公司的经营与发展面临着新难题，各项风险复杂程度日益提高，油价在2020年也发生巨大波动。受疫情影响，布伦特原油价格从年初的每桶68.91美元迅速探底，在4月低至每桶23.07美元后触底反弹，逐渐回升到年末每桶51美元左右的水平。

在复杂多变的市场环境下，公司依靠现有的四层双线风险管理构架和报告机制，及时分析、评估和报告各项风险，有效地管控了国际贸易和企业运营中的各项风险，确保公司业务整体上的平稳和健康发展。

在2020年，公司继续稳步提升风险管理水平，建立了与子公司“三位一体”的沟通机制，初步实现了风险管理体系一体化。公司也于同年实施了新冠疫情风险追踪和特定风险专题分析，进一步推动企业风险管理全面化，同时启动了风险日报流程优化工作，进一步提升市场风险管理自动化。公司还完成了多轮贸易对家和合作公司的评估清理工作，剔除了高风险贸易对家，进一步实现了信用风险管理精细化并优化了公司贸易对家的质量。此外，公司也完成了套期保值业务管理方案的修订和策略的全面回顾，进一步提升了套期保值业务管理的规范化水平。

作为公司风险文化的一部分，公司继续积极开展并改善其集中化风险控制与支持网络，以支持公司于全球的业务拓展。公司的风险管控流程主要包括：

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

风险管理框架、政策和流程

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

公司风险管理的三大支柱分别为：

1. 四层双线的管理与控制架构；
2. 政策、指导方针和控制架构；
3. 系统、流程和人员。

公司的四层双线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。

在战略和公司治理层面，董事会全面掌握公司的风险管理工作。所有风险管理相关事项最终都将汇报给董事会。

在策略层面，风险管理委员会（简称“RMC”）负责监管战略风险管理问题。风险管理委员会对各类风险类型的限额进行审阅并提出意见，让董事会进行最终审批，并且审核批准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，了解公司各类风险敞口和风险管理难度。

在管控层面，公司风险会（简称“CRM”）在风险管理委员会授权之下，负责企业全面风险，包括市场、信用、运作、财务守规和信誉等各类风险管控措施的组织和实施。CRM主席由风险管理部主管担任，既向管理层负责，同时也有权直接、独立地向风险管理委员会汇报。

在运作层面，风险管理部负责日常风险管理业务的执行，并确保所有与风险相关的政策、流程和限额得到遵守和落实。在过去十年中，风险管理团队设立了风险管控框架，包括识别、汇报和监控公司在新加坡、香港行政特区、洛杉矶以及伦敦的油品供应与贸易业务。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，并凭借他们在信用、市场和企业风险管理的专业知识，有效地将严谨的全球风险管理落实到公司的全球业务中，进而协助管理层实施并实现战略业务目标。

风险管理策略

公司日益增长的多产品业务使公司面临多项风险。这些风险敞口来自部分地区监控管理和运营条件的改变、货币的转换，以及油价波动。为了更好地管理公司不断拓展的国际业务组合，公司不断完善其风险管理实践，并通过新聘员工及相关培训，加强风险管理队伍建设，以管理公司因业务日渐扩大而导致的复杂多样的风险。

公司的风险管理包括识别影响公司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 — 贸易仓位、市场价格的变化所带来损失的风险；
- 信用风险 — 贸易对家履约的不确定性所带来的风险；
- 运作风险 — 财务和实货运作两方面在运作环节上的缺失所带来的风险；
- 法律风险 — 对法规法律的意识缺乏、误解、不明确或不计后果的行为所带来的财务和/或信誉损失的风险；
- 财务风险 — 公司无法履行债务所带来的风险。

RISK MANAGEMENT
风险管理

除了对持仓进行定期的市场风险压力测试之外，公司在2020年就新冠疫情对公司的影响，进行了企业范围内的压力测试。这些企业范围的压力测试涵盖了市场、信用、外汇、融资、运作、法律等方面的各类风险。公司会定期向董事会和管理层汇报这些测试与分析结果，以更好地防范此类突发事件对公司经营所带来的潜在影响。

五项关键风险及缓解措施

公司通过借鉴业内的最佳实践来持续改善公司的风险管理，并通过新的措施加强风险管理能力。在管控主要业务风险之外，CAO也通过企业风险管理方法来排查公司经营中的其它风险。以下是公司通过内部评估所得出的2020年公司经营前五大风险。

企业全面风险管理介绍

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

企业风险管理注册表通过自上而下和自下而上两种方法来收集信息、汇总公司风险。CAO目前每半年回顾企业风险管理注册表一次，并在回顾的过程中，通过量化的方法（影响力和可能性）将每个注册项进行估值和排序，从而遴选出对公司潜在影响最大的前几大风险。

序号	评估的重大风险	采取的管理策略和解决方案	影响程度
1	新冠疫情影响	1. 及时调整业务策略，如对供应合同进行重新安排，开发新的航油需求等。 2. 密切跟踪疫情发展情况，提前对人员计划做好安排。 3. 保持办公职场的卫生条件，以防控病毒在办公室内传染。 4. 追踪出差人员行程，尽量避开重点疫区。 5. 做好业务持续性的安排。	高
2	政策风险 — 如中国航油市场开放	1. 利用供应与贸易网络的结构性优势，建立多元化业务。 2. 提高物流效率和拓展价值链，建立一个综合机制的全球航油供应与贸易网络。	高
3	贸易对家信用风险	1. 设立恰当的贸易对家（全球）总信用限额。 2. 每年对活跃的贸易对家进行复审。 3. 强化信用管理团队。 4. 实施信用缓解措施，如信用证、预付款、信用保险等。 5. 通过公司风险会统一管理信用风险相关事宜。	一般
4	人才资源风险	1. 制定具有竞争力的薪酬配套。 2. 提供有竞争力的员工福利。 3. 制定人员发展计划。 4. 落实接班人计划以解决关键岗位风险。	一般
5	单一产品战略风险	1. 执行产品多元化战略，开发其他油品的供应与贸易能力。 2. 通过寻求供应合同和有投资协同性的资产，为其他油品建立结构性优势，支持贸易活动。	一般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除风险注册表以外，CAO的公司风险会（简称"CRM"）是另一讨论风险相关课题的重要平台；它由公司管理层和相关业务部门主管所组成，是企业风险管理的重要部分。通过每月召开的CRM例会，以及临时会议、电邮等形式，公司日常经营中遇到的任何风险课题都可以得到及时的讨论和评估。例如在某个贸易对家出现现金流问题发生延迟付款时，公司风险会可以讨论决定是否需要中止与这个贸易对家的商业往来。

在最近两年，CAO在企业范围所进行的压力测试，使公司能够更好地了解其在危机事件和特殊环境下所会遭遇的潜在影响，从而更好地防范和缓解这些影响。

RISK MANAGEMENT
风险管理

市场风险管理及风险值分析

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

公司继续用市场风险值（简称"MVaR"）作为衡量市场风险的基本工具，而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，且公司每日均会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、止损限额和套期保值比率也在每日跟踪范围内，定期的回溯测试则可以确保公司风险值模型的合适性。

作为对市场风险限额的补充，公司风险管理团队会定期对公司的贸易持仓进行市场压力测试。利用历史数据库中的特殊历史场景，团队能及时模拟出公司最近的贸易持仓在极端市场环境下可能受到的影响。2020年，公司对新冠疫情所带来的影响进行了压力测试，进而对其业务活动有及时和深入的了解，在必要时采取风险缓解措施。

尽管市场环境波幅很大，公司的风险偏好始终保持谨慎和有节制的作风。根据95%置信区间，公司层面的每日MVaR使用率基本保持平稳；2020年公司整体的每日市场风险值平均使用率为69.7万美元。

2020年，公司继续严格按照董事会批准的套期保值业务管理方案进行衍生品业务，一切衍生品业务均以套期保值为目的，严格禁止衍生品业务投机行为。

信用风险管理及集中度分析

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

信用风险可分为信用违约风险、集中度风险和国家风险：

1. 信用违约风险是贸易对家无法全额偿还债务而造成损失的风险；

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

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

为了积极管理信用风险，公司通过观察贸易对家的财务状况、运营和付款记录，并对各贸易对家进行背景调查，以定期评估他们的信用状况。公司会根据所获信息授予贸易对家合适的信用条款及限额。

鉴于2020年经营环境的不稳定、地缘政治形势的不确定性，公司继续保持审慎的信用风险管理政策。信用风险管理的主要亮点包括：

1. 为高风险的贸易对家或行业进行特别评估及深入研究，让公司能采取先发制人的风险缓解措施和行动，以避免潜在的信用损失事件发生；

2. 优化公司的贸易对家管理政策，成功提高公司对于贸易对家管理的效益。公司也进行多次的贸易对家清理，完成了对于高风险贸易对家信用条款和额度的缩紧，提高了公司贸易对家整体的信用质量；

3. 公司针对2020年以来宣布破产的几家油品贸易公司的相关情况进行了专项分析并形成相关报告，以总结应对经验、吸取教训、引以为戒，防止类似事件的发生；

4. 在疫情的影响下，针对信用风险陡增，以及团队在家办公的特殊状况，公司建立了疫情期间的信用风险特别汇报机制，以继续有效地及时监控及汇报信用风险的相关信息。

公司应收账款的集中度风险状况如下：

根据国家

截至2020年12月31日，根据公司贸易对家的注册地，公司的信用敞口仍主要来自新加坡（66.82%）、中国大陆（16.78%）和香港行政特区（10.84%），占总敞口的94.44%。

从整个财年来看，信用敞口主要来自新加坡和中国大陆。公司会继续在这两个地区以外设立与贸易对家的合作业务。

根据内部信用评级

截至2020年12月31日，在内部信用评级方面，公司的信用敞口主要来自于评级为B1（34.61%）和B2（25.65%）级别的贸易对家，占总应收款的60.26%。基于信用证的应收款占了总应收款的31.53%。

2020财年，信用评级为A1至B2（包括信用证敞口）类似于投资级别的贸易对家占了公司总敞口的90%以上。公司整体的贸易对家信用评级组合处于良好状态。

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

公司也在必要时使用信用增强或风险减缓工具，包括但不限于获取母公司担保、信用保险、现金担保、投资级别银行开具的信用证，以及合同中的抵销条款等。有了这些强化措施，公司有能力更好地管理日常贸易活动所带来的风险。

风险管理是公司的业务战略和运营管理的核心部分。公司致力于积极推进内部风险意识，并将不断强化风险管理流程和能力，以确保CAO能够有效执行其战略和实现其战略目标，为股东提供可持续价值。

COMPLIANCE AND INTERNAL AUDIT
合规与内审

In our endeavour to realise good business performance and sustain long-term growth in shareholder value, CAO is committed to operate responsibly based on business practices that are designed to uphold high standards of accountability, oversight, integrity and ethics.

OPERATING RESPONSIBLY

Shaped by the commitment of the Board of Directors (the "Board") and driven by CAO's management team, the compliance function which is subsumed within the Legal & Compliance Department, ensures that responsible practices are integrated into the Group's businesses as a core operating principle. This includes strengthening the effectiveness of internal controls with appropriately designed oversight measures and Standard Operating Procedures ("SOPs") to enhance the efficacy of governance as well as its financial and business operations in support of the Group's business strategies.

Amid a dynamic business environment fraught with constant and challenging changes in regulatory and compliance requirements, the Group continues to focus on enhancing the effectiveness and robustness of its internal controls, procedures and systems to prevent and detect irregularities. CAO's established system of compliance oversight is aligned with the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") framework, which ensures a systematic and integrated approach to evaluate and improve the Group's overall control framework, including regular review of SOPs covering delegation of authority and hedging business policies with improvements to further strengthen management controls in 2020. The Group regularly reviews and identifies compliance risks such as anti-trust and competition law, anti-corruption, trade sanctions, occupational safety, health and environmental regulations, data protection, insider trading and fraud, and seeks to comply with applicable local and international trade legislations and regulations in the regions where CAO operates through the enforcement of internal policies and directives.

To adhere to regulations pertaining to international trade sanctions, the Group leverages on risk intelligence tools in response to changes in the regulatory landscape to enable the Group to conduct screening of counterparties and ensure the vigilant monitoring of politically exposed persons including those categorised as heightened risk entities. In situations where the assessment of trade sanction risks require clarification, the Legal & Compliance team works closely with the risk management team to evaluate compliance requirements with a focus to integrate compliance actions with daily operations at the business level.

COMMITMENT TO RESPONSIBLE BUSINESS PRACTICES
对商业操守的承诺

Registered zero incidents of corruption and bribery

零腐败和零贿赂事件

100% participation rate group wide for compliance and ethics-based training

CAO合规与道德相关培训参与率达100%

Initiated an updated Delegation of Authority Policy

更新受权审批管理及指令执行政策

Initiated an updated Hedging Business Policy

更新套期保值业务管理政策

COMPLIANCE AND INTERNAL AUDIT
合规与内审

SAFEGUARDING THE INTEGRITY OF OUR BUSINESS

CAO enforces a zero-tolerance policy towards corruption or bribery of any kind. During the year, the Group has also further tightened both the enforcement and thresholds of policies governing procurement practices as well as instant messaging security and anti-money laundering and anti-terrorist financing measures to promote sustainable business engagement with the Group's stakeholders including employees, business partners, suppliers and shareholders. For CAO, we firmly believe that these measures collectively support the Group's efforts against graft, facilitation payments and any form of gratification.

To safeguard the integrity of our business, the Group maintains a comprehensive ethics and compliance programme to ensure that employees at all levels across the Group are and remain adequately competent through the completion of mandatory web-based training curriculums to apply regulatory and other compliance requirements in their field of work. The Legal & Compliance team also introduces additional compliance and ethics-based training, including topics on information security and cyber risk awareness and fraud prevention for all employees. In total, 100% of CAO global workforce participated in compliance and ethics-based related training for 2020.

STAYING VIGILANT

CAO believes that observing vigilance and incident prevention is the best safeguard against potential business disruptions. Recognising the importance of maintaining vital capabilities in order for critical business activities to continue operationally with minimum impact in the event of a crisis, and to sustain a level of operational readiness, CAO has continued to validate its Business Continuity Plan ("BCP") that integrates with the IT Disaster Recovery Plan ("DRP"), which involves the establishment of IT SOPs, guidelines, structure and supporting frameworks to ensure appropriate emergency escalation response, resumption and recovery of key business functions and data resources in a timely manner.

Taking into consideration the potential strategic, operational, financial and reputational exposure to the Group in the event of significant risk events, the Group conducts a group-wide BCP and DRP exercise annually to harness incident preparedness across the Group. In 2020, due to the physical limitations posed by the COVID-19 pandemic, CAO initiated a virtual business continuity simulation exercise instead. Key personnel from front office to back-end and support functions were involved in a simulated crisis scenario with concurrent participation from CAO's subsidiaries worldwide. The exercise reinforced awareness and co-ordination across the Group's global presence and was successfully conducted with minimal downtime for ongoing business applications.

Beyond its compliance role, the Legal & Compliance team has the added functional oversight responsibility over the yearly internal audit work that seeks to independently evaluate the effectiveness of control measures and governance processes of the Group. The framework of this engagement is designed to provide reasonable assurance that appropriate control measures are in place to address significant risks in its global business environment.

Open communication forms the foundation of a dedicated and driven team
公开交流是建设忠诚及主动的团队的基础

COMPLIANCE AND INTERNAL AUDIT
合规与内审

CAO continuously strives to ensure that our operational standards are benchmarked to the best in the industry
CAO始终坚持以行业最高标准为标杆

An annual internal audit review plan is submitted to the Audit Committee for approval, and thereafter, implemented by a team of qualified professionals from an international auditing firm. The plan covers the assessment of the Group's internal control systems including an independent biennial review on the overall effectiveness of the Group's business practices. The internal audit report highlights significant audit findings or internal control inadequacies, which could possibly affect the Group's operational effectiveness and are submitted to the Audit Committee as well as the Board on a quarterly basis. Adoption of corrective actions by relevant departments are subsequently monitored for implementation based on agreed timelines.

Reflecting CAO's continued commitment to accountability and integrity in our business practices, the Legal & Compliance team continues to ensure that the Group's internal audit activities are aligned to the Institute of Internal Auditors Standards through the Quality Assurance and Improvement Programme assessment in 2020. An internal assessment exercise was conducted in the form of a questionnaire to various stakeholders to obtain feedback on the viability and quality of CAO's outsourced internal audit activities with areas for improvement highlighted.

It is imperative for CAO to conduct its business in compliance with legislation and regulatory standards. CAO has revised its whistleblowing policy, which included inter alia, clearer guidance relating to the Group's approach and stance on whistleblowing and the means by which whistleblowers can raise serious concerns of any allegations of wrongdoing, as well as more explicit indication of the kinds of conduct which might be considered reportable concerns. Under its revised whistleblowing policy, whistleblowers may report any reportable concerns pertaining to any form of misconduct affecting the Group, its customers, partners, suppliers and other stakeholders without fear of reprisal, dismissal or discriminatory treatment, via a dedicated email address: whistle_blowing@caosco.com which will be accessed by the Receiving Officers who shall be such person or persons as the Audit Committee may designate from time to time. During the year, there were no verified issues raised through the whistleblowing channel.

COMPLIANCE AND INTERNAL AUDIT
合规与内审

秉持着实现良好业绩和确保股东价值能够得到长期可持续增长，CAO一直致力于推行负责任的经营管理方式，旨在实施和保持高标准的监督和问责制度，并积极将企业诚信和商业道德融入日常经营之中。

践行负责任的经营管理

在董事会的指导及CAO管理层的推进下，法律与合规部负责的合规职能极力将负责任的商业行为作为核心经营原则贯彻到公司业务之中。这包括通过设立适当的监管措施和标准操作流程（简称"SOPs"）来强化内部控制的有效性，以提升公司治理和其财务与业务运营的成效，进而支持公司业务策略的落实。

面对当今商业环境变化无常、竞争激烈，法律法规不断变化改革，公司更是迎来诸多挑战。公司坚守并着重于提升内部控制、运营程序和系统的有效性和稳健性，以便有效地预防和检测任何违规行为。CAO参照Committee of Sponsoring Organisations of the Treadway Commission（简称"COSO"）的内控框架，制定了较为完善的合规监管体系，以系统化、一体化的方式来评估和改进其总体内控框架，其中包括定期审查授权审批管理及指令执行和套期保值业务管理办法的标准操作流程，并于2020年进一步强化公司的管理控制。公司定期审查并极力识别潜在合规风险，如反垄断和竞争法、反腐败、贸易制裁、职业安全、健康和环境法规、数据保护条例、内幕交易和欺诈行为，通过强化内部政策和指令的执行，确保公司的操作符合经营环境适用的当地和国际贸易法律法规。

为了遵守与国际贸易制裁的相关法规，公司借助风控信息工具及时应对监管环境的变化，进而有效地筛选贸易对家和实时监测政治风险人物，包括那些高风险实体。在需要澄清贸易制裁风险评估的情况下，法律合规部也会与风险管理团队紧密合作，一同评估合规要求并着重将合规操作贯彻到日常业务与运营之中。

维护企业诚信

公司对任何形式的贪污和贿赂都保持零容忍态度。公司于去年进一步加强有关采购管理、即时通讯的安全性、反洗钱和反恐融资等措施，以促进公司与员工、业务伙伴、供应商和股东等利益相关者的可持续业务合作关系。公司坚信，这些措施有助于公司全面防范受贿、收取好处费等违法的利益输送行为。

在维护企业诚信方面，CAO制定了一套完善的道德与合规管理方案，确保公司所有员工通过完成强制性的线上培训课程后，能在其工作领域里熟练地应用相关法规和其他合规要求。法律合规部也为公司员工开展有关合规和商业道德的其他培训项目，其中包括提高信息安全意识和网络风险防范。2020年，CAO分布在全球各地的子公司员工也参加了合规和商业道德培训，参与度达100%。

保持谨慎

公司坚信，时刻保持谨慎性和实施完善的防范措施是防止出现业务中断的最佳保障。公司也意识到，在危机时刻确保关键业务仍能继续运营，将负面影响降到最低，保持其关键业务部门的运作对公司至关重要。此外，公司也需保持一定的风险应对水平以保持业务的日常运作。故此，CAO制定了包含信息系统灾难恢复计划（简称"DRP"）的业务持续性计划（简称"BCP"），并建立相关的标准操作流程、制度指引、完善应急处理组织架构，以确保公司具备紧急上报响应程序和拥有及时重启和复原关键业务部门和数据资源的能力。

鉴于公司在面对重大危机时的潜在战略、运营、财务和声誉方面的影响，公司每年均会为全体员工安排一次BCP和DRP演习，借此加强公司员工应对紧急事件的能力。2020年，因受新冠疫情的影响，在遵守社交距离措施下，公司将以往的实地演习改成虚拟业务持续性模拟演习。除了CAO前台至后台和支持部门的关键人员参与此模拟危机演习之外，公司分布在全球各地的子公司员工也同时参与演习。这项演习旨在加强公司全球员工的应急意识和协调度，并在业务几乎不受到干扰的情况下成功完成了应急预案。

在合规职责以外，法律合规部也负责公司年度内部审计监督工作，即独立评估公司管控措施和治理流程的有效性，旨在监督和合理保证公司具备适当的控制措施来应对全球业务环境中的重大风险。

内部审计计划制定后将提交审计委员会批准。获批准的内部审计计划将由国际审计公司的合格专业人士展开。该审计计划涵盖对公司内部控制系统的评估，包括两年一度对公司业务经营整体有效性的独立审核。内审报告将重点关注可能影响公司运营效率的重大问题和内部管控缺陷，并按季度提交审计委员会和董事会。相关业务部门在商定的期限内实施整改措施。

为了体现公司在业务实践中对责任和诚信的一贯承诺，法律合规部依据国际内部审计师协会标准，在2020年通过"质量保证和改进计划"提升公司内部审计质量。此改进计划以问卷形式向各相关方征求关于公司外包内审工作的可行性与质量的反馈，并重点突出需要改进的事项。

公司坚持在合法合规的前提下开展业务，并更新了公司的举报政策，其中包括公司就举报措施与立场提供更明确的指引、举报者就任何违法违规行为的举报途径，以及更明确地指出可被视为应予举报的行为类型。根据经修订的举报政策，举报者可通过专属的电子邮件地址，即whistle_blowing@caosco.com，举报任何会影响公司、其客户、供应商和其他利益相关者的违法违规事项，并无需担心遭到报复、解雇或歧视。举报内容将由审计委员会所指定的人员进行监督处理。本年度公司未通过此举报渠道收到任何举报信息。

HUMAN CAPITAL MANAGEMENT
人才资源管理

While the past year saw the COVID-19 pandemic severely testing the resilience of CAO on many fronts, it was also an illustrious year which saw its global workforce rise up in unison to collectively combat the economic and health crisis, illustrating the capabilities, agility and adaptability of the CAO Group. This concerted effort in an extremely challenging year enabled the Group to operate safely and seamlessly even as we continued to implement new and innovative ways to deliver essential services to our end customers.

