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

HARNESSING STRENGTHS, PROPELLING GROWTH

凝心聚力，稳中求进

2019年年度报告 Annual Report 2019

Fuel for Future 为明天加油

HARNESSING STRENGTHS, PROPELLING GROWTH

凝心聚力，稳中求进

In 2019, the Group focused on harnessing its inherent strengths in its core global jet fuel supply and trading business to assert its niche positioning as the largest physical jet fuel trader in the Asia Pacific region as well as an important supplier of imported jet fuel to the civil aviation industry of the People's Republic of China ("PRC"). The Group's two-pronged strategy to drive growth of its jet fuel and other oil products businesses across Asia, North America and Europe has led to its multi-dimensional transformation into an integrated international enterprise, allowing CAO to harness its competitive strengths and deliver financial performance even as it continues to drive sustainable growth.

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Financial Highlights
业绩亮点

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

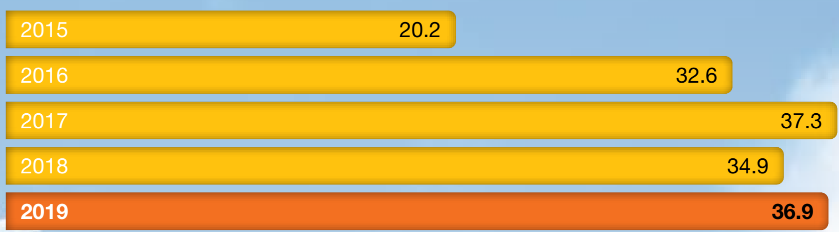
Revenue
US$**20.3** billion
营业额
20.3 十亿美元

Net Profit
US$**99.8** million
净利润
99.8 百万美元

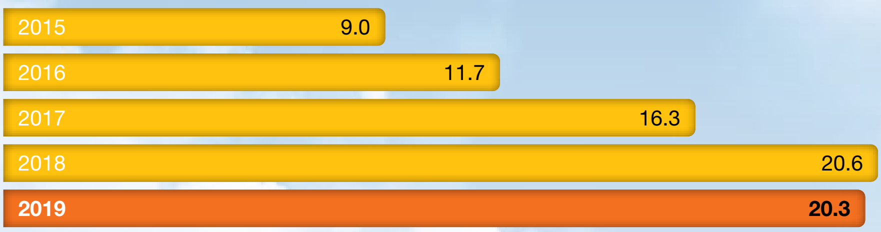
Return on Equity
12.5%
净资产回报率
12.5%

Return on Assets
6.1%
资产回报率
6.1%

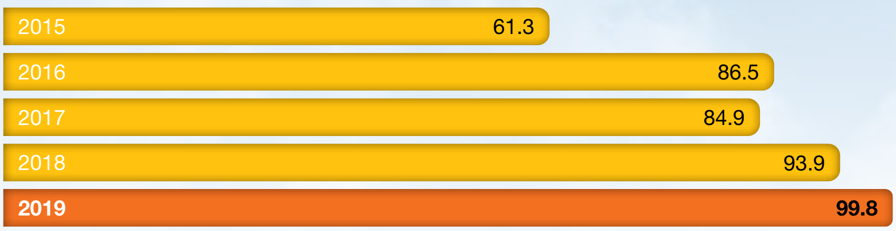
Net Asset Value/Share
US**97.07**¢
每股净资产值
97.07 美分



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, 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. Key investments include 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"), covering 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.

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

Trading of Other Oil Products

CAO has a diversified oil products portfolio which includes fuel oil, gasoil 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 trader 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 create value and deliver long-term sustainable growth 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") – (14.29% equity stake)

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

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"）向航空公司供应航油，包括亚太、北美、欧洲和中东。公司也开展航油和其它油品的国际贸易。

公司主要投资项目

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。主要投资项目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"），资产遍布多个业务板块，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

航油供应与贸易

作为亚太地区最大的航油实货贸易商和中国最重要的航油进口商，CAO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、欧洲和中东约20个国家的40多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、柴油和原油业务，由此来扩大收入来源。CAO凭借拓展的全球业务，已在亚太地区成为这些油品的活跃贸易商，也会继续打造和优化其它油品的结构性优势。

油品相关实业投资

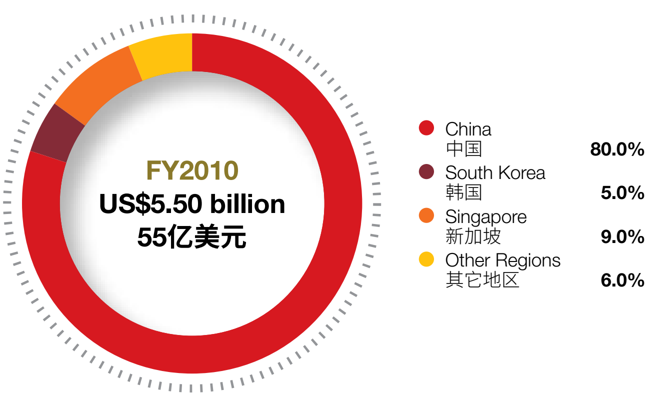
CAO通过投资收购与核心业务具有协同性的相关实业资产，纵向整合公司价值链，积极创造价值，实现可持续增长。CAO的现有投资包括：