At CAO, we hold a firm belief that our human capital is a valuable advantage and the very foundation of the Group's integrated business model. Supporting the health and well-being of our people by upholding an inclusive and diverse culture are therefore critical components of our business strategy as the Group drives business performance to deliver sustainable returns.

ENABLING GROWTH

With a focus on driving performance and developing capabilities to deliver the Group's business performance, CAO constantly seeks to attract, engage and retain our talent pool by empowering them to work in safe, innovative and rewarding ways.

At the same time, we nurture and promote a value-based and performance-oriented culture by providing competitive remuneration packages that are in line with market practices. Given the strong global competition for the best talent pool, the Group is constantly working on measures to increase CAO's appeal in the global labour markets. During the year, more specific initiatives such as the remuneration policies of the Group's subsidiaries worldwide were further enhanced to reward employees for their performance skillset and commitment to CAO's long-term success.

The sustainability of the Group's business growth is predicated on developing practices and capabilities that empower our people to pursue operational excellence. For this reason, the HR team develops robust in-house learning and development programmes for employees, with internet based training courses to improve operational capability and know-how. Online leadership development sessions covering topics such as "Leading at a Distance", "Managing Virtual Teams", and "Leading Virtual Meetings" were also organised to provide insights on leading and managing business teams remotely during the pandemic. A total of six knowledge-sharing sessions were conducted virtually in 2020, with active participation from employees globally, collectively clocking 322 total training hours in 2020.

ENGAGING OUR PEOPLE

At the centre of our approach to talent management lies our emphasis to create a positive and inclusive workplace culture that engages employees to stay connected to the shared values of CAO. The Group tapped on a range of communication channels and platforms to foster solid relations within our workforce, including employee opinion surveys and dialogue sessions with the management team to gather feedback and suggestions for continuous improvement and culture development. In 2020, the performance management framework was further enhanced, with a focus on performance delivery and 360-degree feedback, ensuring that people development efforts are aligned to support sustainable business goals.

Making safety an integral part of business operations, the COVID-19 Taskforce implemented safe distancing measures to ensure a secure work environment for all employees
安全运营是公司经营活动中的重要组成部分，防疫小组实行了社交距离措施以确保全体员工均在安全的工作环境中办公

HUMAN CAPITAL MANAGEMENT
人才资源管理

Annually, the Group also offers our workforce wide-ranging initiatives and benefits to promote health and well-being across the Group including on-site health screenings, daily free lunches at work as well as wellness and fitness programmes. During the circuit breaker, CAO remained attuned to employee well-being. To encourage cross-function interaction and communication, strengthen cohesiveness and bolster camaraderie amongst employees, a virtual team-building activity centred on the Dragonboat Festival was held to remind employees to watch out for one another while facing challenges of the COVID-19 pandemic.

The pandemic has also accelerated the digitalisation of HR processes and workflows. In 2020, the Group migrated its employees' medical insurance claims online, leading to a seamless and virtual reimbursement process and providing employees on-the-go access to medical attention such as telemedicine consultations. Concurrently, an expanded medical benefits and insurance coverage under the corporate health plan was also offered to employees.

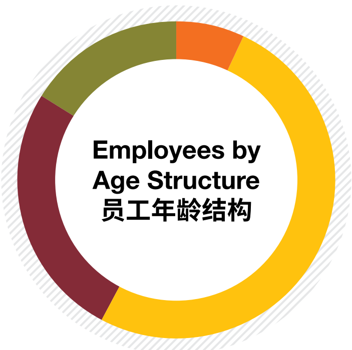
CREATING AN INCLUSIVE CULTURE

At CAO, we are committed to create an open and inclusive workplace culture which is integral to the Group's long-term success where our people are valued and empowered to grow and thrive throughout their careers with the Group.

In accordance with the Employer's pledge of Fair Employment Practices which was formulated by the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP"), CAO affirms our commitment to competitive workplace practices. The Group thus ensures that HR practices comprising non-discriminatory, recruitment advertisements, fair performance appraisal for employees, instilling a code of ethics and establishing an appropriate avenue for employee grievances, are constantly enhanced to align to the Tripartite Guidelines on Fair Employment Practices.

The Group has a total headcount of 157 employees worldwide as at end 2020, an increase of 5% over 2019, of which 81 employees are based in Singapore. Globally,

EMPLOYEE DEMOGRAPHICS
员工统计



- Below 30 years old 30岁以下 7.0%
- 30 to 39 years old 30岁至39岁之间 51.0%
- 40 to 49 years old 40岁至49岁之间 26.0%
- Above 50 years old 50岁以上 16.0%

- Less than 3 years 3年以下 56.0%
- Between 3 to 5 years 3年至5年之间 11.0%
- Between 6 to 10 years 6年至10年之间 15.0%
- More than 10 years 10年以上 18.0%

- Singapore 新加坡 70.0%
- Hong Kong SAR 香港特区 10.0%
- USA 美国 9.0%
- Europe 欧洲 11.0%

- Female 女 51.0%
- Male 男 49.0%

HUMAN CAPITAL MANAGEMENT
人才资源管理

the overall attrition has dropped significantly by more than 10 percentage points. The group's gender profile is approximately a 49:51 split between men and women, and out of which more than half of the employees are in the 30-39 age group.

Today, CAO's Code of Ethics remains our highest order of corporate governance and outlines the importance of the Group's commitment to upkeep a high standard of integrity in matters of conduct at all times. We require all employees to uphold high standards of conduct and professional ethics at all times, be mindful and avoid improper circumstances and actions that might give the appearance of wrongdoing which could discredit themselves, co-workers or CAO.

In light of COVID-19, protecting the health and safety of our employees and business partners at work is of central importance to CAO. We believe that workplace accidents and injuries are preventable and we are determined to prevent them by promoting a culture where safety awareness is embedded in our daily work. The Group's Safety, Health and Environment ("SHE") Policy and Guidelines emphasises the importance of occupational health and workplace safety, and serves to instill in all employees a shared responsibility and accountability for safe behaviour and workplace practices. In 2020, the HR team further reviewed and revised the Group's SHE guidelines in line with amendments to the Workplace Safety and Health Act by the Ministry of Manpower in Singapore.

PROTECTING OUR PEOPLE DURING COVID-19

The COVID-19 pandemic was of paramount importance to the Group's SHE programme in 2020. From the onset of the pandemic, protecting the safety of our people and ensuring safe operations were top priorities for the Group. A taskforce spearheaded by the Management team, comprising key personnel from HR and other business units across the Group was formed to support the Group's pandemic response globally. Guided by the advisories and directives issued by the parent company, China National Aviation Fuel Group Ltd ("CNAF"), the focus has been on zero harm to our people by minimising and preventing transmission risk for employees at the workplace.

In line with local COVID-19 safe management measures and restrictions, the taskforce implemented extensive safe distancing rules, preventive and hygiene plans throughout the Group, including specific requirements for reduced capacity of offices and meeting rooms. To avoid transmission risks while ensuring business continuity, remote working and split teams' arrangements were scheduled to minimise disruptions to business operations amid employee safety. To reduce physical interaction whilst upholding employee welfare, communal dining at the canteen and office pantries were halted and replaced with individual lunch boxes in strict adherence to the mandatory workplace social distancing and staggered work hours requirements jointly issued by the Singapore's Ministry of Health and Ministry of Manpower. Over in Hong Kong SAR, the United States and Europe, the Group activated its business continuity plan with employees allowed to work remotely and collaborate through virtual platforms.

Across the Group, only essential and unavoidable business trips were approved on exceptional basis. Contact tracing was implemented and all employees were required to check in and report on their health statuses on a daily monitoring basis. To keep transmission risk in check, an online risk assessment was also conducted to weigh the potential health risk exposure of the workforce.

At the workplace, stringent cleaning and sanitising protocols were enhanced even as the Group sourced globally at the onset of the pandemic to provide ample personal protection equipment such as masks and hand sanitisers to each and every employee, ensuring that employees were protected and operations continued to function without interruptions. The Group also implemented screening measures at entry to office facilities, including automated temperature screening and health declaration questionnaires to strengthen the Group's pandemic preventive measures. When employees displayed relevant symptoms, response plans included evacuation for testing, isolation and when required, medical care. Throughout the year, the HR team also sent regular updates via e-mails and intranet communication platforms on the pandemic to keep the workforce updated on developments, raising awareness and communicate support available.

Whilst the COVID-19 pandemic was enormously challenging for our employees worldwide, testing the resilience of the Group as a business concern, it validated the indomitable spirit of CAO and its workforce conclusively. In mitigating the global crisis during the year, the Group took swift and decisive action to implement and improve its business continuity plan amid the changing business environment necessary to keep our global workforce safe and healthy and our operations running. This is fully in line with CAO's performance culture, with employees showing exceptional degree of solidarity and commitment to work together to guarantee the success and continuity of our businesses.

HUMAN CAPITAL MANAGEMENT
人才资源管理

过去一年，虽然新冠疫情严峻考验了公司多层面应变能力，但全球四地员工在面临重大的经济与健康挑战时能够上下一心、携手应对，充分体现了在应变能力上的灵活性和适应性。凭借这份全体员工齐心协力的宝贵精神，公司方能在这极为艰难的一年里，继续安全、平稳地运营业务，同时实施新的创新策略，为我们的终端客户提供必需服务。

公司坚信人力资本既是公司的一项宝贵优势，也是其综合业务模式的根本基础。因此，建立与维护一个充满包容性与多元化的企业文化来支持员工的健康和福祉是业务战略的重要环节之一，有助推进业绩，实现可持续回报。

促进增长

公司专注于推进业务表现和其发展能力，以实现良好业绩，并致力于为员工打造一个安全、创新且具备成就感的工作环境，以不断吸纳、聘用和保留人才。

与此同时，公司为员工提供符合市场实践规律、具备竞争力的薪酬待遇，以培育和促进以价值为基础、以业绩为导向的企业文化。鉴于全球市场对顶级人才的强烈竞争，公司不断实施各种措施以提升其在全球劳动力市场的吸引力。在这一年里，公司采取了更具针对性的薪酬政策和其他人力资源举措，以奖励员工的履职技能和对公司长期成功所付出的贡献和努力。

公司业务增长的可持续性取决于发展有助员工迈向卓越运营的实践和能力。为此，人力资源部为员工制定了强有力的内部培训和发展计划，以及有助提升运营能力和专业知识的互联网培训课程。此外，人力资源部也为员工举办了“远程领导”、“管理虚拟团队”和“组织虚拟会议”等线上领导力培训课程，给予员工在疫情期间远程领导和管理业务团队的有效帮助。公司在2020年总共举办了六次线上内部知识共享培训课程，全球员工踊跃参与，全年合计培训时长达322小时。

与员工互动

公司在人才管理方面的核心方针在于营造一个正面且具备包容性的企业文化，让员工的长远目标与公司的价值观保持一致。公司也借助一系列的沟通渠道和平台来建立强有力的员工关系，其中包括员工调研问卷及与管理层进行对话座谈会，以收集员工反馈和建议，进而持续改进和发展企业文化。在2020年，我们进一步强化其绩效管理框架，重点关注绩效交付和360度反馈，确保人才发展工作与支持可持续业务目标相一致。

公司每年还为员工提供广泛的活动项目和福利，以促进全体员工的健康和福祉，其中包括为员工提供现场健康检查、免费午餐，以及各项健康和保健项目。在新加坡政府实施阻断措施期间，公司依旧关注员工的身心健康。为鼓励各部门员工的跨职互动和沟通，同时加强员工之间的凝聚力和协同性，公司举办了以端午节为主题的线上团队建设活动，提醒员工在面对疫情的种种挑战时，仍需相互扶持。

疫情也加速了人力资源程序和工作流程的信息化进程。2020年，公司将员工的医疗保险报销流程迁移至网上，实现了更精简与流畅的虚拟报销流程，让员工可以通过远程医疗咨询，随时随地获得实时的医疗服务。与此同时，人力资源部还在企业健康计划下，为员工提供更广泛的医疗福利和保险覆盖范围。

Employees sharing their views with the management team during the Group's dialogue sessions
公司员工在办公会上与管理层积极交流

HUMAN CAPITAL MANAGEMENT
人才资源管理

Virtual team building activities were organised to strengthen staff cohesiveness
团队建设活动有助于加强员工凝聚力

营造具包容性的企业文化

公司致力于营造具开放性与包容性的企业文化，让员工在公司就业的整个职业生涯中均能得到重视，协助他们发挥所长；这对公司的长期成功有着举足轻重的作用。

公司严格遵循劳资政公平雇佣守则（简称"TAFEP"）的公平就业准则，并致力于促进公平公正的就业实践。公司极力确保其人力资源措施不存有任何歧视；其招聘广告、绩效管理、向员工灌输道德准则，及建立适当的员工申诉渠道等措施，均符合劳资政所设定的公平雇佣准则。

截至2020年底，公司全球员工总数为157人，较2019年增加5%，其中81名员工为新加坡公司的全职员工。在全球范围内，公司去年的人员流失率大幅下降了逾10个百分点。公司员工的男女比例约为49:51，其中半数以上的员工处在30至39岁的年龄段。

现今，CAO的《员工行为守则》保持了公司治理的良好秩序，并概述了公司承诺在任何时候均保持高标准的诚信行为的重要性。公司一贯严格要求所有员工秉持高行为准则和职业操守，时刻谨记并避免任何不当行为影响自己、同事或公司的声誉。

在疫情的笼罩下，维护员工和业务伙伴的健康与安全对公司而言至关重要。公司深信，事故和意外是可以预防的，并极力将安全意识融入公司的日常运营中，进而避免事故和意外的发生。公司的《安全、健康与环境政策及指导方针》（简称"SHE"）强调了职场健康和工作场所安全的重要性，并向所有员工灌输安全行为和工作场所实践的共同责任和义务。根据2020年新加坡政府人力部对《工作场所安全与健康法》的修订，人力资源部及时审查和修订公司的《安全、健康与环境政策及指导方针》。

疫情期间保护团队安全

公司的SHE准则在2020年疫情期间，起着非常重要的作用。自疫情在全球各地肆虐，维护员工安全和确保业务的安全运营，成了公司的首要任务。为了支持公司于全球范围内对抗疫情的应对工作，管理层牵头人力资源部和公司其他业务部门的关键人员组成特别防疫工作小组。在母公司中国航空油料集团有限公司（简称"CNAF"）的指导下，公司着重于最大幅度地减少和预防疫情在工作场所的传播风险，实现了员工零感染的目标。

防疫工作小组按照当地疫情的安全管理准则和限制，于全公司范围内实施了广泛的安全距离规则及防控和卫生计划，包括监控并减少办公室和会议室人数的具体要求。为预防疫情传播并确保业务不受中断，公司为员工进行分组和安排远程工作，为员工身心健康和公司正常运营保驾护航。其次，为减少员工之间的身体接触，同时维护员工福利，公司严格遵守新加坡卫生部和人力部联合发布的强制性工作场所社交距离和错峰出勤措施，停止员工在食堂和办公室茶水间集体用餐，并以个人午餐盒将以替代。在香港特别行政区、美国和欧洲方面，公司也启动了业务持续性计划，允许员工远程办公和通过虚拟平台进行合作。

在整个公司层面上，只有必要和不可避免的商务旅行才会在特殊情况下被批准。公司还实施"追踪接触者"的工作，要求所有员工每天进行健康状况的监测和汇报。公司为了防控疫情传播，还进行了网上风险评估，以权衡员工潜在的健康风险。

公司在疫情爆发时，加强了工作场所严格的清洁及消毒流程，并于全球采购个人防护装备，为每位员工提供充足的个人防护装备，如口罩和消毒洗手液，进而确保员工安全及业务不受干扰。公司还在进入办公场所时采取筛查措施，包括健康声明问卷调查和自动化体温监控，以强化公司的疫情防控效果。当员工出现新冠病毒的相关症状时，其应对计划包括疏散测试、隔离，以及在必要时提供医疗护理。在这一年里，人力资源部还定期通过电子邮件和内部网络沟通平台发送有关疫情的信息，让员工及时了解疫情的最新进展情况、提高员工对疫情的意识，以及传达可供的支援。

虽然疫情对公司全球员工带来诸多挑战，并严峻地考验了公司的应变能力，但这非常时期也验证了公司及其员工顽强勇毅的拼搏精神。这一年来，公司为了缓解全球危机，果断采取了相关决策，在外部环境的剧烈变化中实施并完善公司业务的持续性计划，进而保障全球员工的安全和健康，以及业务的持续运行。公司进一步彰显了绩效文化和人文关怀，全体员工也展现出前所未有的精诚团结，齐心合力保证公司业务的持续健康开展。

COMMUNITY ENGAGEMENT
投身社会公益

Conscious of our responsibility to the communities and societies in the regions where we operate, CAO strives to drive sustainable change, both within the Group and through our work with stakeholders, to create positive social and environmental impact around the globe. Through social and charitable initiatives in our communities, CAO aims to foster and improve access to educational programming and environmental learning opportunities to support healthy and vibrant communities where we live and work.

CAO'S RESPONSE TO COVID-19

Creating Community Impact

Our Communities

Over the last year, CAO remains involved in supporting and addressing the needs of local communities despite the ongoing COVID-19 pandemic. Beyond traditional donations and volunteer events, the Group had embarked on a broad spectrum of actions employees can take to make a positive impact on people, society and the planet throughout the year.

CAO has a strong partnership with Beyond Social Services' pre-school facility – Healthy Start Child Development Centre ("HSCDC") and since 2010, has been actively offering assistance and availing access to quality social and pre-school educational opportunities to the less privileged children from Singapore's Bukit Merah and Redhill neighbourhood. In 2020, CAO responded to the global COVID-19 pandemic and committed human capital and resources to get the HSCDC pre-schoolers much needed supplies so that they are equipped to continue learning during challenging times. As part of the philanthropic commitment, CAO volunteers stepped in to procure food necessities, school supplies, packing of educational care packages and delivered them to the school.

In addition, the Group also mobilised our subsidiaries and employees globally, leveraging on our competencies to contribute to COVID-19 relief. CAO collaborated with our business partners to procure and facilitate access to personal protective equipment ("PPE") for needy communities during the COVID-19 pandemic. Over in

CAO volunteers continue to participate actively in community outreach events during the COVID-19 pandemic
公司志愿团队在疫情期间，继续踊跃参与社区公益活动

COMMUNITY ENGAGEMENT
投身社会公益

CAO continues to support and seek to uplift the lives of the HSCDC children through regular engagement activities
公司继续通过定期的社区公益活动，资助与改善HSCDC儿童的生活

Europe, when suspension of passenger flights led to reduction of air cargo capacity, CAFEU stepped up to work with airline companies and facilitated green channels for the shipments of infection prevention and control supplies to deploy two tonnes of critical medical supplies to the epicentre of China's coronavirus outbreak to help frontline healthcare workers battle COVID-19. As the pandemic spread across Asia and PPE became scarce, the Group adopted a collective cross-border PPE procurement strategy to ensure the safety of employees even as CAOHK took to procure and donate 3,000 medical masks to airline customers as the airline industry joined hands in a collective fight against COVID-19.

Our Business Partners

As the COVID-19 pandemic unfolded with increasing travel restrictions and national travel bans, logistical challenges with the repatriation and changing of maritime crew became inevitable. In support of our shipping associates, CAO partnered with them to resolve the humanitarian crisis and facilitate their sea crew changes, and do our part to ensure the sustainability of the maritime value chain and keep global supply chains functioning.

Staying Enivronmentally Aware

To help create a sustainable tomorrow, CAO has continuously worked to engage our employees and broaden our efforts to support and collaborate with customers, suppliers and communities in taking actions to address environmental challenges and reduce our impact on the environment in the communities where we operate.

In 2020, the Group partnered with our stakeholders to advance healthier, more sustainable living through organising environmentally sustainable lifestyle workshops to raise awareness and encourage employees to practise sustainable behaviours, for example, doing up environmentally friendly cardboard furniture and toys such as imaginative playhouse, street stalls and mazes for needy local communities. During the year, CAO has also facilitated opportunities for employees to connect with peers who share a passion for sustainable living – making changes in their lives and in the workplace. An eco-workshop featuring presentation on living a zero-waste lifestyle and making of eco-enzymes was held, enabling employees to learn about environmental sustainability as well as inculcating a healthy and waste-free lifestyle. A total of twelve CAO employees attended the green workshop with a mix of virtual and physical participation.

Operating Locally, Acting Globally

Even as COVID-19 continues to pose challenges globally, CAO remains unswerving to support and strengthen communities where we operate, underscoring our committment to be a socially responsible corporate citizen. We will continuously seek to improve our sustainability efforts, integrating our philanthropic giving with the Group's businesses to make a significant impact beyond where we work and live.


CAFEU stepped up to send PPE supplies to frontline medical workers in China to help cope with the COVID-19 pandemic
欧洲公司为中国的前线医护人员派送个人防护装备，齐心抗疫

COMMUNITY ENGAGEMENT
投身社会公益

To inculcate and raise awareness in sustainability, CAO employees are encouraged to participate in green workshops such as making eco-enzymes
为了培育和提升员工对环境可持续性的认知，公司特别安排员工参与多个环保工作坊，其中包括环保酵母制作工作坊

公司一直秉持着对运营所在地的社区和社会肩负企业责任的理念，通过公司内部及与利益相关方的合作，努力推进可持续变化，在全球创造积极的社会和环境影响。通过在社区开展形式多样的社会公益慈善活动，CAO旨在努力促进并改善儿童教育机会和环保意识，进而在我们所生活和工作的地区构建出一个健康与活跃的社区。

公司对新冠疫情的应对措施

创建积极的社区影响

我们的社区

过去一年，尽管疫情形势持续严峻，公司仍参与支持和资助当地社区的需求。除了传统的支助和志愿者活动外，公司全年还开展多项员工活动，力求为人民、社会和地球作出积极贡献。

自2010年，公司与彼岸社会服务的学前儿童分支机构——健康起点儿童发展中心（简称"HSCDC"）合作，为来自新加坡红山一带的弱势儿童提供支持，帮助他们获得高质量的社会和学前教育机会。2020年，CAO积极应对全球新冠疫情的影响，投入人力物力，为HSCDC的学前儿童提供急需的物资，让他们能在困难时期继续学习。作为公司秉持慈善承诺的一部分，公司志愿者参与采购食品、日常必需品、学习物资、包装关爱教育礼包并将它们分发到学校。

此外，公司还动员全球子公司和员工，积极发挥所长，为缓解新冠疫情作出贡献。在疫情期间，CAO与商业伙伴合作，为困难群体采购及发放个人防护装备（简称"PPE"）。在欧洲，因民航班机停运，导致货运航班大幅减少，欧洲公司与航空公司紧急磋商，开辟抗疫物资绿色通道，为中国疫情重灾区分派了2吨关键医疗物资，帮助一线医护人员抗击疫情。随着疫情在亚洲爆发，PPE变得稀缺，公司采取了跨境PPE采购策略，以确保员工的安全。香港公司还采购了3,000个医用外科口罩捐赠给航空公司客户，与航空公司携手对抗疫情。

业务合作伙伴

随着疫情爆发，各国纷纷出台出行限制和旅行禁令，协助船员回国和更换船员的后勤挑战不可避免。为了支持公司的航运合作伙伴，CAO与其携手解决人道主义危机，协助船员更替工作，为确保海运价值链的可持续性和全球供应链的正常运作尽一份力。

保持环保意识

为打造可持续发展的未来贡献力量，公司在应对环境挑战等方面，不断强化员工的环保意识，并努力在此方面扩大对客户、供应商和社区的支持与合作，致力于减少对其运营所在社区环境的影响。

2020年，公司与其利益相关方合作，通过组织环保工作坊，提高员工的环保意识并鼓励他们养成良好的环保习惯，例如为本地贫困社区制作环保纸板家具和道具，如想象力十足的游戏屋、街边小摊和迷宫等，进而推动更健康且可持续的生活方式。CAO也在过去一年里为员工提供机会，让他们与积极提倡可持续生活方式的同事互动，一同在生活和工作上做出改变。公司还举办环保讲座，介绍零废弃生活方式和环保酵素制作工作坊，让员工了解环境的可持续性，并灌输健康和零废弃的生活方式。共有12名公司员工通过线上线下方式参加了环保讲座。

植根本地、放眼全球

虽然疫情仍给全球带来挑战，但公司依旧坚定不移地支持和强化其运营所在地的社区，致力于成为有社会责任的企业公民。公司会继续努力改善社区的可持续发展，将公益慈善资助活动与公司业务结合起来，着力将影响力延伸至工作和生活以外，让企业发展的成果普及社会大众。

CORPORATE GOVERNANCE AT A GLANCE

Express Disclosure Requirements – Principles and Provisions of the 2018 Code	How has the Company complied?
General	
Description of the corporate governance practices of the Company with reference to both the Principles and Provisions, and how the Company's practices conform with the Principles. Variations from Provisions are acceptable to the extent that the Company explicitly states and explains its practices are consistent with the aim and philosophy of the Principle in question	Yes. Refer to pages 89 and 95
Provision 1.2	
The induction, training and development provided to new and existing Directors	Refer to page 93
Provision 1.3	
Matters that require Board approval	Refer to page 90
Provision 1.4	
Names of the members of the Board Committees, the terms of reference of the Board Committees, any delegation of the Board's authority to make decisions and a summary of each Board Committee's activities	Refer to pages 96 to 106
Provision 1.5	
The number of meetings of the Board and Board Committees held in the year as well as attendance of every Board member at these meetings	Refer to page 92
Provision 2.4	
The board diversity policy and progress made towards implementing the board diversity policy	Refer to page 91
Provision 4.3	
Process for the selection, appointment and re-appointment of Directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates	Refer to pages 96 to 97
Provision 4.4	
Where the Board considers a Director to be independent in spite of the existence of a relationship which may affect his or her independence, the nature of the Director's relationship and the reasons for considering him or her as independent should be disclosed	None
Provision 4.5	
The listed company directorships and principal commitments of each Director, and where a Director holds a significant number of such directorships and commitments, the Nominating Committee's and Board's reasoned assessment of the ability of the Director to diligently discharge his or her duties are disclosed	Refer to pages 16 to 24 and 97
Provision 5.2	
How the assessments of the Board, its Board Committees and each Director have been conducted, including the identity of any external facilitator or its connection, if any, with the Company or any of its Directors	Refer to pages 97 to 98

CORPORATE GOVERNANCE AT A GLANCE

Express Disclosure Requirements – Principles and Provisions of the 2018 Code	How has the Company complied?
Provision 6.4	
The Company discloses the engagement of any remuneration consultants and their independence	Refer to page 99
Provision 8	
Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration, and the relationship between the remuneration, performance and value creation	Refer to pages 99 to 101
Provision 8.1	
The Company discloses the policy and criteria for setting remuneration, as well as names, amounts and breakdowns of remuneration of: (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel	Refer to page 100
Provision 8.2	
Names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000. The disclosure states clearly the employee's relationship with the relevant Director or the CEO or substantial shareholder	None. Refer to page 100
Provision 8.3	
The Company discloses all forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to Directors and key management personnel of the Company, and also discloses details of employee share schemes	Refer to pages 100 to 101
Provision 9.2	
Whether the Board has received assurance from (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems	Refer to page 106
Provision 11.3	
Directors' attendance at general meetings of the shareholders held during the financial year	Refer to page 110
Provision 12.1	
The steps taken to solicit and understand the views of the shareholders	Refer to pages 109 to 110
Provision 13.2	
The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period	Refer to page 109

STATEMENT OF CORPORATE GOVERNANCE

2020 had been an extraordinarily challenging and unpredictable year as the global coronavirus pandemic continued to rage across the world. The ramifications of the pandemic had exacerbated global economic and geopolitical uncertainties and the fast-changing business landscape had continued to present daunting challenges to the Board of Directors (the "**Board**") and Management of China Aviation Oil (Singapore) Corporation Ltd ("**CAO**" **or the** "**Company**"). Nonetheless, the Board and Management of the Company remained firmly committed to ensuring the highest standards of corporate governance as a means of enhancing corporate performance and accountability. To demonstrate its commitment towards excellence in corporate governance, the Company had embraced the Company's operating philosophy of "Compliance as Top Priority, Risk Management of Utmost Importance" and our management philosophy of "Transparency, Standardisation and Refinement". 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 Code of Corporate Governance 2018 (the "**2018 Code**"). Good corporate governance has become a fundamental part of our corporate culture and business practices of the CAO group of companies (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 implementation of the 2018 Code, the Company's Corporate Governance Policy had been updated to ensure that the corporate governance principles and guidelines are devised in line with the principles and guidelines set out in the 2018 Code (the "**CAO Corporate Governance Policy**"). Ongoing concerted efforts have been made by relevant departments mandated with the responsibility to oversee the adoption of the CAO Corporate Governance Policy in their practices, processes and operations. The corporate governance practices of the CAO Group and the CAO Corporate Governance Policy are reviewed regularly and are continually fine-tuned and enhanced to ensure that they remain relevant and effective in 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 2020 and at the date of issue of this Statement of Corporate Governance, the Company is in substantial compliance with the provisions of, and applied the principles set out in the 2018 Code.

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

This report primarily describes the Company's corporate governance practices for the financial year ended 31 December 2020 with specific reference to the 2018 Code and details how we apply the principles and comply with the provisions of the 2018 Code.

STATEMENT OF CORPORATE GOVERNANCE

(A) BOARD MATTERS

The Board's Conduct of its Affairs

Role of the Board: The Board has overall responsibility for the long-term success of the Company and its value creation. Beyond carrying out its statutory duties, the Board also:

- provides entrepreneurial leadership, sets strategic objectives, and ensures that the necessary financial and human resources are in place for the Company to meet its objectives;
- sets the Company's values and standards (including ethical standards), and ensures that obligations to shareholders and other stakeholders of the Company are understood and met;
- establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of the interests of shareholders of the Company and the Company's assets;
- ensures compliance with all applicable laws, regulations, policies, directives, guidelines and internal codes of conduct by the Company, its subsidiaries and associated companies over which the Company has control and their respective management;
- ensures accurate, adequate and timely reporting to, and communication with the shareholders of the Company;
- considers sustainability issues, e.g. environmental and social factors, as part of its strategic formulation;
- identifies the key stakeholder groups and recognises that their perceptions affect the Company's reputation; and
- reviews Management performance.

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.

During the year under review, in line with ongoing efforts to (i) streamline and better reflect the interplay between the Board and the Board Committees in terms of their respective roles and responsibilities and in particular, risk governance oversight at the Board level; and (ii) incorporate general amendments to align the existing Terms of Reference of the respective Board Committees with the 2018 Code, the terms of the Board's remit, constitution, function, accountability and responsibility were set out in a documented Terms of Reference for the Board, and amendments to the existing Terms of Reference of the Board Committees were also made.

The Terms of Reference of the Board sets forth the matters reserved for the Board's decisions, and provides clear directions to Management on matters that must be reviewed and 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 matters specifically reserved for the Board's review and approval include:

(a) the Company's corporate strategies and directions, shareholding structures and corporate governance matters;
(b) all material acquisitions and dispositions of assets of the CAO Group;
(c) the annual budgets and operating plans;
(d) 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;
(e) dividend distributions;
(f) any appointment, re-appointment or removal of Chairman of the Board;
(g) nominations of suitable candidates to the Board of Directors and key management personnel ("**KMP**"); and
(h) remuneration-related matters such as the framework and policies for determining the remuneration for non-executive Directors and the remuneration for non-executive Directors and KMP.

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.

STATEMENT OF CORPORATE GOVERNANCE

Composition of the Board: At the date of issue of this Statement of Corporate Governance, the Board comprises nine (9) 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 Limited ("**CNAF**") and BP Investments Asia Limited ("**BP**"), were appointed on the strength of their expertise, experience and stature.

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

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

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

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

In terms of gender diversity, the Company has one female Director on the Board. The female gender therefore represents approximately 11.1% of the total Board membership. In terms of age diversity, three (3) Directors are in their sixties, five (5) Directors are in their fifties and one (1) Director is in his forties, representing approximately 33.3%, 55.6% and 11.1% of the total Board membership respectively.

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

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

STATEMENT OF CORPORATE GOVERNANCE

Meetings of the Board and Board Committees: Notwithstanding the adoption of half-yearly reporting of financial results of the Company from the financial year ended 31 December 2020, the Board continued to meet on a quarterly basis. The Board met three (3) times in 2020. At the scheduled Board meetings for the financial year 2020, the Board: (i) reviewed and approved the release of the half-year and full-year results; (ii) discussed reports by Management relating to major corporate activities; (iii) approved the annual budget; and (iv) reviewed the performance of the CAO Group's businesses. When Directors cannot be physically present, telephonic attendance and conference via audio-visual communication at Board and Board committee meetings are allowed under the Company's Constitution. The number of meetings of the Board and Board Committees held in 2020 as well as the attendances 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	
Xi Zhengping [(1)]	3	N.A.	N.A.	N.A.	N.A.	N.A.
Gong Feng [(2)]	–	N.A.	N.A.	N.A.	N.A.	N.A.
Teo Ser Luck	3	3	1	1	4	1
Wang Yanjun	3	N.A.	N.A.	N.A.	N.A.	N.A.
Li Yongji [(3)]	3	3	N.A.	0	N.A.	N.A.
Feng Hai [(4)]	2	N.A.	–	N.A.	3	N.A.
Zhang Yuchen [(5)]	1	N.A.	1	N.A.	1	N.A.
Li Runsheng	3	3	1	1	N.A.	1
Hee Theng Fong	3	3	1	1	N.A.	1
Bella Young Pit Lai	3	N.A.	1	1	N.A.	N.A.
Eugene Leong Jhi Ghin	3	3	N.A.	N.A.	4	N.A.
Number of Meetings Held	3	3	1	1	4	1

Notes:

(1) Dr Xi Zhengping, a CNAF-nominee Director, stepped down as Chairman of the Board on 9 December 2020.
(2) Mr Gong Feng, a CNAF-nominee Director, was appointed as a Non-Executive, Non-Independent Director on 9 December 2020 in place of Dr Xi Zhengping. He was concurrently appointed as Chairman of the Board.
(3) Mr Li Yongji, a CNAF-nominee Director, was not able to attend the Remuneration Committee Meeting due to a prior engagement.
(4) Mr Feng Hai, a CNAF-nominee Director, resigned as a Non-Independent Director on 1 November 2020. He concurrently relinquished his office as Vice Chairman of the Nominating Committee and as a Member of the Risk Management Committee.
(5) Mr Zhang Yuchen, a CNAF-nominee Director, was appointed as a Non-Independent Director on 1 November 2020 in place of Mr Feng Hai. He was concurrently appointed as Vice Chairman of the Nominating Committee and a Member of the Risk Management Committee.

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

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

STATEMENT OF CORPORATE GOVERNANCE

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.

Due to the global outbreak of coronavirus pandemic in 2020, comprehensive director familiarisation sessions for newly appointed Directors who joined the Board in late 2020 were held in abeyance until such time as appropriate. The purpose of the familiarisation sessions would be to familiarise them with the business activities, strategic direction, policies and corporate governance practices of the CAO Group. Areas covered included the Corporate Strategy and Investments, Oil Trading and Aviation Marketing Businesses of the CAO Group, Risk Management Framework, Policies and Practices, Overview of the Financial Performance of the CAO Group, Investor Relations Activities, Compliance and Internal Audit function, Directors' Duties and Continuing Listing Obligations and Governance Structure, Policy and Practices of the CAO Group. These sessions also provided opportunities for the aforesaid Directors to get acquainted with senior management, and also foster better rapport and communications with Management.

For any Director who has no prior experience as a director of a listed company, arrangements will be made for him or her to attend the Listed Entity Director ("**LED**") Programme conducted by the Singapore Institute of Directors ("**SID**") within a year of his or her appointment. Accordingly, the Company would be arranging for Mr Gong Feng and Mr Zhang Yuchen to attend the LED Programme conducted by SID, within one (1) year of their date of appointment as Directors of CAO. Mr Conrad F.J. Clifford who was appointed as a Non-Executive, Independent Director of CAO on 19 February 2021, will attend the LED Programme within a year of his appointment.

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 a Board Information Session on "COVID-19 Disruption-Credit Impact on the Oil Trading and Aviation Industry" conducted by S&P Global Market Intelligence's Asia Pacific Risk Services Team. The Company also provides the Board with updates on developments in laws and regulations or changes in regulatory requirements and financial reporting standards, which are relevant to or may affect the CAO Group's businesses. The Directors have been periodically updated on various aspects of the CAO Group's operations through briefings, informal discussions and meetings with Management. As part of the Company's continuing professional education for Directors, the Company circulates to the Board articles, reports and news releases issued by the SGX-ST which are relevant to the CAO Group's businesses. Also, wherever applicable, meetings are arranged for the Directors to meet with relevant experts on issues which impact the CAO Group's operating environment. In addition, the Directors are encouraged to attend appropriate relevant external programmes such as those conducted by the SID or seminars organised by the SGX-ST or other professional institutions, at the Company's expense. The Directors may also, at any time, request further information or meetings with Management on the CAO Group's operations.

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 provides guidance and assistance to the Board in identifying and disclosing actual and potential conflicts of interest, and to help ensure the avoidance of any conflicts of interest where necessary.

STATEMENT OF CORPORATE GOVERNANCE

All Directors are required to officially disclose their interests in the Company including any interested person transactions with the Company. To facilitate a comprehensive disclosure by Directors and the CEO/ED of the Company of any interests arising from multiple or cross directorships, shares or equity ownership interests etc., a revised letter template for the general disclosure of interests by Directors and the CEO/ED have been devised for use by Directors and the CEO/ED. As a further commitment of the Board to transparent disclosure, management and monitoring of existing and potential conflicts of interest, a "Conflict of Interest Disclosure Form" by Directors and KMP of the Company had been devised to facilitate adequate and timely disclosures by Directors and KMP.

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 Guidance

Composition of Independent Directors on the Board: Of the nine (9) members on the Board, five (5) are nominated by substantial shareholders and are deemed as non-independent. The four (4) Independent Directors namely, Mr Teo Ser Luck, Mr Li Runsheng, Mr Hee Theng Fong and Mr Conrad F.J. Clifford constitute about forty percent. (40%) of the Board. Currently, at least three (3) Independent Directors are resident in Singapore. These three (3) Independent Directors are Mr Teo Ser Luck, Mr Hee Theng Fong and Mr Conrad F.J. Clifford. 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.

The Nominating Committee carried out the review on the independence of each non-executive Director in August 2020 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 before affirming the independence of a Director.

In the Form of Director's Declaration for 2020, Mr Teo Ser Luck, Mr Li Runsheng and Mr Hee Theng Fong had each confirmed that there were neither any circumstances that could have materially interfered with his exercise of unfettered and independent judgment nor were there any occurrence of any circumstances where the interests of CAO might not be best served by the interests of the major shareholders of CAO. All have demonstrated their independence in character and judgement in discharging their duties and responsibilities as Directors of the Company and their ability to act in the best interests of the Company. This is evident from the minutes of the proceedings of the Board and Board Committees where they had expressed individual viewpoints and objectively scrutinised and sought clarifications from the Management, employees, external auditors and internal auditors of CAO as they considered necessary.

The Board accepted the Nominating Committee's views and affirmed the independence of these Directors.

STATEMENT OF CORPORATE GOVERNANCE

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 Provision 2.2 of the 2018 Code which stipulates that Independent Directors should make up a majority of the Board where the Chairman is not independent. In this regard, considering that the rationale of Provision 2.2 of the 2018 Code is basically intended to prevent any one (1) major shareholder from dominating the decision-making process of the Board where the Chairman of the Board and the Chief Executive Officer are both nominated by the same major shareholder and notwithstanding that the Chairman of the Board is not an Independent Director of the Company, there already exists an appropriate level of checks and balances in the management and operation of the Company via the Shareholders' Agreement as the composition of the Board of Directors of the Company presently comprises representatives from its two (2) major shareholders namely, CNAF and BP. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board and the decision are based on collective decision without any individual or small group of individuals influencing or dominating the decision-making process. In addition, the Company had appointed a Lead Independent Director from amongst the Independent Directors of the Company. Hence, considering that the safeguards for a balanced Board are already in place, the Board is of the view that it would be appropriate to maintain the present Board composition of the Company for the foreseeable future.

Separate Role of Chairman and CEO: The Chairman, with the assistance of the Lead Independent Director, 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 Lead Independent Director for their views on the agenda for Board meetings.

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

The Chairman regularly consults with the 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. The Independent Directors of CAO met on 7 October 2020 at a meeting chaired by the Lead Independent Director without the presence of the other Directors and the Management.

STATEMENT OF CORPORATE GOVERNANCE

Board Membership

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

Nominating Committee

Li Runsheng	Chairman
Zhang Yuchen (1)	Vice Chairman
Teo Ser Luck	Member
Bella Young Pit Lai	Member
Conrad F.J. Clifford (2)	Member

Note:

(1) Mr Zhang Yuchen was appointed as Vice Chairman on 1 November 2020 in place of Mr Feng Hai.
(2) Mr Conrad F.J. Clifford was appointed as a member in place of Mr Hee Theng Fong on 19 February 2021.

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

The Nominating Committee held one (1) meeting in 2020 where it met to discuss and review (i) the independence of Non-Executive Directors; (ii) Board Performance Evaluation; and (iii) the Nominating Committee Annual Self-Assessment Findings. The Nominating Committee had also reviewed and approved several other matters under its remit via email circulation.

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.

STATEMENT OF CORPORATE GOVERNANCE

In the course of the year, Mr Gong Feng, a CNAF-nominee Director, was appointed as a Non-Executive, Non-Independent Director of the Company in place of Dr Xi Zhengping and Mr Zhang Yuchen, a CNAF-nominee Director, was also appointed as an Non-Executive, Non-Independent Director of the Company in place of Mr Feng Hai. Prior to the respective appointments of Mr Gong Feng and Mr Zhang Yuchen, Nominating Committee had considered the relevant evaluation criteria in the Internal Guidelines when assessing the suitability of Mr Gong Feng and Mr Zhang Yuchen in complementing the core competencies of the Board. Following consideration and assessment, the Nominating Committee submitted its recommendations to the Board for approval of the respective appointments of Mr Gong Feng and Mr Zhang Yuchen as a Non-Executive, Non-Independent Director of the Company. The Board had considered the recommendations of the Nominating Committee and the backgrounds, qualifications and experiences of Mr Gong Feng and Mr Zhang Yuchen respectively and approved the respective appointments of Mr Gong Feng and Mr Zhang Yuchen as Non-Executive, Non-Independent CNAF-nominee Directors of the Company. The Nominating Committee had also assessed the suitability of Mr Conrad F.J. Clifford in complementing the core competencies of the Board. The Board had considered the recommendations of the Nominating Committee and the background, qualifications and experiences of Mr Conrad F.J. Clifford and approved the appointment of Mr Conrad F.J. Clifford as a Non-Executive, Independent Director of the Company in place of Mr Eugene Leong Jhi Ghin, a BP-nominee Director, who stepped down as a Non-Executive, Non-Independent Director of the Company on 19 February 2021.