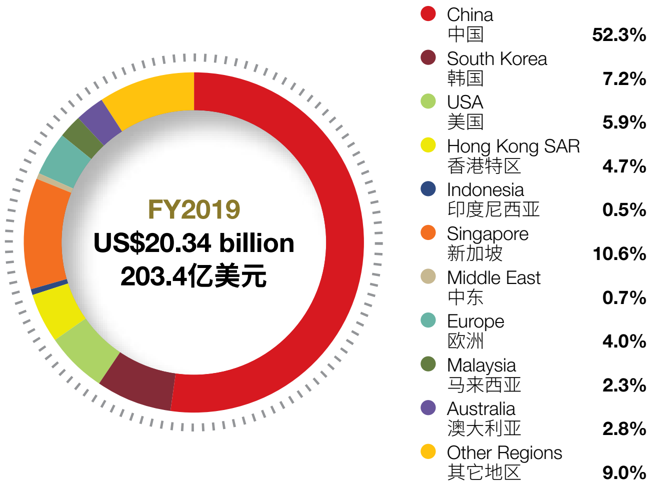
- 上海浦东国际机场航空油料有限责任公司（简称"浦东航油"）——（CAO持股33%）
- 中国航油集团津京管道运输有限责任公司（简称"管输公司"）——（CAO持股49%）
- 中国航油集团新源石化有限公司（简称"新源公司"）——（CAO持股39%）
- 韩国丽水枢纽油库有限公司（简称"OKYC"）——（CAO持股26%）
- 中国航油香港供油有限公司（简称"香港供油公司"）——（香港公司持股39%，控股）
- 阿姆斯特丹机场航油供应公司（简称"AFS"）——（欧洲公司持股14.29%）

International Reach
国际触角

DIVERSIFIED GEOGRAPHIC BASE
地理多元化

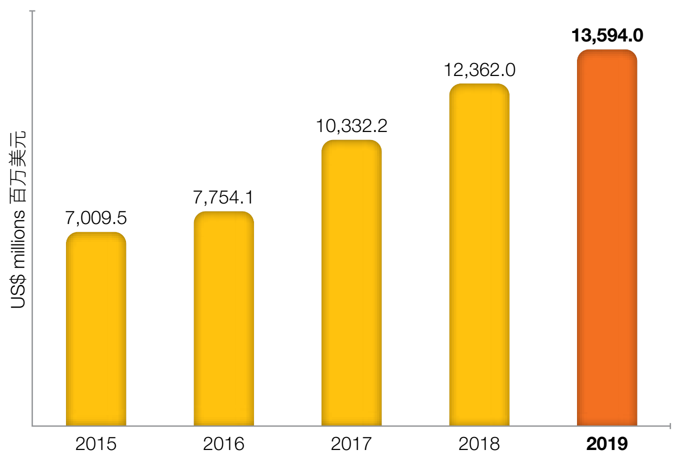
Group Revenue by Geographical Locations
总销售收入(按地区划分)