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.

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

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

Retirement by Rotation and Re-election of Directors: Pursuant to Regulation 94 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 27th AGM to be held on 28 April 2021, Mr Wang Yanjun and Ms Bella Young Pit Lai are due for retirement by rotation and would be eligible for re-election.

In accordance with Regulation 100 of the Company's Constitution, Mr Gong Feng and Mr Zhang Yuchen who were appointed as Non-Executive, Non-Independent Directors of the Company on 1 November 2020 and 9 December 2020 respectively, and Mr Conrad FJ Clifford, who was appointed as an Independent Director of the Company on 19 February 2021, will each hold office as Directors until the next annual general meeting of the Company and will be eligible for re-election under Regulation 100 at the 27th AGM.

Board Performance: The Nominating Committee evaluated the performance of each Director and the effectiveness of the Board as a whole. The Board has, through the Nominating Committee, implemented a formal process annually for assessing the effectiveness of the Board as a whole, each of its Board Committees and individual Directors (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**").

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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 was 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.

A general summary of the assessment ratings on each of the elements of the Board Evaluation Questionnaire by each member of the Nominating Committee will be collated by the Company Secretary for the Nominating Committee's deliberation and consensus at its Nominating Committee Meeting held in November 2020.

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

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

Access to Information

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

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

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

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

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

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

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

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(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies/Level and Mix of Remuneration/Disclosure on Remuneration

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

As at the date of this report, the Remuneration Committee comprises five (5) members, the majority of whom, including its Chairman, are Independent Non-Executive Directors:

Remuneration Committee

Conrad F.J. Clifford [(1)]	Chairman
Zhang Yuchen	Vice Chairman
Li Runsheng	Member
Hee Theng Fong [(2)]	Member
Bella Young Pit Lai	Member

Note:

(1) Mr Conrad F.J. Clifford was appointed as Chairman on 19 February 2021.
(2) Mr Hee Theng Fong stepped down as Chairman on 19 February 2021.

The Remuneration Committee assists the Board and Management by assessing and making remuneration recommendations for the Executive Directors and KMPs of the Company that are appropriate and proportionate to the sustained performance and value creation of the Company, in line with the strategic objectives of the Company.

In the discharge of its responsibilities, the Remuneration Committee may, as it deems appropriate, seek expert advice from an external international human resource consultancy firm. During the year, the Company used the "2020 Singapore Mercer Benefits Monitor" for the Energy & Trading Industry purchased from Mercer, as a reference for benchmarking purposes. Mercer and its consultants are independent and are not related to the Company or any of its Directors.

Broadly, remuneration for the CEO/EO and five (5) KMPs for the financial year ended 31 December 2020 is based on the Company's and individual performances and the remuneration for Non-Executive, Independent Directors in the form of fees is based on responsibilities and memberships in the Board and its committees.

All Independent Directors of the Company are paid Directors' fees, subject to the approval of shareholders at the AGM. Directors' fees comprise a basic fee and fees in respect of service on the Board Committees. All Non-executive, Non-Independent Directors of the Company do not receive Directors' fees.

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

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

(a) Each independent director will receive a base fee ("**Base Fee**").
(b) The Chairman of the Audit Committee ("**AC**") will receive additionally two-thirds of the Base Fee ("**AC Chairman's Fee**").
(c) The Chairman of the Risk Management Committee ("**RMC**") will receive additionally two-thirds of the Base Fee ("**RMC Chairman's Fee**").
(d) Chairman of the Remuneration Committee ("**RC**") and the Chairman of the Nominating Committee ("**NC**") will each receive additionally one-half of the Base Fee.
(e) 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.
(f) Non-Executive, Non-Independent Directors and Executive Directors will not be entitled to receive fees.
(g) The Lead Independent Director will receive additionally a fixed fee of S$30,000.

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The remuneration of Directors payable for the financial year ended 31 December 2020 is 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 Director						
Wang Yanjun (1) (CEO/ED)	0	232,620	88,858	0	0	321,478
Non-Executive Directors						
Gong Feng (2) (Chairman)	0	N.A.	N.A.	N.A.	N.A.	0
Teo Ser Luck (Lead Independent Director)	150,000	N.A.	N.A.	N.A.	N.A.	150,000
Li Yongji (3)	0	N.A.	N.A.	N.A.	N.A.	0
Zhang Yuchen (4)	0	N.A.	N.A.	N.A.	N.A.	0
Li Runsheng	100,000	N.A.	N.A.	N.A.	N.A.	100,000
Hee Theng Fong	100,000	N.A.	N.A.	N.A.	N.A.	100,000
Bella Young Pit Lai	0	N.A.	N.A.	N.A.	N.A.	0
Eugene Leong Jhi Ghin (5)	0	N.A.	N.A.	N.A.	N.A.	0

(1) The total remuneration of Mr Wang Yanjun shown above includes the 2019 variable bonus paid during the financial year 2020 and excludes the 2020 variable bonus payable during the financial year 2021.
(2) Mr Gong Feng, a CNAF-nominee Director, was appointed as a Non-Executive, Non-Independent Director of the Company on 9 December 2020 in place of Dr Xi Zhengping, a CNAF-nominee Director, who resigned as Chairman/Director of the Company on the same date. Mr Gong Feng was concurrently appointed as Chairman of the Board.
(3) Mr Li Yongji stepped down as Vice Chairman of the Remuneration Committee on 19 February 2021 and was appointed as Vice Chairman of the Risk Management Committee on the same date.
(4) Mr Zhang Yuchen , a CNAF-nominee Director, was appointed as a Non-Executive, Non-Independent Director of the Company on 1 November 2020 in place of Mr Feng Hai, a CNAF-nominee Director, who resigned on the same date. Mr Zhang Yuchen was concurrently appointed as Vice Chairman of the Nominating Committee and a Member of the Risk Management Committee in place of Mr Feng Hai. On 19 February 2021, Mr Zhang stepped down as a member of the Risk Management Committee. He was appointed as Vice Chairman of the Remuneration Committee in place of Mr Li Yongji on the same date.
(5) Mr Eugene Leong Jhi Ghin, a BP-nominee Director, resigned as a Non-Executive, Non-Independent Director of the Company on 19 February 2021. He concurrently stepped down as Chairman of the Risk Management Committee and as a Member of the Audit Committee.

Remuneration Bands	Name of Key Management Personnel	Base/Fixed Salary (%)	Variable Bonus (%)	Allowances & Other Benefits (%)	Long-Term Incentives (%)	Total (%)
S$500,001 – S$750,000	Elizza Ding	81.9	17.9	0.2	0.0	100.0
S$250,000 – S$500,000	Xu Guohong	74.2	25.8	0.0	0.0	100.0
	Zhang Xingbo	73.9	26.1	0.0	0.0	100.0
	Doreen Nah	76.0	23.7	0.2	0.0	100.0
Below S$250,000	Guo Feng	86.8	13.2	0.0	0.0	100.0
Total Remuneration of five (5) key management personnel (1)	**S$1,667,482**					

(1) The remuneration disclosed for the KMP includes the 2019 variable bonus paid during the financial year 2020 and excludes the 2020 variable bonus payable during the financial year 2021.

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 2020. “immediate family member” means the spouse, child, adopted child, step child, brother, sister and parent.

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

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

Basic/fixed salary – The basic salary (exclusive of statutory employer contributions to Central Provident Fund) for the CEO/ED and each KMP were approved by the Remuneration Committee and endorsed by the Board, taking into account the performance of the individual for the financial year 2020, the inflation price index and information from independent sources on the pay scale for similar jobs in a selected group of comparable organisations.

Variable/Performance – The CAO Group operates a bonus scheme for all employees including the CEO/ED. The criteria for the bonus scheme are the level of profit achieved from certain aspects of the CAO Group's business activities against targets, together with an assessment of the Company's and individual's performance during the year. The remuneration disclosed above for the CEO/ ED and the five (5) KMPs included the 2020 variable bonuses in relation to profit targets achieved for the Company's oil trading activities during the financial year 2020.

Others – Benefits in kind such as statutory employer contributions to Central Provident Fund, employer's contributions to social security funds for CNAF seconded personnel, private medical cover and car are made available where appropriate and consistent with common industry practices.

(C) ACCOUNTABILITY AND AUDIT

Accountability:

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

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

The Board had put in place an external audit policy (the "**CAO External Audit Policy**") which provides guidance on the application of the 2018 Code as well as CAO Corporate Governance Policy in relation to the provision of external audit services for the CAO Group. During the year, the Board adopted a new Financial Audit Management Measures (the "**Financial Audit Management Measures**") in place of the CAO External Audit Policy following the review and recommendation of the Audit Committee.

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

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

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During the financial year 2020, the Board, through the Audit Committee, Deloitte & Touche LLP ("**Deloitte**") and internal auditors, BDO LLP ("**BDO**"), scrutinised Management's conduct of the Company's and the CAO Group's business processes and financials. Each area of the Company and the CAO Group was audited on an ongoing basis to ensure that the Company and the CAO Group maintain good corporate practices and governance and financial integrity.

RISK MANAGEMENT AND INTERNAL CONTROLS

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.

As at the date of this report, the Risk Management Committee comprises five (5) members, all of whom are Non-Executive Directors:

Risk Management Committee

Hee Theng Fong (1)	Chairman
Li Yongji (2)	Vice Chairman
Teo Ser Luck	Member
Bella Young Pit Lai (3)	Member
Conrad F.J. Clifford (4)	Member

Note:

(1) Mr Hee Theng Fong was appointed as Chairman on 19 February 2021 in place of Mr Eugene Leong Jhi Ghin who stepped down as Chairman on the same date.
(2) Mr Li Yongji was appointed as Vice Chairman on 19 February 2021 in place of Zhang Yuchen who stepped down as a Member on the same date.
(3) Ms Bella Young Pit Lai was appointed as a Member on 19 February 2021.
(4) Mr Conrad F.J. Clifford was appointed as a Member on 19 February 2021.

In line with the Risk Management Committee's remit of overall risk management, the Risk Management Committee coordinates the management of major risks under the respective oversight responsibility of the Audit Committee, the Nominating Committee and the Remuneration Committee. The Audit Committee, the Nominating Committee and the Remuneration Committee will notify the Risk Management Committee of any material risk matters and report them to the Board after reaching a consensus.

The Risk Management Committee assists the Board and the Company in ensuring adequate measures are in place to manage all material risks (including relating to risk management policies and framework which shall include, among others, the review of market risk, credit risk, operational and compliance risks associated with trading activities, technology risk (including information security risk and cybersecurity risk), reputational risk and other risk concerns (other than in relation to financial reporting and financial-related risks and controls)).

During the year, as directed by the Board and led by the Risk Management Committee, the Company engaged an external adviser, PricewaterhouseCoopers Risk Services Pte. Ltd. ("**PWC**") to help review the best practices of corporate governance including the need to comply with SASAC requirements and risk profile of CAO's business. One specific area of focus was on the risk governance model at the Board level to address the management of enterprise-wide risk as well as significant risks due to the nature of CAO's business. Whilst focused on the Terms of Reference and Board governance model, management structures and relevant areas that support the effective implementation and execution of risk governance were also considered. The scope of review by PWC included the Terms of Reference of the Risk Management Committee with reference to related Terms of Reference including but not limited to the Term of Reference of the Audit Committee and the Risk Management Committee-delegated subcommittees, the Terms of Reference of the Board and the 2018 Code with the following objectives:

(i) Compliance with 2018 Code;
(ii) Clarity of accountabilities and responsibilities;
(iii) Recommendations of a risk governance structure that manages the risk in CAO's business; and
(iv) Recommendation on best practice for managing the specific trading risks inherent in CAO's business.

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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.

During the year, BP suspended arrangements for the secondment of its personnel to the position of Head of Risk Management of the Company under the Secondment Agreement between BP Singapore Pte. Limited and the Company dated 7 April 2017 and accordingly, BP's secondee, who was the Head of Risk Management of the Company, relinquished his position as the Head of Risk Management as from 1 October 2020. Following which, the Company appointed one (1) of its employees, as the Deputy Head of Risk Management, to helm the Risk Management Department. The Deputy Head of Risk Management reports directly to the Risk Management Committee. The Risk Management Committee had delegated the day-to-day management of the risks of the Company and the CAO Group to the Company Risk Meeting, which operates within the delegated authority set by the Risk Management Committee from time to time. The Company Risk Meeting comprises the Deputy Head of Risk Management, senior Management and relevant functional heads (i.e. from Trading, Operations, Finance and Legal & Compliance), and meets at least once quarterly as well as on an ad hoc basis when required. The Chairman of the Company Risk Meeting, who is the Deputy Head of Risk Management, directly reports to the Chief Financial Officer ("**CFO**") but also has an independent direct reporting line to the Risk Management Committee.

The Risk Management Report is found on page 66 of the Annual Report.

The adequacy and effectiveness of the system of internal controls of the CAO Group is subject to a periodic review by the Internal Auditors of the Company which is outsourced to BDO and supported by the Compliance team of the Legal & Compliance Department. The key responsibilities of the Compliance function include inter alia:

(1) review and evaluation of compliance issues across the CAO Group;
(2) monitoring of new and existing laws and regulations as well as keeping abreast of the status of all relevant compliance activities;
(3) acting as a channel of communication between compliance investigators and concerned parties;
(4) setting policies and periodic checks to prevent any unethical or illegal conduct within the CAO Group;
(5) responding to violation of regulations, policies, rules and standards of conduct within the CAO Group;
(6) coordination of compliance activities such as providing training to staff of the CAO Group;
(7) overseeing the annual internal audit for the CAO Group which includes preparation of internal audit schedules including short/long term audit plans, reviewing the annual/quarterly internal audit reports to the Management and the Audit Committee;
(8) integration and establishment of the CAO Group's internal control framework, policies, processes and systems across the Company, its subsidiaries and associates;
(9) facilitating and assisting the CAO Group functional heads in formulating policies, operational processes and systems. Ensure that the policies, processes and systems are efficient in implementation and aligned with regulatory requirement;
(10) establishing and maintaining the CAO Group's Business Continuity Plan;
(11) establishing and ongoing review of the standard operating templates of the CAO Group to ensure proper departmental ownership of each processes and changes; and
(12) evaluating the system of internal controls for new projects and business activities and analysis on the impact of such activities on the CAO Group and where necessary, provide recommendations and develop programmes for improvement.

The Head of Legal & Compliance reports directly to the CEO. The Head of Legal & Compliance may also report directly to the Audit Committee for important matters or concerns relating to the system of internal controls of the CAO Group.

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As part of the CAO Group's efforts to ensure all employees of the CAO Group stay relevant and informed of the dynamic business environment and uphold core ethics and values that are essential to the long-term success of the CAO Group, the Legal & Compliance Department arranged for all employees of the CAO Group to participate in the mandatory e-learning course modules relating to (1) COVID-19 Compliance Challenges; (2) Conflicts of Interest-Game-Based Assessment; (3) Cyber Resilience (Global); and (4) Anti-Money Laundering in China via the Thomson Reuters' online learning portal.

In August 2020, the Company conducted a virtual business continuity plan cum IT disaster recovery plan exercise ("**BCP/IT Disaster Recovery Exercise**") via Zoom involving participants from cross-functional departments of the CAO Group. The objective of the BCP/IT Disaster Recovery Exercise is to test the robustness of critical systems in a simulated scenario where the main data server was completely inaccessible, and the ability to restore remotely the backup service at the Company's disaster recovery data centre and kick-start the relevant business applications, systems and data recovery exercise.

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.

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 Legal & Compliance department and the Risk Management department.

Based on the audit reports, internal control systems review report and management controls in place, the Audit Committee is satisfied that the internal control systems provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained and financial statements are reliable.

In line with the Singapore Standards on Auditing issued in July 2015, the Company's external auditors, Deloitte, will disclose key audit matters in the auditor's reports on the financial statements which include matters that were of most significance in the audit of the financial statements for the financial year ended 31 December 2020 (the "**Key Audit Matters**").

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Significant financial reporting matters (including the Audit Committee's perspectives on the Key Audit Matters) are summarised below:

Significant Matters	Audit Committee's commentary on its review of the Key Audit Matters and decisions made
Revenue recognition Recognition of revenue and purchases have been identified as a risk primarily due to: • complexity in the timing of recognition for trades with deliveries occurring on or around year end as a result of the extent of the 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. The details of the CAO Group's revenue are disclosed in Notes 3.14 and 21 to the financial statements.	The Audit Committee regularly discussed with management and the external auditors on the standard operating procedures and controls in place to ensure reasonableness regarding timeliness, completeness and accuracy of accounting records and reporting. The Audit Committee had considered the reasonableness of the internal controls and procedures on the CAO Group's operating effectiveness. The Audit Committee had also considered the audit procedures performed by the external auditors and noted that no misstatements were uncovered by the external auditors.
Valuation of derivatives, trading inventories and open physical contracts The valuation of derivatives, trading inventories and open physical contracts requires significant management judgement in applying the appropriate valuation methodology and incorporating of any contract specific terms including the use of valid and appropriate price index. The valuation techniques and the inputs used in the fair value measurements of the financial instruments are disclosed in Note 27.	The Audit Committee received regular briefings on the CAO Group's internal 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 had considered the reasonableness of the controls in place over the valuation of derivatives, trading inventories and open physical contracts. It evaluated and was satisfied that the valuation methodology and inputs used in the valuation were reasonable.

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

In accordance with Provision 10.2 of the 2018 Code, the Audit Committee reviewed the written assurance ("**Letter of Assurance**") from the CEO/ED and CFO on the financial records and the financial statements of the Company for the financial year ended 31 December 2020. The Letter of Assurance provides reasonable assurance to the Board that (1) the financial records of CAO for the financial year ended 31 December 2020 have been properly maintained; (2) the financial statements and the accompanying notes comply with the Singapore Financial Reporting Standards (International) in all material respects; (3) the financial statements and accompanying notes provide a true and fair view of the financial position and performance of CAO and its subsidiaries; (4) the integrity of the financial statements are founded on a sound system of risk management and internal control; and (5) the risk management and internal control system is operating efficiently and effectively in all material respects.

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In accordance with Provision 9.2 of the 2018 Code, the Board was provided the Letter of Assurance from the CEO/ED and CFO confirming that 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. The Letter of Assurance from the CEO/ED and CFO also confirmed the adequacy and effectiveness of the CAO Group's risk management and internal control systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management and various Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's system of internal controls addressing financial, operational, compliance, informational technology controls and risk management systems, were adequate as at 31 December 2020 to provide reasonable assurance for achieving the following objectives:

(a) effectiveness and efficiency of operations;
(b) reliability of financial reporting; and
(c) compliance with applicable laws and regulations.

The Board noted that the system of internal controls provides reasonable, but not absolute, assurance that the 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 noted 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

Composition of the Audit Committee: As of the date of this report, the Audit Committee comprises five (5) members, all of whom are Non-Executive Directors and the majority, including its Chairman, consists of Independent Directors:

Audit Committee

Teo Ser Luck	Chairman
Li Yongji	Vice Chairman
Li Runsheng	Member
Hee Theng Fong	Member
Bella Young Pit Lai (1)	Member

Note:

(1) Ms Bella Young Pit Lai was appointed as a member of the Audit Committee on 19 February 2021 in place of Mr Eugene Leong Jhi Ghin who stepped down on the same date.

Roles of the Audit Committee: The Audit Committee held three (3) meetings in 2020 where it met with external and internal auditors to review both the Company and the CAO Group's financials and audit reports. A key issue for discussion is the financial statements and announcements made by the Company to shareholders. The members of the Audit Committee, collectively, have expertise or experience in financial management and are qualified to discharge the Audit Committee's responsibilities.

The Audit Committee met with both the external and internal auditors at least once without the presence of the Management.

The Audit Committee assists the Board and the Company in fulfilling its oversight responsibility relating to inter alia, the integrity of the Company's financial statements and financial reporting processes and the Company's system of internal accounting and financial controls, the review of the adequacy and effectiveness of the Company's risk management and internal controls (in relation to financial reporting and other financial-related risks), the adequacy of the scope, resources and performance of the internal audit function, the annual independent audit of the Company's financial statements, the engagement of external auditors and their remuneration, and the evaluation of their qualifications, independence, objectivity and performance.

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The Audit Committee reviewed the quarterly and annual financial statements for the financial year 2020 and the integrity of financial reporting of the Company, including the accounting principles, for recommendation to the Board for approval. The Audit Committee also reviewed and approved the plans of the internal auditor and external auditor' to ensure that such plans adequately cover, in particular, significant internal controls of the Company relating to financial, operational and compliance-related matters. Significant issues are discussed at Audit Committee meetings.

The Audit Committee has full authority to investigate into any matter within its terms of reference, including any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations.

The Audit Committee has full access to and co-operation of the Management. The Audit Committee also has full discretion to invite any Director or executive officer from the Company or the CAO Group to attend its meetings. The Audit Committee has full access to both external and internal auditors. Where required, the Audit Committee is empowered to obtain external legal advice or such other independent professional advice as the Audit Committee deems necessary.

The Audit Committee monitors all interested person transactions, including transactions under the general mandate on Interested Person Transactions approved by shareholders at the AGM held in June 2020, and conflict of interest situations including transactions, procedures or actions taken which may raise issues about the Management's integrity.

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

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

The Board had proposed to re-appoint Deloitte as auditors of the Company for the financial year 2021.