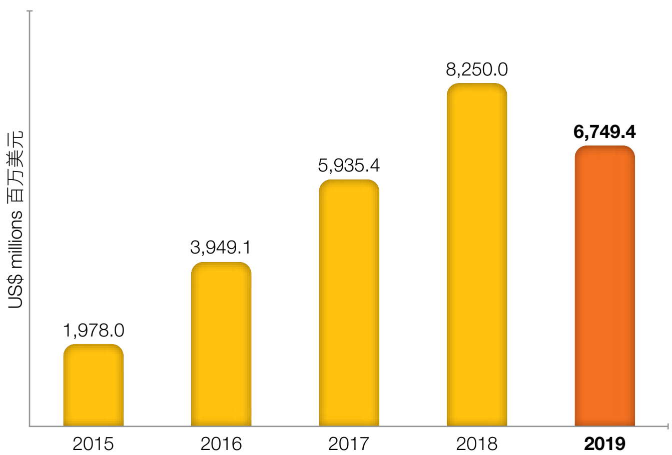


DIVERSIFIED PRODUCT BASE
产品多元化

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。

International Oil Markets
国际油品市场

PROCUREMENT
采购

OPTIMISATION & TRADING
优化与贸易

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

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

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

Cargo Supply
供给货物

End Customers
终端客户

Aviation Marketing
航油销售

Airlines
航空公司

Bunkering
船用燃料油

Ship Owners
船东

Marketing
市场营销

Other Transportation Fuels
其它运输燃料

End Users
终端用户

Create Demand
创造需求

Pipelines
管线

TSN-PEKCL
管输公司

Airport Refuelling Facilities
机场加注设施

SPIA
浦东航油

CNAF HKR
香港供油公司

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

Fiit

Fairness 公平
Integrity 诚信
Innovation 创新
Transparency 透明

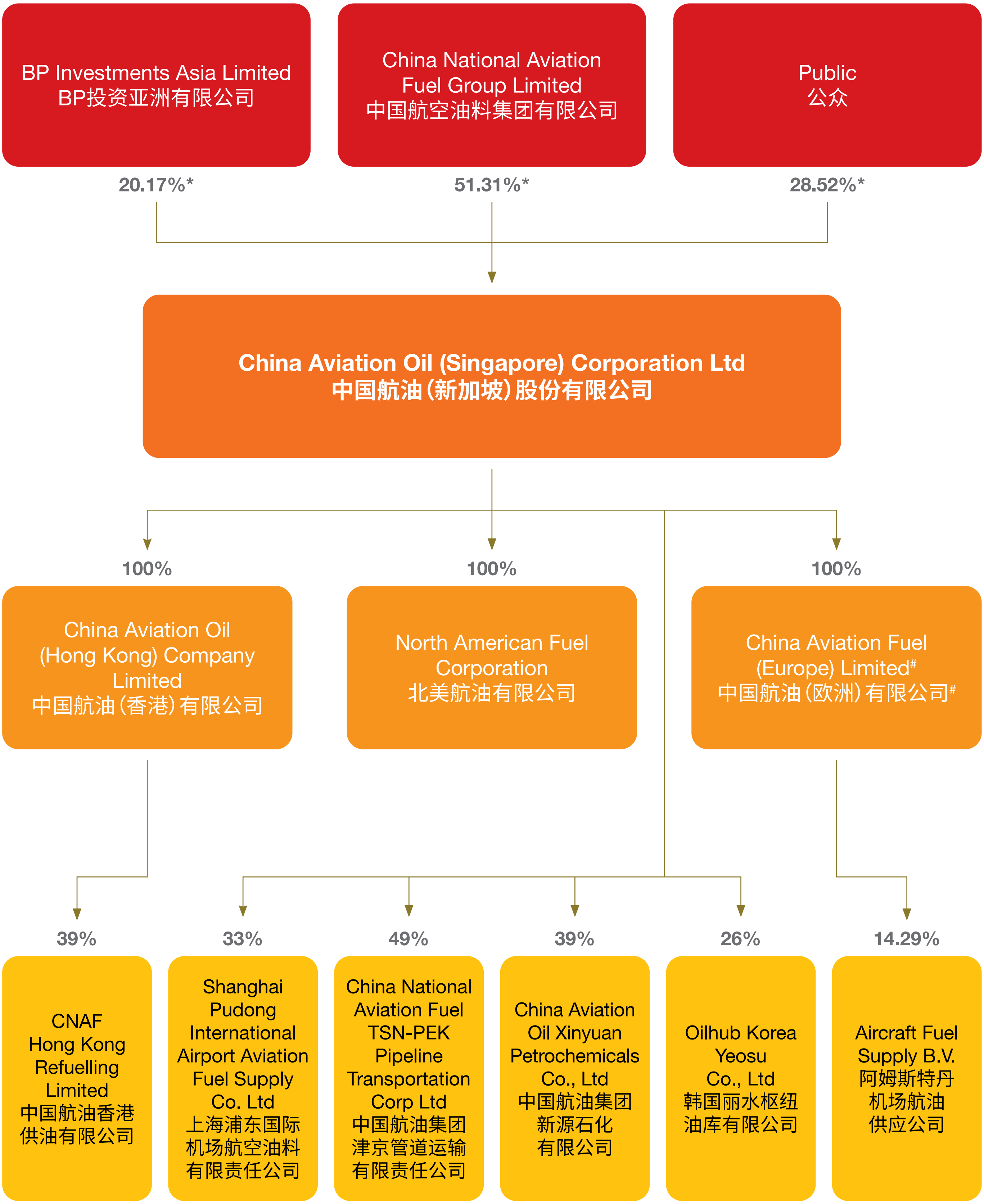
CORPORATE VALUES

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

核心价值观

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

Group Structure (as at April 2020)
公司结构图（截至2020年4月）



* Excluding treasury shares 不包括库存股
\# Formerly known as Navires Aviation Limited 前身为英国注册公司——Navires Aviation Limited

ENERGISING OUR CORE BUSINESS

Against a constantly changing global economic landscape, we have realigned to give new impetus to our core global jet fuel supply and trading business by refocusing on our niche positioning, expertise and marketing to improve our competitiveness to drive growth.

Chairman's Statement
董事长致辞

Dear Shareholders,

In 2019, under the guidance of the Board of Directors ("the Board"), China Aviation Oil (Singapore) Corporation Ltd ("CAO" or "the Group") continued its strategic transformation into a stronger enterprise and worked towards consolidating the Group's inherent strengths to drive sustainable growth for the long haul. In the aftermath of several organisational restructuring moves made in the year, the Group is well on track to realise its objectives to strengthen its international platform through internal controls and risk management capabilities to support the continued growth of the Group.

2019 was a year characterised by pessimistic sentiments, expectations of slower global growth across the board in both advanced and emerging economies, turbulence in the macroeconomic environment and anti-globalisation sentiments in developed economies due in part to the US-China trade conflict. The past year was not a good year for oil markets for despite production caps across the Organisation of the Petroleum Exporting Countries ("OPEC"), benchmark prices have stubbornly stayed range-bound and low.

On the brighter side, 2019 was also a year where the Group further entrenched its global positioning through its subsidiaries in Hong Kong, North America and Europe, fostering innovation and collaboration, as well as harnessing synergies across the Group's businesses internationally. Today, CAO conducts diversified businesses across the three continents of Asia, America and Europe and is ready to respond to challenges and face any headwinds headlong. As we harness the inherent strengths the Group possess, CAO continues to seek opportunities for growth through meeting the growing demand for jet fuel across the globe even as we seek the best possible returns in our businesses notwithstanding any turnaround in the global economies.

RESILIENT PERFORMANCE

Financial Performance

For the 12 months ended 31 December 2019 ("FY2019"), revenue decreased 1.30% to US$20.34 billion from the 12 months ended 31 December 2018 ("FY2018") due primarily to the decrease in oil prices with prices of jet fuel averaging US$77.30 per barrel in FY2019 compared to US$85.04 per barrel the year before. FY2019 revenue from middle distillates increased 9.97% from US$12.36 billion in the corresponding period a year ago to US$13.59 billion; revenue from other oil products decreased 18.19% to US$6.75 billion.

Total supply and trading volume for FY2019 increased 5.97% to 36.93 million tonnes, fuelled by strong growth in trading activities and higher demand for imported jet fuel from the People's Republic of China ("PRC"). Supply and trading volume for middle distillates rose 22.17% to 22.26 million tonnes, of which jet fuel supply and trading volume increased 14.10% to 16.27 million tonnes whilst trading volume for gasoil jumped 51.26% to 5.99 million tonnes. Supply and trading volumes for other oil products decreased 11.79% to 14.67 million tonnes, attributable mainly to lower trading volume for fuel oil.

Profit contribution from CAO's associated companies was US$65.53 million for FY2019 with the Group's key associate, Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA") contributing US$58.83 million for FY2019, a decline of 9.78% year-on-year, impacted by lower revenue and currency headwinds. The Group's gross profit increased 16.93% to US$58.46 million in FY2019, on the back of higher jet fuel supply volume and higher gains derived from trading and optimisation activities. CAO closed FY2019 with a record net profit of US$99.83 million for the full year ended 31 December 2019, an increase of 6.36% over FY2018.

Dividends

The Board has proposed a one-tier, tax-exempt first and final dividend of S$0.047 per ordinary share for approval by shareholders at the forthcoming annual general meeting. The Group's earnings per share improved to 11.61 US cents for FY2019 compared to 10.91 US cents in FY2018.

Accolades

In 2019, perhaps a true validation of the corporate progress CAO has made over the years, CAO bagged its first risk management award, clinching Gold for "Best Risk Management" at the Singapore Corporate Awards 2019. This high honour places the Group at the forefront of risk management amongst the largest listed companies in Singapore and followed numerous corporate governance, investor relations and transparency awards it had garnered over the years. Collectively, these awards affirmed the Group's steady progress in corporate governance and unwavering commitment to robust risk management as well as proactive shareholder communications; validating the Group's efforts put into harnessing its strengths to propel the growth of the Group for shareholder value creation.