The Company implemented the Revised CAO Whistleblowing Policy which included inter alia, clearer guidance relating to the Company's approach and stance on whistleblowing and the means by which whistleblowers can raise serious concerns of any allegations of wrongdoing as well as more explicit indication of the kinds of conduct which might be considered reportable concerns. Under the Revised CAO Whistleblowing Policy, whistleblowers may report any reportable concerns pertaining to any form of misconduct affecting the CAO Group, its customers, partners, suppliers and other stakeholders, via a dedicated email address: whistle_blowing@caosco.com which will be accessed by the Receiving Officers who shall be such person or persons as the Audit Committee may designate from time to time.

A summary of the Revised CAO Whistleblowing Policy can be accessed from the Company's external website. Under the Revised CAO Whistleblowing Policy, all reportable incidents will be reviewed within a reasonable time-frame, and after due consideration and inquiry, a decision will be taken on whether to proceed with a detailed investigation. Guidance and direction will be sought from the Management of the Company on the appropriate course of action. Where a reportable incident relates directly or indirectly to any member of the Management, that member of the Management shall abstain from participating in the deliberations relating thereto. Management shall then submit all reported concerns including recommended action (if any) to the Chairman of the Board and/or the Audit Committee for their guidance. The Chairman of the Board and/or the Audit Committee shall decide as to whether the Company should proceed with the investigation of the complaint or whether no further action is considered necessary. In the event that the Chairman of the Board and/or the Audit Committee shall decide that an investigation should proceed, an adhoc investigation taskforce shall be established and the members of such adhoc investigation taskforce shall comprise relevant personnel recommended by the Management and approved by the Chairman of the Board and/or the Audit Committee.

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, Safety, Health and Environment Policy, Contracts/Documents Review Policy and Procedures.

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

Internal Audit

Both the Board and the Audit Committee agree that it is important to have a strong professional internal audit function to enhance their ability to manage risk and safeguard shareholders' interest. It has been determined that the best approach is to engage independent professional auditors to discharge this function and such, BDO has been retained as the Internal Auditors of the CAO Group.

During the financial year, BDO reviewed the Company's processes and procedures on a continual basis to ensure compliance with the best corporate governance practices. It also reviewed interested person transactions on a quarterly basis. The Audit Committee is satisfied that BDO had adequate resources to perform its functions and had appropriate standing within the Company.

BDO had presented their internal audit plan 2020 to the Audit Committee. The Audit Committee adopted the audit plan for 2020.

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.

STATEMENT OF CORPORATE GOVERNANCE

(D) COMMUNICATION WITH SHAREHOLDERS

Investor Relations and Shareholder Communication

The CAO Group is committed to providing regular, effective and fair communication with its shareholders and the investment community.

Over the years, the Company has won many accolades from the investment community for its proactive approach to shareholder communication and transparency. During the financial year 2020, whilst many award events were cancelled in view of the COVID-19 pandemic, the Company was again ranked by analysts covering the stock as a “Top Singapore Small Cap Jewels” in view of its strong fundamentals and standing in the Singapore equity market, following the Company’s “Most Transparent Company” (Winner in Energy Category) by Securities Investors Association of Singapore, the “Best Risk Management” (Gold Award, Mid Cap Category) by Singapore Corporate Awards 2019 as well as named “Best Performing Stock” (Commerce Category) by The Edge Billion Dollar Club the year before.

The Company, through the Investor Relations team and senior management, maintained active working relationships with domestic and international brokerage firms, investment banks and the media in 2020 despite the challenges posed by the COVID-19 pandemic, communicating via tele-conferencing and video-conferencing whilst working from home for most parts of an extremely challenging year.

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 had expanded its channels of communication with the international investment and financial community. Increased interactions were conducted through international virtual conferences, face-to-face video meetings, teleconferences, tele-earnings briefings and corporate access webcasts which were broadcast globally across international financial markets.

The Company reviews an analyst’s report for factual accuracy of information that is within the public domain but does not provide forward 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 publishes and maintains 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 virtual conferences. During the year, the Company also participated in several corporate profile seminars for both retail and institutional investors virtually, including investor education seminar organised by SGX-ST.

The Company also engages the media and investment community through news releases and tele-briefings after each announcement of the CAO Group’s financial results.

To assist members of the Board to gain a current understanding of the views of institutional shareholders, the Board receives (i) a half-yearly investor relations and corporate communications report which covers 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 relations activities; and (ii) a yearly peer companies analysis report which provides a detailed analysis and evaluation on the benchmarking exercise with identified peer companies to provide the Board with a better understanding of CAO’s position within the industry as well as identify gaps and learning points.

STATEMENT OF CORPORATE GOVERNANCE

In addition, the Board adopted the Internal Guidelines on Issuance of Profit Guidance or Profit Warning Announcements which purpose is to allow market expectations to adjust to the likelihood that the Company will either not be living up to an earlier profit guidance, and/or to avoid an earnings shock, negative impact on the share price, sell-off of the Company's shares and/or volatility of trading in the Company's shares, when the financial results are announced.

Conduct of Shareholder Meetings

All shareholders of the Company are treated fairly and equitably to facilitate the exercise of their ownership rights.

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.

A shareholder who is not a "relevant intermediary" may appoint up to two (2) proxies during his or her absence, to attend, speak and vote on his or her behalf at general meetings. Shareholders who are "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board ("**CPF**"), are allowed to appoint more than two (2) proxies to attend, speak and vote at general meetings. This will enable indirect investors including CPF investors, to be appointed as proxies to participate at general meetings of the Company.

The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and Management. These minutes can be accessed from the Company's external website.

Shareholders also have the opportunity to communicate their views and discuss with the Board and Management matters affecting the Company after the general meetings.

In light of the COVID-19 pandemic, 26th AGM of the Company was held via electronic means. Shareholders were not able to attend the 26th AGM in person, but they were able to observe the proceedings of the 26th AGM by audio or audio-visual means. Shareholders were encouraged to appoint the Chairman of the 26th AGM as proxy to vote on their behalf at the 26th AGM. Shareholders were also able to submit questions relating to the business of the meeting in advance.

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 thirty percent (30%) of the Company's annual consolidated net profits attributable to shareholders commencing from 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

Following the Company's announcement in April 2020 that it would discontinue with quarterly reporting and would move to semi-annual reporting of its unaudited consolidated financial statements, the Company amended its existing "Guidelines for Dealings in Securities by Directors and Employees of China Aviation Oil (Singapore) Corporation Ltd and its subsidiaries (the "**Internal Guidelines**") to reflect the embargo period for dealing with the shares of Company would commence from "two weeks before the announcement of CAO's results for the first half of the financial year, or one month before the announcement of CAO's results for the second half and full financial year…" instead of "two weeks before announcement of CAO's results for each of the first three quarters of its financial year, or one month before the announcement of CAO's results for its full financial year…". In line with the recommended best practices on dealings in securities set out under Rule 1207(18) of the SGX-ST Listing Manual, the Company has issued a directive to all employees and directors not to deal in the Company's securities on short-term considerations and to abstain from dealing with the Company's securities for a period commencing two (2) weeks before the announcement of the results of the first half of the financial year 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 4 June 2020 (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 2020 is found under "Supplementary Information" on page 192.

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

With the assistance of BDO, the Company conducted a review of the Company's system of internal controls (the "**Review of System of Internal Controls**"). Based on the findings from the Review of System of Internal Controls, the Company was generally in conformity with Committee of Sponsoring Organizations of the Treadway Commission (the "**COSO**") Internal Controls Integrated Framework. Risks identified (none of which were rated as high risk) are highlighted in the Risk Assessment section in its report. No other exceptions were noted with respect to internal controls and counter-measures reviewed in the scope of the engagement. However, BDO had recommended several areas of improvement so as to fully conform to the requirements under the COSO internal controls framework. Accordingly, Management had carefully considered these recommendations from BDO and had taken the necessary actions to implement the same as appropriate.

STATEMENT OF CORPORATE GOVERNANCE

Appendix

(1) Charter of Lead Independent Director

The Company shall have a Lead Independent Director who shall be an independent director as defined under the 2018 Code.

Purpose

In circumstances where the Chairman of the Board of Directors is not independent, the Board of Directors of the Company considers it to be useful and appropriate to designate a Lead Independent Director to coordinate the activities of the independent directors of the Company and performing such other duties and responsibilities as the Board may determine from time to time.

Duties and Responsibilities

In addition to the duties of Board members as set forth in the 2018 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

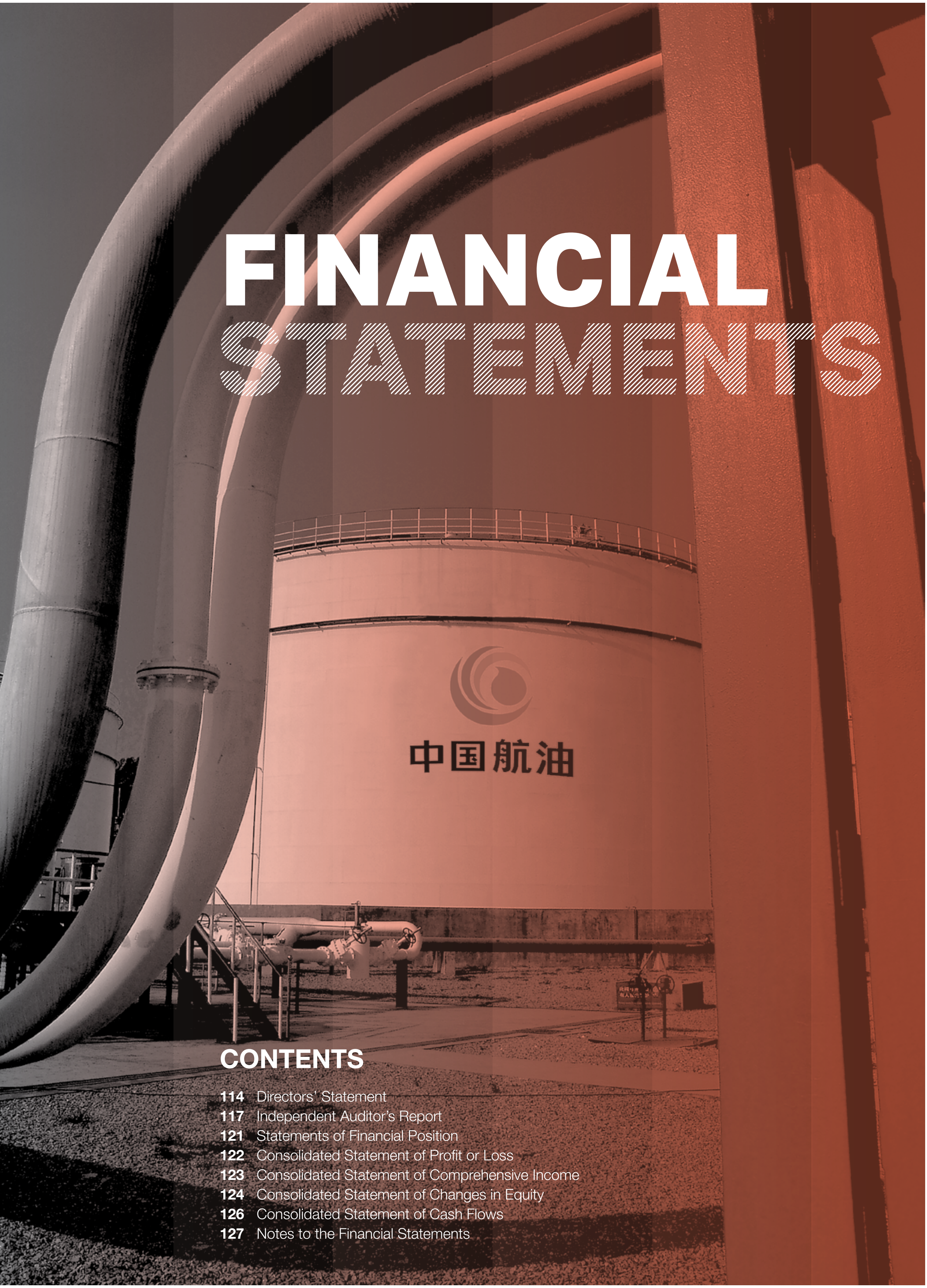
- Review the quality, quantity and timeliness of the information submitted to the Board and Board Committees.
- Advise and assist the Chairman on the meeting agenda items.
- Advise the Chairman and facilitate Board's approval of the number and frequency of meetings of the Board and Board Committees (including 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 Directors are pleased to submit their statement to the members together with the audited financial statements of China Aviation Oil (Singapore) Corporation Ltd (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2020.

In our opinion:

(a) the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 121 to 191 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 2020, and the financial performance, changes in equity and cash flows of the Group for the financial year then ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); 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:

Gong Feng	Chairman (Appointed on 9 December 2020)
Teo Ser Luck	Lead Independent Director
Wang Yanjun	Chief Executive Officer/Executive Director
Li Yongji	
Zhang Yuchen	(Appointed on 1 November 2020)
Li Runsheng	
Hee Theng Fong	
Conrad F.J. Clifford	(Appointed on 19 February 2021)
Bella Young Pit Lai	

* Mr Feng Hai resigned as a Director of the Company on 1 November 2020.
* Dr Xi Zhengping resigned as Chairman/Director of the Company on 9 December 2020.
* Mr Eugene Leong Jhi Ghin resigned as a Director of the Company on 19 February 2021.

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.

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 between the end of the financial year and 21 January 2021.

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.

DIRECTORS' STATEMENT

AUDIT COMMITTEE

At the date of this statement, the members of the Audit Committee are:

- Teo Ser Luck (Chairman), non-executive, independent director
- Li Yongji (Vice-Chairman), non-executive, non-independent director
- Li Runsheng, non-executive, independent director
- Hee Theng Fong, non-executive, independent director
- Bella Young Pit Lai, non-executive, non-independent director (Appointed on 19 February 2021)

* Eugene Leong Jhi Ghin who served during the financial year stepped down as a member of the Audit Committee on 19 February 2021.

The Audit Committee performed its functions specified in Section 201B(5) of the Companies Act, Chapter 50, the SGX Listing Manual, the 2018 Code of Corporate Governance and the Corporate Governance Policy of the Company.

The Audit Committee has held three meetings since the last Annual General Meeting ("AGM"). In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors after holding an annual meeting with the auditors without the presence of the Company's management;

- quarterly financial information and annual financial statements of the Group and the Company and the integrity of financial reporting of the Group and the Company (including the accounting policies) 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;

- the re-appointment of the external auditors of the Group; 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. The external and internal auditors have unrestricted access to the Audit Committee.

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

Teo Ser Luck
Lead Independent Director

Wang Yanjun
Chief Executive Officer/Executive Director

30 March 2021

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 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 2020, and the consolidated statement of profit or loss, 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 121 to 191.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2020 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 *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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matters	Our audit performed and responses thereon
Revenue recognition Recognition of revenue and purchases have been identified as a risk primarily due to: • complexity in the timing of recognition for trades with deliveries occurring on or around year end as a result of the extent of the Group's distribution network and varying shipping terms with customers; and • risk of potential deliberate misstatement of the Group's trading positions by failing to report the trades entered or failing to record the trades accurately or on a timely basis. The details of the Group's revenue are disclosed in **Notes 3.14 and 21** to the financial statements.	Our audit approach included both controls testing and substantive procedures as follows: • We evaluated the design and tested the operating effectiveness of the Group's controls over the recording of revenue and costs as well as the completeness and accuracy of recording trades; • On a sample basis, we ensured that the recording of the revenue and cost for deliveries occurring on or around year end are in accordance with the shipping terms; • On a sample basis, we obtained third party confirmations to confirm the validity and completeness of open trades as at year end; and • We profiled the manual journal entries posted to revenue accounts and reviewed supporting evidence to identify any unusual items. We have not noted any significant deficiency in the design and operating effectiveness of the controls over revenue recognition and completeness and accuracy of trade capture. No exceptions were noted in the samples tested and manual journal entries related to revenue recognition.
Valuation of derivatives, trading inventories and open physical contracts The valuation of derivatives, trading inventories and open physical contracts requires significant management judgement in applying the appropriate valuation methodology and incorporating of any contract specific terms including the use of valid and appropriate price index. The valuation techniques and the inputs used in the fair value measurements of the financial instruments are disclosed in **Note 27**.	Our audit approach included substantive procedures as follows: • We evaluated the design and implementation of the Group's controls over the valuation of derivatives, trading inventories and open physical contracts; and • On a sample basis, we tested the valuation of derivatives, trading inventories and open physical contracts and evaluated the appropriateness of the valuation methodology and inputs used in the valuation. We have not noted any significant deficiency in the design of 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 is 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 SFRS(I)s, 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 of 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.

INDEPENDENT AUDITOR'S REPORT

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

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

- 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.

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Tay Boon Suan.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

30 March 2021

STATEMENTS OF FINANCIAL POSITION

Year ended 31 December 2020

	Note	Group 2020 US$'000	Group 2019 US$'000	Company 2020 US$'000	Company 2019 US$'000
Non-current assets					
Property, plant and equipment	4	4,384	4,905	4,173	4,647
Right-of-Use Assets	5	4,644	14,752	3,163	12,694
Intangible assets	6	481	1,536	214	355
Subsidiaries	7	–	–	20,830	28,578
Associates	8	304,577	362,040	304,577	361,312
Financial asset at fair value through other comprehensive income	9	5,500	5,500	–	–
Trade and other receivables	12	–	–	5,035	5,035
Deferred tax assets	10	1,252	3,602	1,248	3,598
		320,838	392,335	339,240	416,219
Current assets					
Inventories	11	91,375	58,676	75,063	32,687
Trade and other receivables	12	1,206,629	898,491	1,186,246	857,232
Contract assets	17	–	144,663	–	133,260
Cash and cash equivalents	13	269,107	378,780	247,472	340,618
		1,567,111	1,480,610	1,508,781	1,363,797
Total assets		1,887,949	1,872,945	1,848,021	1,780,016
Equity attributable to owners of the Company					
Share capital	14	215,573	215,573	215,573	215,573
Reserves	15	661,306	619,386	654,877	605,759
Total equity		876,879	834,959	870,450	821,332
Non-current liabilities					
Lease liabilities	19	512	3,916	198	2,894
Deferred tax liabilities	10	6,896	11,695	6,896	11,695
		7,408	15,611	7,094	14,589
Current liabilities					
Trade and other payables	16	988,874	864,463	967,283	800,688
Contract liabilities	18	10,326	144,874	137	133,397
Lease liabilities	19	4,231	10,973	3,057	10,010
Current tax liabilities		231	2,065	–	–
		1,003,662	1,022,375	970,477	944,095
Total liabilities		1,011,070	1,037,986	977,571	958,684
Total equity and liabilities		1,887,949	1,872,945	1,848,021	1,780,016

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	Note	2020 US$'000	2019 US$'000
Revenue	21	10,516,955	20,343,491
Cost of sales		(10,471,083)	(20,285,035)
Gross profit		45,872	58,456
Other income	22	6,750	5,815
Administrative expenses		(13,643)	(19,397)
Other operating expenses		(2,371)	(1,225)
Results from operating activities		36,608	43,649
Finance costs	23	(1,158)	(2,749)
Share of profit of associates (net of tax)	8	24,789	65,532
Profit before tax		60,239	106,432
Tax expense	24	(4,046)	(6,602)
Profit for the year	22	56,193	99,830
Attributable to:			
Owners of the Company		56,193	99,830
Earnings per share:			
Basic earnings per share (cents)	25	6.53	11.61
Diluted earnings per share (cents)	25	6.53	11.61

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020 US$'000	2019 US$'000
Profit for the year	56,193	99,830
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Translation differences relating to financial statements of foreign associates	14,553	(5,565)
Other comprehensive income (loss) for the year, net of tax	14,553	(5,565)
Total comprehensive income for the year	70,746	94,265
Attributable to:		
Owners of the Company	70,746	94,265

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	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 2019		215,573	4,575	35,812	(5,482)	518,666	769,144
Total comprehensive income for the year:							
Profit for the year		–	–	–	–	99,830	99,830
Other comprehensive income:							
Items that are or may be reclassified subsequently to profit or loss:							
Translation differences relating to financial statements of foreign associates		–	(5,565)	–	–	–	(5,565)
Total other comprehensive income		–	(5,565)	–	–	99,830	94,265
Total comprehensive income for the year		–	(5,565)	–	–	99,830	94,265
Contributions by and distributions to owners:							
Share of associates' accumulated profits transferred to statutory reserve	15	–	–	752	–	(752)	–
Dividends to equity holders	15	–	–	–	–	(28,450)	(28,450)
Total transactions with owners		–	–	752	–	(29,202)	(28,450)
At 31 December 2019		215,573	(990)	36,564	(5,482)	589,294	834,959

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2020

	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 2020		215,573	(990)	36,564	(5,482)	589,294	834,959
Total comprehensive income for the year:							
Profit for the year		–	–	–	–	56,193	56,193
Other comprehensive income:							
Items that are or may be reclassified subsequently to profit or loss:							
Translation differences relating to financial statements of foreign associates		–	14,553	–	–	–	14,553
Total other comprehensive income		–	14,553	–	–	56,193	70,746
Total comprehensive income for the year		–	14,553	–	–	56,193	70,746
Contributions by and distributions to owners:							
Share of associates' accumulated profits transferred to statutory reserve	15	–	–	522	–	(522)	–
Dividends to equity holders	15	–	–	–	–	(28,826)	(28,826)
Total transactions with owners		–	–	522	–	(29,348)	(28,826)
At 31 December 2020		215,573	13,563	37,086	(5,482)	616,139	876,879

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 US$'000	2019 US$'000
Cash flows from operating activities			
Profit for the year		56,193	99,830
Adjustments for:			
Depreciation of property, plant and equipment		751	781
Depreciation of right-of-use assets		11,092	10,839
Amortisation of intangible assets		197	260
Impairment on goodwill		914	–
(Gain) Loss on disposal of property, plant and equipment		(4)	2
Allowance for (Reversal of) impairment loss on doubtful debts			
– trade receivables		713	(73)
Debtors written off		–	247
Fair value loss (gain) on derivative instruments		18,971	(1,743)
Share of profit of associates (net of tax)		(24,789)	(65,532)
Tax expense		4,046	6,602
Interest income		(4,604)	(6,475)
Interest expense		90	893
Lease interest expense		277	569
Unrealised exchange differences		(114)	(901)
Operating cash flows before movements in working capital		63,733	45,299
Change in inventories		(32,699)	52,092
Change in trade and other receivables		(188,613)	(158,106)
Change in trade and other payables		(6,367)	111,413
Cash (used in) generated from operations		(163,946)	50,698
Tax paid		(2,246)	(812)
Net cash (used in) from operating activities		(166,192)	49,886
Cash flows from investing activities			
Interest received		4,597	7,870
Acquisition of property, plant and equipment		(232)	(442)
Acquisition of intangible assets		(56)	(134)
Proceeds from disposal of property, plant and equipment		6	–
Dividends from associates (net of withholding tax paid)		92,398	3,624
Net cash from investing activities		96,713	10,918
Cash flows from financing activities			
Interest paid		(90)	(893)
Interest paid on lease liabilities		(277)	(569)
Repayment of lease liabilities		(11,115)	(10,703)
Proceeds from loans and borrowings		217,626	121,413
Repayment of loans and borrowings		(217,626)	(121,413)
Dividends paid		(28,826)	(28,450)
Net cash used in financing activities		(40,308)	(40,615)
Net (decrease) increase in cash and cash equivalents		(109,787)	20,189
Cash and cash equivalents at 1 January		378,780	357,690
Effect of exchange rate fluctuations on cash held		114	901
Cash and cash equivalents at 31 December	13	269,107	378,780

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

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 30 March 2021.

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 2020 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 and supply of jet fuel and trading of other petroleum products, and investment holding.

The immediate and ultimate holding Company during the financial year was China National Aviation Fuel Group Corporation Limited ("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 (International) ("SFRS(I)s").

2.2 Basis of accounting

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (continued)

2.3 Adoption of new and revised Standards

On 1 January 2020, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years, except as discussed below.

Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*

The Group has adopted the amendments to SFRS(I) 1-1 and SFRS(I) 1-8 for the first time in the current year. The amendments make the definition of material in SFRS(I) 1-1 easier to understand and are not intended to alter the underlying concept of materiality in SFRS(I) Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in SFRS(I) 1-8 has been replaced by a reference to the definition of material in SFRS(I) 1-1. In addition, the ASC amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

Amendments to References to the Conceptual Framework in SFRS(I) Standards

The Group has adopted the amendments included in *Amendments to References to the Conceptual Framework in SFRS(I) Standards* for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new *Framework*. Not all amendments, however, update those pronouncements with regard to references to and quotes from the *Framework* so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the *Framework* they are referencing to or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

The Standards which are amended are SFRS(I) 2, SFRS(I) 3, SFRS(I) 6, SFRS(I) 14, SFRS(I) 1-1, SFRS(I) 1-8, SFRS(I) 1-34, SFRS(I) 1-37, SFRS(I) 1-38, SFRS(I) INT 12, SFRS(I) INT 19, SFRS(I) INT 20, SFRS(I) INT 22, and SFRS(I) INT 1-32.

2.4 New and revised SFRS(I) in issue but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements relevant to the Group and Company were issued but not effective:

Effective for annual periods beginning on or after 1 June 2020

- Amendments to SFRS(I) 16: *COVID-19-Related Rent Concessions*

Effective for annual periods beginning on or after 1 January 2022

- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to IFRS Standards 2018-2020

Effective for annual periods beginning on or after 1 January 2023

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (continued)

2.4 New and revised SFRS(I) in issue but not yet effective (continued)

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

All amendments generally require prospective application.

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

2.5 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.

2.6 Use of estimates and judgements

The preparation of financial statements in conformity with SFRS(I) 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 29.

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

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition-date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal Groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Associates

An associate is an entity over which the Group and the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these Group and Company financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's and the Company's share of the profit or loss and other comprehensive income of the associate. When the Group's and the Company's share of losses of an associate exceeds the Group's and the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's and the Company's net investment in the associate), the Group and the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group and the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's and the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's and the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group and the Company discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group and the Company retains an interest in the former associate and the retained interest is a financial asset, the Group and the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group and the Company accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group and the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group and the Company continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Associates (continued)

When the Group and the Company reduces its ownership interest in an associate but the Group and the Company continues to use the equity method, the Group and the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3.4 Foreign currency

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Foreign currency (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.5 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)

3.5 Property, plant and equipment (continued)

Depreciation (continued)

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

Leasehold properties	25 years
Motor vehicles	8 years
Furniture and fittings	8 years
Office equipment	4 to 8 years
Renovations	5 years
Computers	4 to 5 years

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

Fully depreciated assets still in use are retained in the financial statements.

3.6 Right-of-use asset

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

3.7 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 3.2.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Intangible assets (continued)

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 lives 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.

3.8 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the “other income” line item.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "revenue" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" line item;

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" line item; and

- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports and financial analysts, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the commodities market in jet fuel and petroleum products.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments from outside parties are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Measurement and recognition of expected credit losses (continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (1) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, (2) held for trading, or (3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated profits upon derecognition of the financial liability.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in Note 27.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination, (2) held-for-trading, or (3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and

- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the “other income” line item for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised 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.

3.9 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Impairment

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.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amounts of any goodwill allocated to the CGU (Group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (Group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.11 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 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.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.14 Revenue

The Group recognises revenue from the sale of commodity trading products including middle distillates and other oil products.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of commodity trading products

For sale of commodity trading products, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Under the Group's standard contract terms, customers do not have a right of return.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue (continued)

Trading of oil commodity derivatives

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately under revenue.

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

3.15 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, interest expenses on loans, lease liabilities and borrowings. Interest expenses are recognised in profit or loss using the effective interest method.

3.16 Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed as at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

3.17 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.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.19 Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and fixed deposits with banks but exclude restricted bank balances. These are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties (Right-of-use asset) 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 2019	9,205	327	122	825	1,121	1,533	13,133
Additions	–	264	16	1	4	157	442
Written off	–	–	(3)	–	–	(13)	(16)
At 31 December 2019	9,205	591	135	826	1,125	1,677	13,559
Additions	–	13	106	1	–	112	232
Adjustment	–	12	17	57	3	(10)	79
Written off	–	(35)	–	–	–	–	(35)
At 31 December 2020	9,205	581	258	884	1,128	1,779	13,835
Accumulated depreciation							
At 1 January 2019	5,083	275	50	484	879	1,116	7,887
Depreciation for the year	449	23	14	46	44	205	781
Written off	–	–	(2)	–	–	(12)	(14)
At 31 December 2019	5,532	298	62	530	923	1,309	8,654
Depreciation for the year	449	51	14	73	36	128	751
Adjustment	–	–	18	102	2	(43)	79
Written off	–	(33)	–	–	–	–	(33)
At 31 December 2020	5,981	316	94	705	961	1,394	9,451
Carrying amounts							
At 31 December 2019	3,673	293	73	296	202	368	4,905
At 31 December 2020	3,224	265	164	179	167	385	4,384

NOTES TO THE FINANCIAL STATEMENTS

4 PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold properties (Right-of-use asset) US$'000	Motor vehicles US$'000	Furniture and fittings US$'000	Office equipment US$'000	Renovations US$'000	Computers US$'000	Total US$'000
Company							
Cost							
At 1 January 2019	9,205	232	21	808	1,106	1,400	12,772
Additions	–	236	6	–	–	124	366
At 31 December 2019	9,205	468	27	808	1,106	1,524	13,138
Additions	–	–	106	–	–	103	209
At 31 December 2020	9,205	468	133	808	1,106	1,627	13,347
Accumulated depreciation							
At 1 January 2019	5,083	221	19	542	877	1,066	7,808
Depreciation for the year	449	7	1	76	40	110	683
At 31 December 2019	5,532	228	20	618	917	1,176	8,491
Depreciation for the year	449	27	2	67	32	106	683
At 31 December 2020	5,981	255	22	685	949	1,282	9,174
Carrying amounts							
At 31 December 2019	3,673	240	7	190	189	348	4,647
At 31 December 2020	3,224	213	111	123	157	345	4,173

The followings are properties held by the Group and Company:

Location	Description/ Uses of property	Land area/Built-up area (square meters)	Leasehold term
8 Temasek Boulevard #31-01 Suntec Tower Three Singapore 038988	Office	324	99 years from 1 March 1989
8 Temasek Boulevard #31-02 Suntec Tower Three Singapore 038988	Office	440	99 years from 1 March 1989

NOTES TO THE FINANCIAL STATEMENTS

5 RIGHT-OF-USE ASSETS

The Group leases several assets including storage facilities, apartments for expatriates, office spaces and equipment. The average lease term is 2 years.

	Storage facilities US$'000	Property US$'000	Office spaces[(i)] US$'000	Office equipment US$'000	Total US$'000
Group					
Cost					
At 1 January 2019	23,673	290	375	194	24,532
Additions	–	–	1,059	–	1,059
At 31 December 2019	23,673	290	1,434	194	25,591
Additions	–	129	855	–	984
At 31 December 2020	23,673	419	2,289	194	26,575
Accumulated depreciation					
At 1 January 2019	–	–	–	–	–
Additions	10,060	137	572	70	10,839
At 31 December 2019	10,060	137	572	70	10,839
Additions	10,223	143	655	71	11,092
At 31 December 2020	20,283	280	1,227	141	21,931
Carrying amounts					
At 31 December 2019	13,613	153	862	124	14,752
At 31 December 2020	3,390	139	1,062	53	4,644
Company					
Cost					
At 1 January 2019	20,989	290	198	194	21,671
Additions	–	–	972	–	972
At 31 December 2019	20,989	290	1,170	194	22,643
Additions	–	129	386	–	515
At 31 December 2020	20,989	419	1,556	194	23,158
Accumulated depreciation					
At 1 January 2019	–	–	–	–	–
Additions	9,329	137	413	70	9,949
At 31 December 2019	9,329	137	413	70	9,949
Additions	9,328	143	504	71	10,046
At 31 December 2020	18,657	280	917	141	19,995
Carrying amounts					
At 31 December 2019	11,660	153	757	124	12,694
At 31 December 2020	2,332	139	639	53	3,163

(i) The Group and the Company made upfront payment in full to secure the right-of-use of two leasehold properties. The leasehold properties, with net book value amounting to US$3,224,000 (31 December 2019: US$3,673,000) for the Group and the Company, is presented within property, plant and equipment (Note 4).

NOTES TO THE FINANCIAL STATEMENTS

6 INTANGIBLE ASSETS

	Goodwill on consolidation US$'000	Customer contracts US$'000	Software US$'000	Total US$'000
Group				
Cost				
At 1 January 2019	1,181	634	3,786	5,601
Additions	–	–	134	134
At 31 December 2019	1,181	634	3,920	5,735
Additions	–	–	56	56
At 31 December 2020	1,181	634	3,976	5,791
Accumulated amortisation				
At 1 January 2019	–	–	3,305	3,305
Amortisation for the year	–	–	260	260
At 31 December 2019	–	–	3,565	3,565
Amortisation for the year	–	–	197	197
At 31 December 2020	–	–	3,762	3,762
Impairment				
At 1 January and 31 December 2019	–	634	–	634
Impairment loss	914	–	–	914
At 31 December 2020	914	634	–	1,548
Carrying amounts				
At 31 December 2019	1,181	–	355	1,536
At 31 December 2020	267	–	214	481

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

Impairment testing of goodwill

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

	Group 2020 US$'000	Group 2019 US$'000
China Aviation Oil (Hong Kong) Company Limited ("CAOHK")	267	267
North American Fuel Corporation ("NAFCO")	–	914
	267	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.

NOTES TO THE FINANCIAL STATEMENTS

6 INTANGIBLE ASSETS (continued)

Key assumptions used in the estimation of value-in-use were as follows:

	2020 CAOHK %	2020 NAFCO %	2019 CAOHK %	2019 NAFCO %
Discount rate (pre-tax)	8	8	8	8
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	8	1	12

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.

	Software US$'000
Company	
Cost	
At 1 January 2019	3,786
Additions	134
At 31 December 2019	3,920
Additions	56
At 31 December 2020	3,976
Accumulated amortisation	
At 1 January 2019	3,305
Amortisation for the year	260
At 31 December 2019	3,565
Amortisation for the year	197
At 31 December 2020	3,762
Carrying amounts	
At 31 December 2019	355
At 31 December 2020	214

NOTES TO THE FINANCIAL STATEMENTS

7 SUBSIDIARIES

	Company 2020 US$'000	Company 2019 US$'000
At 1 January	28,578	66,411
Additions	3,100	7,315
Disposal	(3,000)	–
Impairment	(7,848)	(45,148)
At 31 December	20,830	28,578

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activity	Company Proportion of ownership interest and voting rights held 2020 %	2019 %
China Aviation Oil (Hong Kong) Company Limited ("CAOHK")*	Hong Kong SAR	Supply of jet fuel	100	100
North American Fuel Corporation ("NAFCO")	United States of America	Trading and supply of jet fuel	100	100
China Aviation Oil (Europe) Limited ("CAO Europe")#	United Kingdom	Trading and supply of jet fuel	–	100
China Aviation Fuel (Europe) Limited ("CAFEU")	United Kingdom	Trading and supply of jet fuel	100	100

* Audited by overseas practices of Deloitte Touche Tohmatsu Limited.
\# CAO Europe was liquidated in October 2020 under members' voluntarily liquidation.

The Company issued additional financial guarantees to a bank and its trading counterparties on behalf of its subsidiaries. The fair value of the additional financial guarantees issued amounted to US$3,100,000 (31 December 2019: US$7,315,000) and is accounted for as additional investment in the subsidiaries.

The fair value of the financial guarantees issued to the bank and the trading counterparties are included in the Company's loans and borrowings and the Company's trade and other payables respectively.

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under these guarantees.

The subsidiaries are not considered significant subsidiaries of the Group. For this purpose, a subsidiary is considered significant, as defined under the Singapore Exchange Limited Listing Manual, if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profit accounts for 20% or more of the Group's consolidated pre-tax profit.

NOTES TO THE FINANCIAL STATEMENTS

7 SUBSIDIARIES (continued)

During the year, the Company carried out a review of the recoverable amount of its investment in subsidiaries. The review led to the recognition of an impairment loss of US$7,848,000 (2019: US$45,148,000) that has been recognised in profit or loss of the Company. The Company estimated the fair value of the subsidiaries through their net asset.

The financial guarantees were given by the Company to a bank on behalf of its subsidiaries for banking facilities amounting to US$75,000,000 (31 December 2019: US$125,000,000). It is a continuing financial guarantee issued to the bank.

8 ASSOCIATES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Investments in associates	304,577	362,040	304,577	361,312

Associates

The Group has one (2019: one) associate that is material and four (2019: four) other associates that are individually immaterial to the Group. All are equity accounted. The followings are details of the material associates of the Group and the Company:

	Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA")*
Nature of business	Exclusive supplier of jet fuel at Shanghai Pudong International Airport
Principal place of business/Country of incorporation	People's Republic of China
Ownership interest/Voting rights held	33% (2019: 33%)

* 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.

The following summarises the financial information of each of the Group's material associates based on their respective financial statements prepared in accordance with SFRS(I), 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.

NOTES TO THE FINANCIAL STATEMENTS

8 ASSOCIATES (continued)

	SPIA US$'000	Immaterial associates US$'000	Total US$'000
31 December 2020			
Revenue	1,190,848	93,693	1,284,541
Profit from continuing operations/Total comprehensive income	59,967	21,131	81,098
Non-current assets	54,660	450,781	505,441
Current assets	635,798	68,992	704,790
Non-current liabilities	–	(223,208)	(223,208)
Current liabilities	(129,194)	(35,196)	(164,390)
Net assets	561,264	261,369	822,633
Group's interest in net assets of investee at beginning of the year	246,474	75,506	321,980
Group's fair value adjustment at beginning of the year	–	17,367	17,367
Group's share of total comprehensive income	19,789	5,000	24,789
Group's share of profit from continuing operations	19,789	6,241	26,030
Group's share of fair value adjustment	–	(1,241)	(1,241)
Dividend declared during the year	(91,435)	(5,370)	(96,805)
Translation differences for the year	9,730	4,823	14,553
Goodwill	21,709	984	22,693
Carrying amount of interest in investee at end of the year	206,267	98,310	304,577
Carrying amount of fair value adjustment at end of the year	–	16,126	16,126
31 December 2019			
Revenue	3,180,411	297,166	3,477,577
Profit from continuing operations/Total comprehensive income	178,278	32,171	210,449
Non-current assets	46,148	459,240	505,388
Current assets	918,417	86,400	1,004,817
Non-current liabilities	–	(151,134)	(151,134)
Current liabilities	(215,675)	(156,835)	(372,510)
Net assets	748,890	237,671	986,561
Group's interest in net assets of investee at beginning of the year	191,464	74,425	265,889
Group's fair value adjustment at beginning of the year	–	18,608	18,608
Group's share of total comprehensive income	58,832	6,700	65,532
Group's share of profit from continuing operations	58,832	7,941	66,773
Group's share of fair value adjustment	–	(1,241)	(1,241)
Dividend declared during the year	–	(3,876)	(3,876)
Translation differences for the year	(3,822)	(2,984)	(6,806)
Goodwill	21,709	984	22,693
Carrying amount of interest in investee at end of the year	268,183	93,857	362,040
Carrying amount of fair value adjustment at end of the year	–	17,367	17,367

NOTES TO THE FINANCIAL STATEMENTS

8 ASSOCIATES (continued)

During the year, dividends declared by associates amounting to US$96,805,000 (31 December 2019: US$3,876,000) were received during the financial year.

Details of immaterial associates of the Group are as follows:

Name of associate	Country of incorporation	Ownership 2020 %	2019 %
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
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	People's Republic of China	49	49

* This associate is held by the subsidiary of the Company.

9 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group 2020 US$'000	2019 US$'000
Investment in equity instrument designated as at FVTOCI – unquoted equity shares	5,500	5,500

Investment in equity instrument

The investment in unquoted equity instrument represents investment in a Company that is incorporated in the Netherlands which holds the concession from the Schiphol Airport Authority to manage the storage and distribution of jet fuels on behalf of its shareholders to airlines at Amsterdam Airport Schiphol.

The investment in equity instrument is not held for trading. Instead, it is held for medium to long-term strategic purposes. Accordingly, management has elected to designate this investment in equity instrument as at FVTOCI as they believe that recognising short-term fluctuations in this investment's fair value in profit or loss would not be consistent with the Group's strategy of holding this investment for long-term purposes and realising its performance potential in the long run.

No investment in equity instrument measured at FVTOCI has been disposed of during the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS

10 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Deferred tax assets				
Tax losses carry-forward	649	2,929	645	2,925
Accelerated tax depreciation	603	673	603	673
	1,252	3,602	1,248	3,598
Deferred tax liabilities				
Investments in associates	(6,896)	(11,695)	(6,896)	(11,695)

Movements in temporary differences during the year are as follows:

	At 1 January 2019 US$'000	Recognised in profit or loss US$'000	At 31 December 2019 US$'000	Recognised in profit or loss US$'000	At 31 December 2020 US$'000
Group					
Tax losses carry-forward	4,504	(1,575)	2,929	(2,280)	649
Accelerated tax depreciation	–	673	673	(70)	603
Investments in associates	(8,051)	(3,644)	(11,695)	4,799	(6,896)
	(3,547)	(4,546)	(8,093)	2,449	(5,644)
Company					
Tax losses carry-forward	4,500	(1,575)	2,925	(2,280)	645
Accelerated tax depreciation	–	673	673	(70)	603
Investments in associates	(8,051)	(3,644)	(11,695)	4,799	(6,896)
	(3,551)	(4,546)	(8,097)	2,449	(5,648)

NOTES TO THE FINANCIAL STATEMENTS

10 DEFERRED TAX ASSETS AND LIABILITIES (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of deductible temporary differences:

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Accelerated tax depreciation				
At beginning of the year	–	7,037	–	7,037
Adjustment to prior year	(1,660)	5,274	(1,660)	5,274
Additions	266	1,149	266	1,149
Deferred tax utilised (recognised)	1,394	(13,460)	1,394	(13,460)
At end of the year	–	–	–	–

The tax losses carry-forward relate to losses arising from prior years during which the Company was granted concessionary tax rate 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.

11 INVENTORIES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Trading inventories at fair value less costs to sell	75,063	32,687	75,063	32,687
Inventories at the lower of cost and net realisable value	16,312	25,989	–	–
	91,375	58,676	75,063	32,687

Trading inventories recognised in cost of sales amounted to US$10,419,498,000 (31 December 2019: US$20,169,968,000) for the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Trade receivables	1,006,503	465,475	967,912	376,300
Other receivables	30,872	25,487	23,112	14,420
Amounts due from:				
– subsidiary (trade)	–	–	48,112	108,181
– related corporations (trade)	69,131	340,529	36,121	250,577
– holding company (non-trade)	2	2	2	2
– subsidiaries (non-trade)	–	–	37,841	63,880
	69,133	340,531	122,076	422,640
Loan to subsidiaries	–	–	5,035	5,035
	1,106,508	831,493	1,118,135	818,395
Allowance for impairment loss on doubtful debts				
– trade receivables	(8,132)	(7,419)	(7,915)	(6,871)
Loans and receivables	1,098,376	824,074	1,110,220	811,524
Derivative financial assets				
– oil commodity derivatives	27,873	51,282	27,216	50,743
	1,126,249	875,356	1,137,436	862,267
Prepayments	80,380	23,135	53,845	–
	1,206,629	898,491	1,191,281	862,267
Current	1,206,629	898,491	1,186,246	857,232
Non-current	–	–	5,035	5,035
	1,206,629	898,491	1,191,281	862,267

Trade receivables

Transactions with subsidiaries and related corporations are priced on terms agreed between parties. Outstanding balances with subsidiaries and related corporations are unsecured.