Dr Xi Zhengping
Chairman

奚正平博士
董事长

Chairman's Statement
董事长致辞

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

HARNESSING STRENGTHS, PROPELLING GROWTH

As the single largest physical trader of jet fuel in the Asia Pacific, CAO supplies jet fuel to some 47 international airports outside mainland China and at the same time, continues to fulfill its role as a critical licensed importer of jet fuel to support the burgeoning Chinese civil aviation industry. With the continued shoring up of the Group's governance, financial management and risk management in support of the Group's overarching mission to create value for its shareholders, the Group's corporate standing has continued to rise internationally with an integrated value chain which today spans across the Asia Pacific, North America and Europe.

CAO has a distinct blend of competencies to propel growth going forward. In 2019, management focused on extracting these strengths for the betterment of the Group toward its sustainable development. Continued improvements and reforms were made in the area of internal management and administration for better internal controls, risk management as well as corporate governance. Collectively, these measures have seen the Group better equipped and well-armed to mitigate crises whether economic or social, particularly in recent months with the prevalence of the novel coronavirus ("COVID-19") pandemic which has severe repercussions on the global aviation as well as oil and gas sectors. Thus, the strengthening of internal management and risk controls is of utmost importance.

Boding well for the CAO Group are enormous growth opportunities which continue to exist in the global aviation sector as the Group continues to seize strategic opportunities in the international arena. CAO's deeply entrenched Chinese State-Owned Enterprise parentage brings along growth opportunities as a result of China's "One Belt, One Road" development strategy for already, out of the 47 international airports outside mainland China that the Group supplies to today, 16 international airports are identified One Belt, One Road locales. Importantly, it is heartening to see the Group progressively strengthening its competitive advantage as an international and integrated enterprise globally where these opportunities abound. CAO upholds sustainability as a key pillar of our corporate strategy and operations, so as to create enduring value for all our stakeholders. Our commitment to sustainability extends to the communities where we operate, and the environment.

ACKNOWLEDGEMENTS AND APPRECIATION

I would like to thank all CAO Directors for their valuable guidance and commitment to steer CAO through these challenging times. On behalf of the Board, I wish to express my appreciation to the government agencies in China and Singapore for their counsel and guidance. I am grateful to our shareholders, business partners, investors and other stakeholders for their unflagging belief in and support for CAO. My heartfelt thanks to CAO management team and employees around the world, for their commitment, dedication and hard work in the face of daunting challenges. With the firm support of CNAF, together with the support and confidence of all our stakeholders, I am convinced that CAO will emerge stronger in the years ahead, as we have done before.

Dr Xi Zhengping
Chairman

Chairman's Statement
董事长致辞

各位股东：

2019年，CAO在董事会的领导下，公司管理层致力于巩固现有优势，在持续推动长期可持续增长的基础上推进战略转型，力争做优做强。这一年，公司通过多项管理举措，继续强化其国际平台的作用；通过组织架构调整，积极落实各项增长目标；通过加强内部控制和风险管理，以确保公司的可持续发展。

2019年，市场受负面情绪笼罩，全球发达市场和新兴市场的经济增长预计全面放缓；而受中美贸易摩擦和宏观经济环境持续动荡的影响，发达市场也出现反全球化情绪。尽管石油输出国组织已对同盟国产量进行限制，但这一年来油价一直在低位徘徊，可以说2019年对油品市场是尤为艰难的一年。

令人感到欣慰的是，2019年，公司通过在香港、北美和欧洲的子公司协同创新，进一步巩固了其全球地位，并充分发挥了公司业务的国际协同效应。如今，CAO在亚洲、美洲和欧洲三大洲稳定开展各项多元化业务，为随时应对艰难挑战做了充足准备。公司充分发挥固有优势，通过满足全球对航油日益增长的需求继续发掘增长机遇，在不确定的经济环境中力求最佳的业务回报。

业绩具韧性

财务业绩

截至2019年12月31日的12个月（"2019财年"），公司收入为203.4亿美元，比截至2018年12月31日的12个月（"2018财年"）下降1.30%，主要是因为油价下跌，2019财年的航油价格从上年的平均85.04美元/每桶下跌至77.30美元/每桶。2019财年中馏分收入比上年同期的123.6亿美元增加9.97%至135.9亿美元；其它油品收入下降18.19%至67.5亿美元。

2019财年，供应与贸易总量增加5.97%至3,693万吨，主要得益于贸易活动的强劲增长和中国进口航油需求的增加。中馏分供应与贸易量增加22.17%至2,226万吨，其中，航油供应与贸易量增加14.10%至1,627万吨，而柴油贸易量大涨51.26%至599万吨。其它油品的供应与贸易量下降11.79%至1,467万吨，主要因为燃料油贸易量下降。

2019财年，联营公司利润贡献为6,553万美元，因为收入减少和汇率变化，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2019财年的利润贡献同比下降9.78%至5,883万美元。2019财年，公司毛利增长16.93%至5,846万美元，主要是由于航油供应和贸易优化活动的盈利有所增加。CAO在2019年的净利润创9,983万美元的新高，较2018财年增加6.36%。

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0.047新元的年终免税股息。2019财年的每股净收益为11.61美分，较上年同期的10.91美分有所上升。

进步与殊荣

在2019年新加坡企业大奖评选中，CAO首次荣获"最佳风险管理"金奖，这一殊荣是对公司多年来所不断进步的充分肯定，使CAO成为新加坡各大上市公司中在风险管理方面的表率，是继公司多年来获得的公司治理、投资者关系和透明度等各种奖项之外的另一项重要表彰。同时，这些奖项也是对CAO稳步推进公司治理，狠抓风险管理，并积极与股东沟通的肯定，也是对公司长期专注实现股东价值最大化的不懈努力的认可。

凝心聚力、稳中求进

作为亚太地区最大的航油实货贸易商，CAO为中国大陆以外的47个国际机场供应航油，同时作为中国民用航空业的最重要航油进口供应商，公司将继续支持中国民航业的蓬勃发展。通过不断加强公司治理、财务管理和风险管理，不仅致力于为股东创造价值，公司的国际地位不断提升，其一体化价值链如今已经跨越亚太、北美和欧洲。