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables for customers that have defaulted and declared bankruptcy.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS

12 TRADE AND OTHER RECEIVABLES (continued)

The following table details the risk profile of trade and other receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

31 December 2020	Average expected credit loss rate* Group %	Average expected credit loss rate* Company %	Estimated total gross carrying amount at default[i] Group US$'000	Estimated total gross carrying amount at default[i] Company US$'000	Lifetime ECL[i] Group US$'000	Lifetime ECL[i] Company US$'000
Customer ratings						
Grade A1	0.000	0.000	31,284	114,239	–	–
Grade A2	0.119	0.119	36,695	36,160	44	43
Grade B1	0.253	0.255	370,668	343,973	938	877
Grade B2	0.418	0.419	612,495	590,188	2,561	2,475
Grade C1	0.320	0.780	10,375	2,743	33	21
Grade C2	1.040	1.338	38,417	26,698	399	365
Grade D1	2.362	0.000	554	–	13	–
Grade D2	0.497	0.000	1,872	–	9	–
Grade F	8.845	0.000	14	–	1	–
Total			1,102,374	1,114,001	3,998	3,781

(i) The estimated total gross carrying amount at default and lifetime ECL have excluded the individually credit-impaired customers of US$4,134,000, respectively for the year ended 31 December 2020 of the Group and Company.

31 December 2019	Average expected credit loss rate* Group %	Average expected credit loss rate* Company %	Estimated total gross carrying amount at default[ii] Group US$'000	Estimated total gross carrying amount at default[ii] Company US$'000	Lifetime ECL[ii] Group US$'000	Lifetime ECL[ii] Company US$'000
Customer ratings						
Grade A1	0.000	0.000	29,300	193,410	–	–
Grade A2	0.119	0.119	59,727	59,727	71	71
Grade B1	0.249	0.255	192,571	144,924	479	370
Grade B2	0.382	0.395	279,554	310,236	1,068	1,225
Grade C1	0.612	0.920	229,003	101,815	1,401	937
Grade C2	0.260	0.383	28,093	2,420	73	9
Grade D1	0.395	0.351	4,534	1,610	18	6
Grade D2	0.497	0.000	4,052	–	20	–
Grade F	8.845	0.000	406	–	36	–
Total			827,240	814,142	3,166	2,618

(ii) The estimated total gross carrying amount at default and lifetime ECL have excluded the individually credit-impaired customers of US$4,253,000, respectively for the year ended 31 December 2019 of the Group and Company.

* Average expected credit loss rate includes debtors with and without credit insurance

NOTES TO THE FINANCIAL STATEMENTS

12 TRADE AND OTHER RECEIVABLES (continued)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Lifetime ECL – not credit-impaired Individually assessed		Lifetime ECL – credit-impaired		Total	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Group						
At beginning of financial year	3,166	3,160	4,253	4,332	7,419	7,492
Change in loss allowance	832	6	(119)	(79)	713	(73)
At end of financial year	3,998	3,166	4,134	4,253	8,132	7,419
Company						
At beginning of financial year	2,618	2,627	4,253	4,332	6,871	6,959
Change in loss allowance	1,163	(9)	(119)	(79)	1,044	(88)
At end of financial year	3,781	2,618	4,134	4,253	7,915	6,871

The following tables explain how significant changes in the gross carrying amount of the trade receivables contributed to changes in the loss allowance. Changes in the loss allowance are primarily attributable to the origination of new trade receivables net of those settled during the reporting periods.

	Group Increase (Decrease) in lifetime ECL		Company Increase (Decrease) in lifetime ECL	
	Not credit-impaired US$'000	Credit-impaired US$'000	Not credit-impaired US$'000	Credit-impaired US$'000
31 December 2020				
Customer declared bankruptcy	–	(119)	–	(119)
Probable default by the customer	832	–	1,163	–
31 December 2019				
Customer declared bankruptcy	–	(79)	–	(79)
Probable default by the customer	6	–	(9)	–

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 20.

NOTES TO THE FINANCIAL STATEMENTS

12 TRADE AND OTHER RECEIVABLES (continued)

Other receivables, trade amounts due from related corporations and amounts due from subsidiaries (trade and non-trade)

For the purpose of impairment assessment, the other receivables, trade amounts due from certain related corporations and amounts due from subsidiaries (trade and non-trade) are considered to have low credit risk as there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the financial position of the debtors, related corporations and subsidiaries, adjusted for factors that are specific to the debtors, related corporations and subsidiaries and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of the other receivables, related corporations and subsidiaries as well as the loss upon default. Management determines the other receivables, trade amounts due from certain related corporations and amounts due from subsidiaries (trade and non-trade) are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Cash at bank				
– Interest-bearing	11,098	3,368	11,098	3,368
– Non-interest bearing	19,586	27,946	6,404	5,500
Interest-bearing fixed deposits with financial institutions	238,423	347,466	229,970	331,750
Cash and cash equivalents in the statement of cash flows	269,107	378,780	247,472	340,618

As at 31 December 2020, interest-bearing fixed deposits of US$231,970,000 (31 December 2019: US$341,866,000) were placed with a related corporation, China National Aviation 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.

NOTES TO THE FINANCIAL STATEMENTS

13 CASH AND CASH EQUIVALENTS (continued)

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):

	2020 Interest rate %	2020 Carrying amount US$'000	2019 Interest rate %	2019 Carrying amount US$'000
Group				
Cash at bank	0.2	11,098	0.9	3,368
US$ fixed deposits	0.4	238,423	1.9	347,466
		249,521		350,834
Company				
Cash at bank	0.2	11,098	0.9	3,368
US$ fixed deposits	0.4	229,970	1.9	331,750
		241,068		335,118

The Group's and the Company's exposure to foreign currency and interest rate risks are disclosed in Note 20.

14 SHARE CAPITAL

	Company 2020 Number of shares ('000)	Company 2019 Number of shares ('000)
Fully paid ordinary shares, with no par value:		
In issue at 31 December	866,184	866,184

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

All rights attached to the ordinary shares are suspended for the Company's own shares bought back and held by the Group. Such rights are reinstated when these shares are reissued.

Capital management

The Company defines capital as share capital and reserves. The consolidated share capital and reserves amount to US$876,879,000 (31 December 2019: US$834,959,000). 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.

NOTES TO THE FINANCIAL STATEMENTS

15 RESERVES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Foreign currency translation reserve[(a)]	13,563	(990)	13,579	(975)
Statutory reserves[(b)]	37,086	36,564	37,086	36,564
Reserve for own shares[(c)]	(5,482)	(5,482)	(5,482)	(5,482)
Accumulated profits	616,139	589,294	609,694	575,652
	661,306	619,386	654,877	605,759

(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. The movement in statutory reserve in the current year is contributed by TSN-PEKCL and Xinyuan.

(c) The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2020, the Group held 6,000,000 (31 December 2019: 6,000,000) of the Company's shares.

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

	Group and Company	
	2020 US$'000	2019 US$'000
Final exempt dividends paid in respect of the previous financial year of S$0.047 (2019: S$0.045) per share	28,826	28,450

(e) After the respective reporting date, the Directors have proposed a final (one-tier tax exempt) ordinary dividend of S$0.0258 (2019: S$0.047) per share, amounting to US$16,828,000 (2019: US$30,038,000). The dividends have not been provided for.

NOTES TO THE FINANCIAL STATEMENTS

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Trade payables	888,671	759,055	853,893	705,065
Other payables and accruals	38,687	46,246	36,845	45,367
Advance receipts from customers	210	–	–	–
Amounts due to:				
– immediate and ultimateholding Company (non-trade)	10,121	10,116	–	–
– subsidiaries (non-trade)	–	–	–	7
– subsidiary (trade)	–	–	35,070	31
– related corporation (trade)	554	1,352	–	227
– related corporation of a corporate shareholder (trade)	8,584	1,209	–	1,209
Derivative financial liabilities:				
– oil commodity derivatives	42,047	46,485	41,475	48,782
	988,874	864,463	967,283	800,688

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 20.

The Company issued financial guarantees to its trading counterparties on behalf of its subsidiaries for credit terms extended by the trading counterparties to the subsidiaries. The expiry dates of financial guarantees vary for each trading counterparties.

17 CONTRACT ASSETS

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Current	–	144,663	–	133,260

Contract assets refer to rights to consideration in exchange for goods that the Group and the Company have transferred to their customer(s). The Group and the Company recognised contract assets based on shipping terms and when all performance obligations are met. Any amount previously recognised as a contract asset is reclassified to trade receivables when invoices are raised.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry. None of the amounts due from customers at the end of the reporting period is past due.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets. Based on management's assessment, no loss allowance is required on the contract assets.

NOTES TO THE FINANCIAL STATEMENTS

18 CONTRACT LIABILITIES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Current	10,326	144,874	137	133,397

Revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. When the customer initially purchases the goods, the transaction price received at that point by the Group is recognised as contract liability until the goods have been delivered to the customer.

19 LEASE LIABILITIES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Analysed as				
Non-current	512	3,916	198	2,894
Current	4,231	10,973	3,057	10,010
	4,743	14,889	3,255	12,904
Maturity analysis of lease liabilities based on undiscounted gross cash flows:				
Year 1	4,193	11,127	3,083	10,268
Year 2	519	3,658	199	2,831
Year 3	56	248	–	116
	4,768	15,033	3,282	13,215

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows, as cash flows from financing activities.

The cash flows represent the repayment of lease liabilities in the consolidated statement of cash flows.

	Group	
	2020 US$'000	2019 US$'000
1 January	14,889	–
Adoption of SFRS(I) 16	–	26,434
1 January	14,889	26,434
Financing cash flow	(11,392)	(11,272)
Others	1,246	(273)
31 December	4,743	14,889

NOTES TO THE FINANCIAL STATEMENTS

20 FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

Financial assets

	2020		2019	
	Group US$'000	Company US$'000	Group US$'000	Company US$'000
Amortised cost				
Trade and other receivables	1,098,376	1,110,220	824,074	811,524
Cash and cash equivalents	269,107	247,472	378,780	340,618
	1,367,483	1,357,692	1,202,854	1,152,142
Fair value through profit or loss				
Derivative financial assets	27,873	27,216	51,282	50,743
Fair value through other comprehensive income				
Equity instrument	5,500	–	5,500	–

Financial liabilities

	2020		2019	
	Group US$'000	Company US$'000	Group US$'000	Company US$'000
Amortised cost				
Trade and other payables	946,827	925,808	817,978	751,112
Fair value through profit or loss				
Derivative financial liabilities	42,047	41,475	46,485	48,782

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	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Trade and other receivables	1,098,376	824,074	1,110,220	811,524
Cash and cash equivalents	269,107	378,780	247,472	340,618
Derivative financial assets	27,873	51,282	27,216	50,743
	1,395,356	1,254,136	1,384,908	1,202,885

NOTES TO THE FINANCIAL STATEMENTS

20 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Impairment losses

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

	2020 Gross US$'000	2020 Impairment losses US$'000	2019 Gross US$'000	2019 Impairment losses US$'000
Group				
Not past due	1,102,374	(3,998)	804,720	(3,166)
1 to 30 days	–	–	22,520	–
31 to 90 days	–	–	–	–
Over 90 days	4,134	(4,134)	4,253	(4,253)
	1,106,508	(8,132)	831,493	(7,419)
Company				
Not past due	1,071,586	(3,781)	732,063	(2,618)
1 to 30 days	–	–	55,943	–
31 to 90 days	18,375	–	26,136	–
Over 90 days	28,174	(4,134)	4,253	(4,253)
	1,118,135	(7,915)	818,395	(6,871)

The Group's and the Company's loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses and individually assessed credit impaired.

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

	2020 US$'000	2019 US$'000
Group		
At 1 January	7,419	7,492
Impairment loss recognised – net	832	–
Impairment loss written back	(119)	(73)
At 31 December	8,132	7,419
Company		
At 1 January	6,871	6,959
Impairment loss recognised	1,163	–
Impairment loss written back	(119)	(88)
At 31 December	7,915	6,871

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

NOTES TO THE FINANCIAL STATEMENTS

20 FINANCIAL INSTRUMENTS (continued)

Liquidity risk

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

	Cash flows	
	Contractual cash flows US$'000	Within 1 year US$'000
Group		
31 December 2020		
Non-derivative financial liabilities		
Trade and other payables(i)	(946,827)	(946,827)
Oil commodity derivatives		
Gross outflows(ii)		
– Oil physical derivative instruments purchase contracts	(953,074)	(953,074)
Net outflows		
– Oil paper derivative instruments	(15,080)	(15,080)
	(1,914,981)	(1,914,981)
31 December 2019		
Non-derivative financial liabilities		
Trade and other payables(i)	(817,978)	(817,978)
Oil commodity derivatives		
Gross outflows(ii)		
– Oil physical derivative instruments purchase contracts	(1,443,149)	(1,443,149)
Net outflows		
– Oil paper derivative instruments	(1,760)	(1,760)
	(2,262,887)	(2,262,887)

NOTES TO THE FINANCIAL STATEMENTS

20 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

	Cash flows Contractual cash flows US$'000	Within 1 year US$'000
Company		
31 December 2020		
Non-derivative financial liabilities		
Trade and other payables(i)	(925,808)	(925,808)
Oil commodity derivatives		
Gross outflows(ii)		
– Oil physical derivative instruments purchase contracts	(944,054)	(944,054)
Net outflows		
– Oil paper derivative instruments	(14,411)	(14,411)
	(1,884,273)	(1,884,273)
31 December 2019		
Non-derivative financial liabilities		
Trade and other payables(i)	(751,112)	(751,112)
Oil commodity derivatives		
Gross outflows(ii)		
– Oil physical derivative instruments purchase contracts	(1,435,616)	(1,435,616)
Net outflows		
– Oil paper derivative instruments	(786)	(786)
	(2,187,514)	(2,187,514)

(i) Excludes derivative financial liabilities, advance receipts and intra-Group financial guarantees.
(ii) The gross outflows represent the undiscounted cash outflows of the outstanding long oil physical derivative instruments.

NOTES TO THE FINANCIAL STATEMENTS

20 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$'000	Euro US$'000	British pound US$'000
Group					
31 December 2020					
Trade and other receivables	248	77	191	1,413	61
Cash and cash equivalents	697	1,818	241	1,228	48
Trade and other payables	(7,119)	(175)	(187)	(39)	(151)
	(6,174)	1,720	245	2,602	(42)
31 December 2019					
Trade and other receivables	277	40	1,002	55	41
Cash and cash equivalents	1,195	69	144	1,750	288
Trade and other payables	(9,306)	(381)	(611)	(2,504)	(75)
	(7,834)	(272)	535	(699)	254

	Singapore dollar US$'000	Renminbi US$'000
Company		
31 December 2020		
Trade and other receivables	248	–
Cash and cash equivalents	697	1,811
Trade and other payables	(7,119)	(160)
	(6,174)	1,651
31 December 2019		
Trade and other receivables	277	–
Cash and cash equivalents	1,195	54
Trade and other payables	(9,306)	(378)
	(7,834)	(324)

NOTES TO THE FINANCIAL STATEMENTS

20 FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Sensitivity analysis

At the reporting date, a 10% strengthening of the US dollar against the following currencies would increase/(decrease) profit/(loss) before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group Profit/(Loss) before tax		Company Profit/(Loss) before tax	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Singapore dollar	561	783	561	783
Renminbi	(156)	27	(150)	32
Hong Kong dollar	(22)	(54)	–	–
Euro	(237)	70	–	–
British pound	4	(25)	–	–

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	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Financial assets	249,521	350,834	241,068	335,118

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.

NOTES TO THE FINANCIAL STATEMENTS

20 FINANCIAL INSTRUMENTS (continued)

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.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
31 December 2020				
Financial asset at FVTOCI*	–	–	5,500	5,500
Derivative financial assets	–	27,873	–	27,873
Derivative financial liabilities	–	(42,047)	–	(42,047)
	–	(14,174)	5,500	(8,674)
31 December 2019				
Financial asset at FVTOCI*	–	–	5,500	5,500
Derivative financial assets	–	51,282	–	51,282
Derivative financial liabilities	–	(46,485)	–	(46,485)
	–	4,797	5,500	10,297
Company				
31 December 2020				
Derivative financial assets	–	27,216	–	27,216
Derivative financial liabilities	–	(41,475)	–	(41,475)
	–	(14,259)	–	(14,259)
31 December 2019				
Derivative financial assets	–	50,743	–	50,743
Derivative financial liabilities	–	(48,782)	–	(48,782)
	–	1,961	–	1,961

* There was no movement to the Level 3 fair value measurement of the financial asset during the financial year.

The valuation techniques and the inputs used in the fair value measurements of the financial instruments are disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

20 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 paper derivative transactions are all transacted on an exchange.

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 2020			
Financial assets			
Oil physical derivative instruments	27,686	–	27,686
Oil paper derivative instruments	2,571	(369)	2,202
Total	30,257	(369)	29,888
Financial liabilities			
Oil physical derivative instruments	29,445	–	29,445
Oil paper derivative instruments	15,080	(369)	14,711
Total	44,525	(369)	44,156
31 December 2019			
Financial assets			
Oil physical derivative instruments	49,777	–	49,777
Oil paper derivative instruments	2,776	(340)	2,436
Total	52,553	(340)	52,213
Financial liabilities			
Oil physical derivative instruments	45,295	–	45,295
Oil paper derivative instruments	1,760	(340)	1,420
Total	47,055	(340)	46,715

NOTES TO THE FINANCIAL STATEMENTS

20 FINANCIAL INSTRUMENTS (continued)

Offsetting financial assets and financial liabilities (continued)

The Group and the Company entered into master netting agreements for certain sale and purchase contracts with the counterparties:

	Group and Company 2020 US$'000	Group and Company 2019 US$'000
Trade and other receivables	229,359	25,310
Trade and other payables	(227,225)	(16,626)
Net amount presented in the statement of financial position	2,134	8,684

	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 2020			
Financial assets			
Oil physical derivative instruments	25,014	–	25,014
Oil paper derivative instruments	2,571	(369)	2,202
Total	27,585	(369)	27,216
Financial liabilities			
Oil physical derivative instruments	27,527	–	27,527
Oil paper derivative instruments	14,412	(369)	14,043
Total	41,939	(369)	41,570
31 December 2019			
Financial assets			
Oil physical derivative instruments	48,602	–	48,602
Oil paper derivative instruments	2,141	(295)	1,846
Total	50,743	(295)	50,448
Financial liabilities			
Oil physical derivative instruments	48,790	–	48,790
Oil paper derivative instruments	786	(295)	491
Total	49,576	(295)	49,281

NOTES TO THE FINANCIAL STATEMENTS

21 REVENUE

The Group derives its revenue from the transfer of goods at a point in time in the following major lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 26).

A disaggregation of the Group's revenue for the financial year is as follows:

	Group	
	2020 US$'000	2019 US$'000
Revenue from middle distillates	5,629,604	13,594,049
Revenue from other oil products	4,887,351	6,749,442
	10,516,955	20,343,491

The revenue from middle distillates and other oil products are recognised at a point in time.

Included in revenue is net loss of US$22,370,000 (2019: loss of US$3,849,000) recognised in relation to derivative financial instruments. The Group holds derivative financial instruments to hedge the changes in oil commodity prices. The gain or loss on remeasurement of these instruments at fair value is recognised in the consolidated statement of profit or loss as revenue.

22 PROFIT FOR THE YEAR

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

	Group	
	2020 US$'000	2019 US$'000
Other income		
Interest income	4,604	6,475
Foreign exchange loss – net	1,144	(690)
Others	1,002	30
	6,750	5,815
Audit fees paid and payable to:		
– auditor of the Company	(326)	(318)
– other auditors	(84)	(191)
Non-audit fees paid and payable to auditor of the Company	(18)	(137)
(Impairment) Reversal of allowance on doubtful debts - net	(713)	73
Depreciation of property, plant and equipment	(751)	(781)
Depreciation of right-of-use assets	(11,092)	(10,839)
Amortisation of intangible assets	(197)	(260)
Impairment of goodwill	(914)	–
Expense relating to short-term leases	(15,695)	(21,554)
Expense relating to leases of low value assets	(5)	(11)
Staff costs	(10,389)	(17,363)
Contributions to defined contribution plans, included in staff costs	(1,091)	(1,022)

NOTES TO THE FINANCIAL STATEMENTS

23 FINANCE COSTS

	Group 2020 US$'000	Group 2019 US$'000
Bank charges	791	1,287
Interest expenses	90	893
Interest expenses on lease liabilities	277	569
	1,158	2,749

24 TAX EXPENSE

	Group 2020 US$'000	Group 2019 US$'000
Current tax expense		
Current year	244	1,168
Deferred tax expense		
Utilisation of previously unused tax losses	2,280	1,575
Utilisation (Recognition) of previously unrecognised tax assets	70	(673)
	2,350	902
Withholding tax expense	1,452	4,532
Total tax expense	4,046	6,602
Reconciliation of effective tax rate		
Profit before tax	60,239	106,432
Tax using Singapore tax rate of 17% (2019: 17%)	10,241	18,093
Effects of tax rates in foreign jurisdictions	(475)	(33)
Tax exempt income	(1,771)	(2,301)
Tax effects of revenue at concessionary tax rate	(5,444)	(3,991)
Effects of results of associates presented net of tax	(4,214)	(11,140)
Effect of expenses not deductible for tax purposes	1,907	77
Effect of utilisation of previously unused tax losses	2,280	1,575
Utilisation (Recognition) of previously unrecognised capital allowances	70	(673)
Effect of unused tax losses not recognised as deferred tax assets	–	463
Withholding tax expense	1,452	4,532
	4,046	6,602

The Company was granted concessionary rate of tax for a period of 5 years from 1 August 2015 to 31 July 2020. The concessionary tax rate had been extended for a period of 5 years till 31 July 2025. Income derived from qualifying trading transactions of approved products by the Company is taxed at the concessionary rate 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

25 EARNINGS PER SHARE

Basic earnings per share

At the reporting date, the calculation of basic earnings per share was based as follows:

Profit attributable to ordinary shareholders

	2020 US$'000	2019 US$'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	56,193	99,830

Weighted average number of ordinary shares (diluted)

	2020 Number of shares ('000)	2019 Number of shares ('000)
Issued ordinary shares at 31 December*	860,184	860,184

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

26 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 and gasoline supply and trading.
- Investments in oil-related assets: Investments in oil-related assets through the Group's holdings in associates.