2019年，公司稳中求进，专注于发挥自身优势，以不断夯实公司可持续发展的基础；通过进一步提升内部管理和业务支持水平，强化内部控制、风险管理和公司治理。当前航空业、石油业都受到新型冠状病毒疫情带来的巨大冲击，强化公司内部管理和风险控制更显得尤为重要，上述措施将利于公司更好地整装待发，减轻经济或社会风险带来的影响。

全球航空业依然存在巨大增长机遇，有利于CAO在国际舞台上把握机会实现新的战略突破。CAO作为背靠中国市场的国有控股上市企业，中国的"一带一路"发展战略已经为公司带来了更大的成长空间。公司目前为中国大陆以外的47个国际机场供油，其中"一带一路"沿线国家机场达到16个。我们欣喜地看到，CAO作为一家国际化的公司，在充满机遇的全球市场中，一体化协同竞争优势更加凸显。同时，作为公司战略和运营的重要支柱，公司将把可持续发展的承诺延伸到运营所在的社区和环境，为所有股东和社会创造可持续价值。

致意与感谢

在此，我要衷心感谢CAO全体董事的宝贵指导和承诺，带领公司面对这段充满挑战的时期。我代表董事会，感谢中新两国政府机构的支持和指导！感谢所有股东、商业伙伴、投资者和其他相关方对CAO坚定不渝的信心和支持！我也由衷地感谢CAO的管理层、CAO全球所有员工在面临艰巨挑战时的辛勤付出和贡献。在集团公司的大力支持下，在所有相关方的支持和信任下，我坚信CAO将一如既往锐意进取、不断强大！

奚正平博士
董事长

Board of Directors
董事会

From left to right: Eugene Leong Jhi Ghin, Feng Hai, Hee Theng Fong, Wang Yanjun, Xi Zhengping, Teo Ser Luck, Li Runsheng, Li Yongji, Bella Young Pit Lai
从左至右： 梁子建，冯 海，许廷芳，王延军，奚正平，张思乐，李润生，李永吉，楊必麗

Board of Directors
董事会

Xi Zhengping, 53
Non-Executive,
Non-Independent Chairman

Date of first appointment as a director:
6 February 2017

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

Length of service as director:
2 year 10 months
(as at 31 December 2019)

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

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

Present Directorships:
(as at 31 December 2019)

Listed Companies:
Nil

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

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

Past Directorships held over the preceding 3 years (from 1 January 2017 to 31 December 2019):
Nil

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

奚正平，53岁
非执行、非独立董事长

首次当选董事日期：
2017年2月6日

上次董事重选日期：
2017年4月18日

供职董事年限：
2年零10个月
（截至2019年12月31日）

供职董事委员会：
无

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

现任董事席位：
（截至2019年12月31日）

上市公司：
无

其他主要董事席位：
- 中国航空油料集团有限公司（董事）

主要任职（除董事职位外）：
- 中国航空油料集团有限公司总经理

过去三年曾任董事席位（2017年1月1日至2019年12月31日）：
无

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

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

Board of Directors
董事会

Teo Ser Luck, 51
Lead Independent Director

Date of first appointment as a director:
24 April 2019

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

Length of service as director:
8 months
(as at 31 December 2019)

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

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

Present Directorships:
(as at 31 December 2019)

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

Other Principal Directorships:
- F4U Pte Ltd (Director)
- Vicduo Tech Pte Ltd (Director)
- Nufin Data Pte Ltd (Director)
- Nufund Pte Ltd (Director)
- Helicap Pte Ltd (Director)
- 2YSL Pte Ltd (Director)

Major Appointments (other than directorships):
- Member of Parliament, Singapore Parliament
- Adviser of Institute of Chartered Accountants of Singapore (ISCA)
- Adviser of Singapore Fintech Association

Past Directorships held over the preceding 3 years (from 1 January 2017 to 31 December 2019):
Nil

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

张思乐，51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：
不适用

供职董事年限：
8个月
（截至2019年12月31日）

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

学术和专业资历：
- 新加坡南洋理工大学，会计学位

现任董事席位：
（截至2019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）
- 联合工程有限公司（首席独立董事）
- 星雅集团（独立董事）
- 仁恒置地集团有限公司（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）
- Nufin Data私人有限公司（董事）
- Nufund私人有限公司（董事）
- Helicap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）：
- 新加坡国会议员
- 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（2017年1月1日至2019年12月31日）：
无

其他：
- 前贸工部政务部长
- 前交通部高级政务次长以及社会发展、青年及体育部政务次长
- 前人力部政务部长
- 前东北区市长

Board of Directors
董事会

Wang Yanjun, 57
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:
1 year 10 months
(as at 31 December 2019)

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 2019)

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 (Deputy Chairman)
- 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 2017 to 31 December 2019):
- China National Aviation Fuel Southern Property Co., Ltd.
- China National Aviation Fuel South China Bluesky Corporation Ltd

Others:
- Former General Manager of Shenzhen Cheng Yuan Aviation Oil Company Limited

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王延军，57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：
1年零10个月
（截至2019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2019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（副董事长）
- 上海浦东国际机场航空油料有限责任公司（副董事长）

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（2017年1月1日至2019年12月31日）：
- 中国航油南方置业有限公司
- 华南蓝天航空油料有限公司

其他：
- 前深圳承远航空油料有限公司总经理

Board of Directors
董事会

Li Yongji, 51
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:
1 year 10 months
(as at 31 December 2019)

Board Committee(s) served on:
Audit Committee (Vice Chairman)
Remuneration 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 2019)

Listed companies:
Nil

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

Major Appointments (other than directorships):
- Deputy Chief Accountant of China National Aviation Fuel Group Limited
- President & Chief Financial Officer of China National Aviation Fuel Corporation Ltd

Past Directorships held over the preceding 3 years (from 1 January 2017 to 31 December 2019):
- 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.
- Director of China National Aviation Fuel Finance Co., Ltd
- Chairman of Shenzhen Cheng Yuan Aviation Oil Company Limited