NOTES TO THE FINANCIAL STATEMENTS

26 OPERATING SEGMENTS (continued)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	Middle distillates US$'000	Other oil products US$'000	Investment in oil-related assets US$'000	Total US$'000
2020				
Revenue	5,629,604	4,887,351	–	10,516,955
Gross profit	44,570	1,302	–	45,872
Other administrative/operating expenses	(14,129)	118	(200)	(14,211)
Depreciation and amortisation	(1,803)	–	–	(1,803)
Foreign exchange gain	1,144	–	–	1,144
Interest income	4,604	–	–	4,604
Other income	1,002	–	–	1,002
Finance costs	(547)	(611)	–	(1,158)
Share of profits of associates (net of tax)	–	–	24,789	24,789
Tax expense	(3,242)	–	(804)	(4,046)
Reportable segment profit after tax	31,599	809	23,785	56,193
Reportable segment total assets	1,008,641	567,979	310,077	1,886,697
2019				
Revenue	13,594,049	6,749,442	–	20,343,491
Gross profit	53,429	5,027	–	58,456
Other administrative/operating expenses	(15,357)	(2,451)	(993)	(18,801)
Depreciation and amortisation	(1,821)	–	–	(1,821)
Foreign exchange loss	(688)	–	(2)	(690)
Interest income	6,475	–	–	6,475
Other income	30	–	–	30
Finance costs	(249)	(2,500)	–	(2,749)
Share of profits of associates (net of tax)	–	–	65,532	65,532
Tax expense	(2,767)	–	(3,835)	(6,602)
Reportable segment profit after tax	39,052	76	60,702	99,830
Reportable segment total assets	1,430,230	77,073	362,040	1,869,343

NOTES TO THE FINANCIAL STATEMENTS

26 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
2020		
People's Republic of China	5,826,804	251,199
South Korea	309,639	53,377
United States of America	479,567	432
Hong Kong SAR	507,734	418
Malaysia	352,898	–
Japan	199,355	–
Australia	430,137	–
Singapore	866,228	7,550
Philippines	396,477	–
Netherland	184,217	6,610
Myanmar	166,026	–
Germany	86,937	–
India	47,884	–
Vietnam	116,034	–
Other countries	547,018	–
	10,516,955	319,586
2019		
People's Republic of China	10,645,472	314,719
South Korea	1,464,633	46,593
United States of America	1,209,332	998
Hong Kong SAR	952,767	1,182
Malaysia	466,879	–
Japan	254,735	–
Australia	575,203	–
Singapore	2,160,763	17,696
Philippines	555,523	–
Netherland	259,227	7,545
Thailand	171,409	–
Italy	118,103	–
India	115,362	–
Vietnam	109,431	–
Other countries	1,284,652	–
	20,343,491	388,733

* Excludes deferred tax assets

NOTES TO THE FINANCIAL STATEMENTS

26 OPERATING SEGMENTS (continued)

Major customers

Revenue from three customers (2019: two customers) of the middle distillates segment for the supply of jet fuel amounting to approximately US$2,855,296,000 (2019: US$6,182,624,000), represents 27% (2019: 30%) of the Group's total revenue.

27 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
- 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.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group and the Company manage these risks by monitoring credit-worthiness and limiting the aggregate risk to any individual counterparty. The Group and the Company have purchased credit insurance for certain customers during the year.

The Group develops and maintains its credit risk ratings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with certain trade receivables is reduced because they are secured by credit insurance. There has not been any significant changes in the quality of the credit enhancement.

The Group's current credit risk rating framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off

The assessment of the credit quality and exposure to credit risk of the Group and Company's trade and other receivables have been disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The tables below detail the credit quality of the Group's trade and other receivables, as well as maximum exposure to credit risk:

Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
31 December 2020						
Trade receivables	12	(i)	Lifetime ECL (simplified approach)	1,006,503	(8,132)	998,371
Other receivables	12	Performing	12-month ECL	30,872	–	30,872
Amount due from related corporations	12	Performing	12-month ECL	69,133	–	69,133
					(8,132)	
31 December 2019						
Trade receivables	12	(i)	Lifetime ECL (simplified approach)	465,475	(7,419)	458,056
Other receivables	12	Performing	12-month ECL	25,487	–	25,487
Amount due from related corporations	12	Performing	12-month ECL	340,531	–	340,531
Contract assets	17	Performing	12-month ECL	144,663	–	144,663
					(7,419)	

Company	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
31 December 2020						
Trade receivables	12	(i)	Lifetime ECL (simplified approach)	967,912	(7,915)	959,997
Other receivables	12	Performing	12-month ECL	23,112	–	23,112
Amount due from related corporations	12	Performing	12-month ECL	122,076	–	122,076
Loan to subsidiaries	12	Performing	12-month ECL	5,035	–	5,035
					(7,915)	
31 December 2019						
Trade receivables	12	(i)	Lifetime ECL (simplified approach)	376,300	(6,871)	369,429
Other receivables	12	Performing	12-month ECL	14,420	–	14,420
Amount due from related corporations	12	Performing	12-month ECL	422,640	–	422,640
Loan to subsidiaries	12	Performing	12-month ECL	5,035	–	5,035
Contract assets	17	Performing	12-month ECL	133,260	–	133,260
					(6,871)	

(i) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Note 12 includes further details on the loss allowance for these trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. This allowance is a specific loss component that relates to individually significant exposures. The allowance account in respect of trade 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 2020, there was no significant concentration of credit risk except for amounts receivable due from 2 (31 December 2019: 1) major customers amounting to US$411,691,000 (31 December 2019: US$150,672,000) which accounted for 38% (2019: 19%) of the Group's gross trade receivables. At 31 December 2019, the Company has a significant concentration of credit risk with subsidiaries and related corporations which accounted for 49% of the Company's gross trade receivables. At 31 December 2020, this has decreased to 8%, hence management was of the view that there is no concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Guarantees

There is no exposure to the Company in respect of the intra-Group financial guarantee (see Notes 7 and 16) at the end of the reporting period as it is remote that the subsidiaries default on the utilised facilities extended by the bank and trading counterparties.

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 are short term in nature, any future variations in interest rates will not have a material impact on the results of the Group.

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL RISK MANAGEMENT (continued)

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.

The Group monitors its foreign currency exposures on an on-going basis and ensures that the net exposure is kept to an acceptable level. In 2020, the Group entered into a foreign currency forward contract to hedge its foreign currency exposure for dividends declared. The Group did not actively hedge its foreign currency exposure in 2019.

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.

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 2020.

	Profit or loss	
	10% increase US$'000	10% decrease US$'000
2020		
Oil physical and paper derivative instruments	(5,815)	5,815
2019		
Oil physical and paper derivative instruments	(5,083)	5,083

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$7,491,000 (2019: US$1,378,000). 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.

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL RISK MANAGEMENT (continued)

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.

Financial asset at FVTOCI

The fair value of the financial asset was determined based on the income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the investee.

Revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries ranging from 0.2% to 0.4% per annum. A slight increase in the revenue growth rate used in isolation would result in a significant increase in the fair value.

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.

28 RELATED PARTIES

Key management personnel compensation

Key management personnel compensation comprises:

	Group	
	2020 US$'000	2019 US$'000
Directors' fees	262	232
Directors' remuneration	262	239
Key executive officers' remuneration	1,278	1,130
	1,802	1,601

The key management personnel compensation for the financial years ended 31 December 2020 and 2019 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 SFRS(I) 1-24 *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 SFRS(I) 1-24.

NOTES TO THE FINANCIAL STATEMENTS

28 RELATED PARTIES (continued)

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 2020, the Group's sales and purchases of oil commodities with government-related entities account for approximately 36% (2019: 29%) of the Group's total sales and 37% (2019: 37%) of the Group's total purchases. During the year, approximately 31% (2019: 10%) of the Group's banking fees and 23% (2019: 3%) of the Group's operating expenses were transacted with government-related entities.

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

	Group	
	2020 US$'000	2019 US$'000
Related corporation of a corporate shareholder:		
Sale of fuel oil	28,848	–
Sale of jet fuel	8,012	39,843
Sale of gas oil	363,064	398,710
Purchase of jet fuel	(145,120)	(154,699)
Purchase of gas oil	–	(159,295)
Purchase of crude oil	–	(20,958)
Purchase of fuel oil	(369,529)	(239,317)
Related parties under CNAF:		
Related corporations		
Sale of jet fuel	1,003,049	3,819,694
Purchase of jet fuel	(261,826)	(2,368,140)
Interest income	3,786	6,847
Associate		
Sale of jet fuel	720,730	2,362,929
Purchase of jet fuel	(26,538)	(62,281)
Other related party:		
Associate		
Storage tank rental expense	(11,280)	(10,343)

NOTES TO THE FINANCIAL STATEMENTS

29 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:

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of the Group's and the Company's trade receivables and contract assets are disclosed in Notes 12 and 17 to the financial statements respectively.

Impairment assessment 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.

The carrying amounts of the Group's and the Company's investment in associates are disclosed in Note 8 to the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

29 ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (continued)

Fair value of derivative financial instruments and open physical contracts

The Company holds derivative financial instruments and open physical contracts to hedge the changes in oil commodity prices. The Company has not applied hedge accounting to derivative financial instruments and open physical contracts that economically hedge the exposure of the changes in oil commodity prices. All outstanding derivative financial instruments and open physical contracts are recognised initially at fair value. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of profit or loss as revenue.

The fair value of the derivative financial instruments and open physical contracts are based on the price index, Platts, after adjusting for contract specific factors. The use of a different price index may impact the Company's estimate of the fair value of its derivative financial instruments and open physical contracts.

The carrying amounts of the Group's and the Company's derivative financial instruments and open physical contracts are disclosed in Notes 12 and 16 to the financial statements.

Critical judgement made in applying accounting policies

The management is of the opinion that there are no instances of application of judgements which are expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimates described above.

SUPPLEMENTARY INFORMATION

INTERESTED PERSON TRANSACTIONS

	Nature of Relationship	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	
		2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Sales revenue from related corporations	Associates of Controlling Shareholder, China National Aviation Fuel Group Limited	–	–	1,049,826	3,806,275
Purchases from related corporations		–	–	407,839	2,345,411
Services rendered from related corporation		191	226	–	–
Supply chain services rendered from related corporation		–	–	8,627	12,194
Transportation revenue earned by associate from related corporations*		–	–	3,579	9,152
Principal deposited with related corporations		–	–	626,883	364,286
Interest income earned from principal deposited with related corporations		–	–	1,224	4,199
Loan granted to associate		1,219	–	–	–
Purchases from associate		–	–	45	76
Sales revenue from related corporation of a corporate shareholder	Associates of Controlling Shareholder, BP Investments Asia Limited	–	–	407,674	527,843
Purchases from related corporation of a corporate shareholder		–	–	665,276	727,496
Services rendered from related corporation of a corporate shareholder		–	–	237	241
Supply chain services rendered from related corporation of a corporate shareholder		–	–	1,733	730

* Based on the shareholders' approval obtained at the Annual General Meeting of the Company held on 18 April 2017 for the jet fuel transportation services framework agreement entered into between China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL") and China National Aviation Fuel Corporation Ltd ("CNAFCL") relating to the provision of pipeline transportation services by TSN-PEKCL to CNAFCL

STATISTICS OF SHAREHOLDINGS

As at 8 March 2021

Number of Issued Shares	:	866,183,628
Number of Issued Shares (excluding Treasury Shares)	:	860,183,628 ordinary shares
Number/Percentage of Treasury Shares	:	6,000,000 (0.69%)
Number/Percentage of Subsidiary Holdings +	:	0 (0%)
Class of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares and Subsidiary Holdings)	:	1 vote per share

Based on information available to the Company as at 8 March 2021, 28.52% (1) of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual of SGX-ST is complied with.

Note: + Subsidiary Holdings is defined in the Listing Manual of SGX-ST to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.
(1) Percentage is calculated based 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	635	4.92	31,638	0.00
100 – 1,000	1,963	15.22	1,163,343	0.13
1,001 – 10,000	6,960	53.95	30,845,271	3.59
10,001 – 1,000,000	3,322	25.75	121,628,206	14.14
1,000,001 and above	20	0.16	706,515,170	82.14
Total	**12,900**	**100.00**	**860,183,628**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	China National Aviation Fuel Group Limited	441,332,912	51.31
2	BP Investments Asia Limited	173,476,942	20.17
3	DBS Nominees (Private) Limited	26,079,682	3.03
4	Citibank Nominees Singapore Pte Ltd	20,910,117	2.43
5	DBSN Services Pte. Ltd.	6,035,911	0.70
6	United Overseas Bank Nominees (Private) Limited	4,462,390	0.52
7	Raffles Nominees (Pte.) Limited	4,429,511	0.51
8	Morgan Stanley Asia (Singapore) Securities Pte Ltd	4,194,200	0.49
9	Heng Siew Eng	3,336,100	0.39
10	Lee Fook Choy	3,200,000	0.37
11	HSBC (Singapore) Nominees Pte Ltd	3,060,060	0.36
12	Phillip Securities Pte Ltd	2,488,417	0.29
13	OCBC Nominees Singapore Private Limited	2,344,725	0.27
14	OCBC Securities Private Limited	2,326,249	0.27
15	UOB Kay Hian Private Limited	2,212,096	0.26
16	Jack Investment Pte Ltd	2,005,100	0.23
17	Kang Hian Soon or Keh Siu Kim	1,265,000	0.15
18	Maybank Kim Eng Securities Pte. Ltd.	1,151,267	0.13
19	Lam Yew Chong	1,113,800	0.13
20	CGS-CIMB Securities (Singapore) Pte. Ltd.	1,090,691	0.13
	Total	**706,515,170**	**82.14**

SUBSTANTIAL ORDINARY SHAREHOLDERS

(As shown in the Register of Substantial Shareholders as at 8 March 2021)

		No. of Shares		
No.	Name	Direct Interest	Indirect Interest	%
1	China National Aviation Fuel Group Limited	441,332,912	–	51.31
2	BP Investments Asia Limited	173,476,942	–	20.17

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As of 31 March 2021

Name of Director	Gong Feng	Wang Yanjun
Date of appointment	9 December 2020	5 February 2018
Date of last re-appointment (if applicable)	N.A.	25 April 2018
Age	56	58
Country of principal residence	China	Singapore
The Board's comments on this re-election/ appointment	After reviewing the recommendation of the Nominating Committee and Mr Gong's qualifications and experience (as set out below), the Board has approved that Mr Gong stands for re-election as a Non-Executive, Non-Independent Director. Mr Gong will, upon re-election, continue to serve as Chairman of the Board.	After reviewing the recommendation of the Nominating Committee and Mr Wang's qualifications and experience (as set out below), the Board has approved that Mr Wang stands for re-election as an Executive, Non-Independent Director. Mr Wang will, upon re-election, continue to serve as Chief Executive Officer/Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive As Chief Executive Officer/Executive Director of the Company, Mr Wang is responsible for the effective management and smooth running of the Group's business activities.
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive, Non-Independent Chairman of the Board	Chief Executive Officer/Executive Director
Professional qualifications	Master of Business Administration, National University of Singapore Qualified Senior Engineer (Professor level), China	Doctor of Business Administration, Huazhong University of Science and Technology, China Qualified Senior Engineer, China
Working experience and occupation(s) during the past 10 years	October 2001 to Present: Deputy General Manager China National Aviation Fuel Group Limited (formerly known as China National Aviation Fuel Group Corporation/ China Aviation Oil Holding Company/ China Aviation Oil Supply Corporation)	February 2018 to Present: Chief Executive Officer/Executive Director September 2017 to February 2018: Vice President May 2017 to Present: Chairman/Director and President of China Aviation Oil (Hong Kong) Company Limited October 2016 to December 2017: Chairman of China National Aviation Fuel South China Bluesky Corporation Ltd December 2007 to October 2016: Chairman/Director & General Manager of Shenzhen Cheng Yuan Aviation Oil Company Limited
Shareholding interest in the listed issuer and its subsidiaries	No	No

Zhang Yuchen	Conrad F.J. Clifford	Bella Young Pit Lai
1 November 2020	19 February 2021	22 April 2015
N.A.	N.A.	25 April 2018
47	62	56
China	Singapore	Hong Kong
After reviewing the recommendation of the Nominating Committee and Mr Zhang's qualifications and experience (as set out below), the Board has approved that Mr Zhang stands for re-election as a Non-Executive, Non-Independent Director. Mr Zhang will, upon re-election, continue to serve as Vice Chairman of the Nominating Committee and the Remuneration Committee.	After reviewing the recommendation of the Nominating Committee and Mr Clifford's qualifications and experience (as set out below), the Board has approved that Mr Clifford stands for re-election as a Non-Executive, Independent Director. Mr Clifford will, upon re-election, continue to serve as Chairman of the Remuneration Committee and a member of the Risk Management Committee and the Nominating Committee.	After reviewing the recommendation of the Nominating Committee and Ms Young's qualifications and experience (as set out below), the Board has approved that Ms Young stands for re-election as a Non-Executive, Non-Independent Director. Ms Young will, upon re-election, continue to serve as a member of the Audit Committee, the Risk Management Committee, the Nominating Committee and the Remuneration Committee.
Non-Executive	Non-Executive	Non-Executive
Vice Chairman of Nominating Committee Vice Chairman of Remuneration Committee	Chairman of the Remuneration Committee Member of the Risk Management Committee Member of the Nominating Committee	Member of the Audit Committee Member of the Risk Management Committee Member of the Nominating Committee Member of the Remuneration Committee
Bachelor of Engineering Qualified Engineer	Master of Business Administration, Durham University Business School Master of Arts (Honours) Oriental Studies, Corpus Christi College, Cambridge University, England	Bachelor of Science, Engineering, University of Hong Kong, Hong Kong Master of Business Administration, Oklahoma City University, USA
July 2018 to Present: General Manager of Procurement Management Department China National Aviation Fuel Group Limited April 2015 to July 2018: General Manager of South China Bluesky Corporation Ltd, Hubei branch January 2013 to April 2015: Deputy General Manager of South China Bluesky Corporation Ltd, Hubei branch August 2009 to January 2013: Manager of Safety Monitoring Technology Development Department South China Bluesky Corporation Ltd	2014 to Present: Regional Vice President, Asia Pacific International Air Transport Association (Singapore) 2012 to 2013: Interim/Acting Managing Director Antrak Air Ghana (Accra, Ghana) 2010 to 2012: Group Chief Executive Officer Monarch Travel Group (Luton, UK)	February 2020 to Present: General Manager, BP Xiaoju New Energy (Shenzhen) Co., Ltd. November 2008 to January 2020: General Manager, Air BP Asia
No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As of 31 March 2021

Name of Director	Gong Feng	Wang Yanjun	
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes. Mr Gong is a nominee Director of China National Aviation Fuel Group Limited, a substantial shareholder of the Company.	Yes. Mr Wang is a nominee Director of China National Aviation Fuel Group Limited, a substantial shareholder of the Company.	
Conflict of interest (including any competing business)	No	No	
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7))	Yes	Yes	
Other Principal Commitments* including Directorships# * "Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018			
Past (for the last 5 years)	Nil	• Chairman/Director & General Manager of Shenzhen Cheng Yuan Aviation Oil Company Limited • Chairman of China National Aviation Fuel South China Bluesky Corporation Ltd	
Present	• Deputy General Manager of China National Aviation Fuel Group Limited	• Chief Executive Officer/Executive Director of the Company • Chairman/President of China Aviation Oil (Hong Kong) Company Limited • Chairman of CNAF Hong Kong Refuelling Limited • Chairman of North American Fuel Corporation • Deputy Chairman of Shanghai Pudong International Airport Aviation Fuel Supply Corporation Ltd • Director of Oilhub Korea Yeosu Co. Ltd	

	Zhang Yuchen	Conrad F.J. Clifford	Bella Young Pit Lai
	Yes. Mr Zhang is a nominee Director of China National Aviation Fuel Group Limited, a substantial shareholder of the Company.	No	Yes. Ms Young is a nominee Director of BP Investments Asia Limited, a substantial shareholder of the Company.
	No	No	No
	Yes	Yes	Yes
	• General Manager of South China Bluesky Corporation Ltd, Hubei branch	Nil	• Director of J & A Petrochemical Sdn. Bhd. • Director of Shine Top International Investment Limited (Dissolved)
	• General Manager of Procurement Management Department, China National Aviation Fuel Group Limited	• Regional Vice President, Asia Pacific International Air Transport Association (Singapore)	• General Manager of BP Xiaoju New Energy (Shenzhen) Co., Ltd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As of 31 March 2021

Name of Director	Gong Feng	Wang Yanjun	
Information required Disclose the following matters concerning an appointment of director			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	
(c) Whether there is any unsatisfied judgement against him?	No	No	
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	

	Zhang Yuchen	Conrad F.J. Clifford	Bella Young Pit Lai
	No	No	No
	No	No	No
	No	No	No
	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As of 31 March 2021

Name of Director	Gong Feng	Wang Yanjun	
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misinterpretation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	

	Zhang Yuchen	Conrad F.J. Clifford	Bella Young Pit Lai
	No	No	No
	No	No	No
	No	No	No
	No	No	No
	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As of 31 March 2021

Name of Director	Gong Feng	Wang Yanjun
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

	Zhang Yuchen	Conrad F.J. Clifford	Bella Young Pit Lai
	No No No No	No No No No	No No No No
	No	No	No

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China Aviation Oil (Singapore) Corporation Ltd
中国航油（新加坡）股份有限公司

A subsidiary of China National Aviation Fuel Group Limited
中国航空油料集团有限公司子公司

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

Company Registration No.199303293Z