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

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李永吉，51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：
1年零10个月
（截至2019年12月31日）

供职董事委员会：
审计委员会（副主席）
薪酬委员会（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2019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副总会计师
- 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（2017年1月1日至2019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）
- 中国航油集团财务有限公司（董事）
- 深圳承远航空油料有限公司（董事长）

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

Board of Directors
董事会

Feng Hai, 55
Non-Executive,
Non-Independent Director

Date of first appointment as a director:
1 November 2018

Date of last re-election as a director:
24 April 2019

Length of service as director:
1 year 2 months
(as at 31 December 2019)

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

Academic and Professional Qualification(s):
- School of International Business and Economics, Beijing International Studies University, majored in International Economics and Technological Cooperation

Present Directorships:
(as at 31 December 2019)

Listed companies:
Nil

Other principal directorships:
- China National Aviation Fuel International Holdings Ltd. (Director)

Major Appointments (other than directorships):
- Executive Director/General Manager of China National Aviation Fuel International Holdings Limited

Past Directorships held over the preceding 3 years (from 1 January 2017 to 31 December 2019):
Nil

Others:
- Former General Manager of International Business Division, China National Aviation Fuel Group Limited (formerly known as China National Aviation Fuel Group Corporation)
- Former General Manager of Sinofert Hong Kong Yishang Storage and Transportation Company
- Former Deputy General Manager of Sinochem Group Lifeng Co., Ltd.

冯 海, 55岁
非执行、非独立董事

首次当选董事日期:
2018年11月1日

上次董事重选日期:
2019年4月24日

供职董事年限:
1年零2个月
(截至2019年12月31日)

供职董事委员会:
提名委员会(副主席)
风险管理委员会(成员)

学术和专业资历:
- 北京第二外国语学院外经系对外经济技术合作专业

现任董事席位:
(截至2019年12月31日)

上市公司:
无

其他主要董事席位:
- 中国航油集团国际控股有限公司(董事)

主要任职(除董事职位外):
- 中国航油集团国际控股有限公司执行董事兼总经理

过去三年曾任董事席位 (2017年1月1日至2019年12月31日):
无

其他:
- 前中国航空油料集团有限公司(以前称为中国航空油料集团公司)国际业务部总经理
- 前中化集团中化化肥香港毅尚储运公司总经理
- 前中化集团立丰公司副总经理

Board of Directors
董事会

Li Runsheng, 67
Non-Executive, Independent Director

Date of first appointment as a director:
24 April 2014

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

Length of service as director:
5 year 8 months
(as at 31 December 2019)

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

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

Present Directorships:
(as at 31 December 2019)

Listed companies:
Nil

Other principal directorships:
Nil

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

Past Directorships held over the preceding 3 years (from 1 January 2017 to 31 December 2019):
Nil

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

李润生，67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：
2017年4月18日

供职董事年限：
5年零8个月
（截至2019年12月31日）

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

学术和专业资历：
- 澳门科技大学行政管理硕士

现任董事席位：
（截至2019年12月31日）

上市公司：
无

其他主要董事席位：
无

主要任职（除董事职位外）：
- 中国石油和化学工业联合会专家委员会主任

过去三年曾任董事席位（2017年1月1日至2019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
- 浙江财经大学兼职教授
- 前中国石油和化学工业联合会副会长
- 前中国石油天然气集团公司总经理助理、咨询中心副主任
- 前中国石油天然气股份有限公司炼油与销售分公司副总经理
- 前中国国家石油和化学工业局政策法规司司长

Board of Directors
董事会

Hee Theng Fong, 65
Non-Executive, Independent Director

Date of first appointment as a director:
24 April 2019

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

Length of service as director:
8 months
(as at 31 December 2019)

Board Committee(s) served on:
Remuneration Committee (Chairman)
Audit Committee (Member)
Nominating 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 2019)

Listed companies:
- Tye Soon Limited (Independent Director)
- Straco Corporation Limited (Independent Director)
- Zheneng Jinjiang Environment Holding Company Limited (Independent Director)
- Yanlord Land Group Limited (Independent Director)
- APAC Realty Pte Ltd (Independent Director)
- Haidilao International Holding Ltd (Independent Director)

Other principal directorships:
Nil

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

Past Directorships held over the preceding 3 years (from 1 January 2017 to 31 December 2019):
- 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

Others:
- Chairman of Citizenship Committee of Inquiry (ICA)
- Deputy Chairman of Singapore Medishield Life Council
- Member of ACRA's Complaints and Disciplinary Panel
- Member of "China Ready Programme" under the Ministry of Law

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许廷芳,65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:
不适用

供职董事年限:
8个月
(截至2019年12月31日)

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

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

现任董事席位:
(截至2019年12月31日)

上市公司:
- 大顺有限公司(独立董事)
- 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)
- 亚太地产有限公司(独立董事)
- 海底捞国际控股有限公司(独立董事)

其他主要董事席位:
无

主要任职(除董事职位外):
安睿雅士律师事务所顾问

过去三年曾任董事席位 (2017年1月1日至2019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)

其他:
- 新加坡移民与关卡公民资讯委员会主席
- 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"计划委员

Board of Directors
董事会

Bella Young Pit Lai, 55
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:
4 year 8 months
(as at 31 December 2019)

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

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

Present Directorships:
(as at 31 December 2019)

Listed companies:
Nil

Other principal directorships:
- BP Hong Kong Limited (Director)
- Shenzhen Cheng Yuan Aviation Oil Company Limited (Director)
- South China Bluesky Aviation Oil Company Limited (Director)

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

Past Directorships held over the preceding 3 years (from 1 January 2017 to 31 December 2019):
- 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

楊必麗，55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：
4年零8个月
（截至2019年12月31日）

供职董事委员会：
提名委员会（成员）
薪酬委员会（成员）

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

现任董事席位：
（截至2019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）
- 深圳承远航空油料有限公司（董事）
- 华南蓝天航空油料有限公司（董事）

主要任职（除董事职位外）：
- Air BP亚洲总经理

过去三年曾任董事席位 （2017年1月1日至2019年12月31日）：
- J & A Petrochemical Sdn. Bhd.（董事）
- 耀通国际投资有限公司（处于解散状态）（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中国前业务顾问
- 曾任BP中国控股有限公司（广州）战略规划与业绩经理——中国液化石油气
- 曾任BP香港有限公司Air BP（亚太）供应与物流经理

Board of Directors
董事会

Eugene Leong Jhi Ghin, 43
Non-Executive, Non-Independent Director

Date of first appointment as a director:
1 November 2019

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

Length of service as director:
2 months
(as at 31 December 2019)

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

Academic and Professional Qualification(s):
- Master of Chemical Engineering, Imperial College London

Present Directorships:
(as at 31 December 2019)

Listed companies:
Nil

Other principal directorships:
Nil

Major Appointments (other than directorships):
- Chief Operating Officer of BP Singapore Pte Limited

Past Directorships held over the preceding 3 years (from 1 January 2017 to 31 December 2019):
Nil

Others:
- Former Head of Executive Office of Integrated Supply & Trading, BP plc
- Former Senior Originator, Acting Head of Marketing & Origination of BP Singapore Pte Limited
- Former Director, Energy & Chemicals Division of Singapore Economic Development Board
- Former Head, Energy & Chemicals Division of Singapore Economic Development Board
- Former Portfolio & Investment Manager of EDB Investments Pte Ltd

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梁子建，43岁
非执行、非独立董事

首次当选董事时间：
2019年11月1日

上次董事重选时间：
不适用

任职董事年限：
2个月
（截至2019年12月31日）

任职董事委员会：
风险管理委员会（主席）
审计委员会（成员）

学术和专业资历：
- 伦敦帝国理工学院化学工程硕士

现任董事席位：
（截至2019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）：
- BP新加坡私人有限公司首席运营官

过去三年曾任董事席位（2017年1月1日至2019年12月31日）：
无

其他：
- 前综合供应与贸易执行办公室主任，BP公众有限公司
- 前高级开发员，市场营销与开发部代理主管，BP新加坡私人有限公司
- 前能源与化工产业局长，新加坡经济发展局
- 前能源与化工产业主管，新加坡经济发展局
- 前投资经理，经济发展局投资私人有限公司

Corporate Information (as at March 2020)
公司信息（截至2020年3月）

DIRECTORS

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

Teo Ser Luck
(Lead Independent Director)

Wang Yanjun
(Chief Executive Officer/ Executive Director)

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

Feng Hai
(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)

Eugene Leong Jhi Ghin
(Non-Executive, Non-Independent Director)

AUDIT COMMITTEE

Teo Ser Luck *(Chairman)*
Li Yongji *(Vice Chairman)*
Li Runsheng
Hee Theng Fong
Eugene Leong Jhi Ghin

REMUNERATION COMMITTEE

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

NOMINATING COMMITTEE

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

RISK MANAGEMENT COMMITTEE

Eugene Leong Jhi Ghin *(Chairman)*
Feng Hai
Teo Ser Luck

COMPANY SECRETARY

Doreen Nah

AUDITORS

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

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Agricultural Bank of China
Bank of China Limited
Bank of Communications Co., Ltd
China Construction Bank Corporation
Crédit Agricole Corporate and Investment Bank
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

奚正平
（非执行、非独立董事长）

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）

冯 海
（非执行、非独立董事）

李润生
（非执行、独立董事）

许廷芳
（非执行、独立董事）

楊必麗
（非执行、非独立董事）

梁子建
（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
梁子建

薪酬委员会

许廷芳 *（主席）*
李永吉 *（副主席）*
张思乐
李润生
楊必麗

提名委员会

李润生 *（主席）*
冯 海 *（副主席）*
张思乐
许廷芳
楊必麗

风险管理委员会

梁子建 *（主席）*
冯 海
张思乐

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

PROPELLING OUR GROWTH

As the largest physical jet fuel trader in Asia Pacific with an entrenched presence in China and mounting businesses across three continents worldwide, CAO's presence today is international and multi-faceted. By establishing presence in key global markets and harnessing its competitive strengths, CAO is uniquely positioned to benefit from the growing aviation market, accelerating our growth well into the future.

CEO's Message
首席执行官致辞

Dear Shareholders,

2019 was a year of unprecedented uncertainties with concerns of geopolitical and economic tensions as well as economic volatility. Despite these daunting challenges, China Aviation Oil (Singapore) Corporation Ltd ("CAO" or "the Group") remained focused on its strategic progress and global expansion of its businesses, achieving yet another year of record net profit, on the back of significant growth in the Group's gross profit driven by the healthy performance of the jet fuel supply and trading optimisation activities. This clearly attests to the viability of the Group's two-pronged strategy to drive growth of the jet fuel and other oil products trading businesses as well as the Group's ability to sustain profit growth amid challenging global economic and market conditions.

STRATEGIC TRANSFORMATION

2019 was a year of major change for the Group. Numerous strategic alignments were made to sharpen our business model and streamline our corporate structure, with considerable efforts put in toward greater cross-functional transparency, standardisation and refinement, enabling continual improvement and betterment in the management of the Group.

It was a year which saw management reinforcing the concept of compliance and risk management first, instilling regulatory compliance and fostering an effective risk culture across the Group's global presence. This effort saw the Group dealing comprehensively with the structure, people, policies and activities required to identify, assess, monitor and manage compliance and risks, and through engagement, enabling this twin emphasis to be deeply entrenched into the hearts of all CAO employees.

For the past year, in the area of enabling sustainable trading operations, CAO has put in place a hedging business policy to mitigate the risks to the Group's business and maximise synergies between business growth and value creation. We believe the implementation of the policy and strict adherence to the standardised business processes will allow CAO to not only comply with business regulatory requirements but also strengthen the competitiveness of the Group's trading business. At the same time, the Group also focused on streamlining business costs and maximised cost savings to further enhance the Group's profitability 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 maximised the returns to shareholders.

By strictly implementing management's strategic roadmap, all departments and subsidiaries overcame significant difficulties during the year, effectively achieving the Group's collective goals to ensure its continued development on the basis of safety, risk control and compliance. This resulted in the Group performing beyond initial expectations financially and reflects the resilience of the Group as a whole. Through the effective implementation of the management principle of "Transparency, Standardisation, Refinement" as well as the business philosophy of "Compliance as Top Priority, Risk Management of Utmost Importance", CAO Group achieved significant transformation toward being a truly "best-in-class" global company.

During the year, the Group continued to build up its business on the basis of jet fuel and other oil products, under its international strategic structure. We have taken decisive measures to hunker down in the face of strong headwinds facing businesses given the ongoing geopolitical and macroeconomic uncertainties even as we ensure that CAO remains competitive in the long run and entrench its leadership position in jet fuel. CAO remains well positioned to capture opportunities across the value chain in the growing aviation market with an increasingly wide spectrum of customers.

BUILDING A RESILIENT & INNOVATIVE ORGANISATION

As we grow our businesses in an increasingly complex international operating environment, we continue to strengthen governance as well as compliance and control processes to ensure that our people are well equipped to navigate the challenges of myriad laws and regulations in different jurisdictions.

At CAO, we fully recognise the importance of any global enterprise striving to succeed on the global stage to be the organisation of choice amongst top talent. In 2019, the management team worked tirelessly to engage CAO's global workforce to collectively motivate a diverse group of individuals across different cultures to optimise the organisational effectiveness of the Group. The success of an organisation depends on the success of its people. At CAO, we feel strongly about this and have made "people development" a critical focus area for us to build a strong pipeline of talent to consistently deliver exceptional business results.

We believe that aiming to achieve long term prosperity by valuing long-term perspectives and relationships, qualities that reflect the essence of well-managed companies, is the approach that companies should adopt the world

Wang Yanjun
Chief Executive Officer/
Executive Director

王延军
首席执行官/执行董事

CEO's Message
首席执行官致辞

CAO was conferred "Most Transparent Company" award (overall winner for Energy category) at SIAS Investors' Choice Award 2019
CAO获颁2019年SIAS投资者选择奖"最透明公司"(能源组别第一名)

over. We will continue doing our best to create as many success stories as possible within the world of global business featuring achievements that realise engagement between the company and its employees on the road to sustainability and growth.

PROPELLING SUSTAINABLE GROWTH

Notwithstanding the challenging global market conditions, we have remained focused on improving operational efficiencies to deliver sustainable and profitable growth. In light of the recent coronavirus ("COVID-19") outbreak, we expect global economies and energy markets to be impacted and will continue to monitor its impact on the Group's businesses. Nonetheless, with the Group's established foothold in the jet fuel supply and trading business in the Asia Pacific region, we will continue to leverage on the Group's core competencies to expand our presence on the global platform. For other oil products, we will continue to build up structural advantages globally, complemented by opportunities to acquire or invest in synergistic businesses or assets to sustain and accelerate growth. Our internal restructuring has made the Group leaner and stronger even as we harness our abilities to capture opportunities, optimise capital and allocate resources adequately across the Group's global platform for optimal returns.

APPRECIATION

CAO's strong financial performance in FY2019 would not have been possible without the support of our shareholders, particularly the participation and support of our parent company – CNAF, nor without the sterling leadership of CAO's Board of Directors.

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 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, ship owners, banks 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 companies – SPIA, TSN-PEKCL, Xinyuan, OKYC and CNAF HKR. Your contribution provides the core of the Group's progress and development. I would also like thank 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.

Looking ahead in 2020, slower economic growth and geopolitical uncertainties is expected to present challenges to the Group, with the COVID-19 outbreak likely to impact the Group's operations considerably. Nevertheless, we 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

尊敬的股东：

2019年经历了前所未有的起伏动荡，地缘政治、经济紧张局势以及经济波动的负面情绪笼罩着市场。面对严峻的挑战，中国航油（新加坡）股份有限公司（"CAO"或"公司"）逆水行舟，迎难而上，在公司"两翼齐飞"战略的指引下，专注布局全球，不断推进航油供应以及贸易优化业务，取得了令人满意的业绩。2019年，公司毛利显著增长，净利润再创新高，航油和其它油品贸易业务的增长使得公司在全球经济和市场环境面临挑战的情况下，仍然保持利润的强韧增长。

战略转型

2019年是公司发生重大变化的一年，公司秉持"透明化、规范化、精细化"的管理理念，通过业务模式优化及组织结构调整，力求使公司管理不断进步、持续提升。

这一年，公司管理层坚定践行"合规第一、风控至上"的经营理念，合规意识与风控意识渗透公司企业文化。通过这一努力，公司全面处理了识别、评估、监控和管理合规及风险所需的结构、人员、政策和活动，使得这一经营理念内化于心、外化于行。

在过去一年，CAO制定了套期保值政策来规避公司业务的风险，并最大程度地提高业务增长与价值创造之间的协同作用。我们坚信，套保方案的实施和标准化业务流程的严格遵守不仅确保了CAO符合相关的业务管理要求，同时也增强了公司贸易业务的竞争力。公司也专注费用管理，通过精细化管理进一步节省成本，以提高公司的盈利能力；削减成本举措包括优化储罐管线设施的运营、控制船运成本等，从而为股东争取丰厚的回报。

通过严格执行管理层的战略路线，各部门和子公司攻坚克难，聚力实现共同目标，确保公司在安全、风控和合规的基础上持续发展。公司业绩因此超出预期，反映出整体运作的韧性。通过有效贯彻"透明化、规范化、精细化"的管理理念，以及"合规第一、风控至上"的经营理念，CAO实现了向真正的"一流"全球企业的跨越式迈进。

这一年，公司继续围绕其国际战略架构，发展以航油及其它油品业务为核心的业务。公司也采取了决定性措施，减轻由于地缘政治和宏观经济不确定性带来的困难，通过抓住日益增长的航空市场的价值链、抓住各类客户，确保长期竞争力，巩固公司在航油市场的领导地位。

打造具有韧性、创新力企业

随着公司在日益复杂的国际运营环境中拓展业务，我们将继续加强治理、合规和流程管控，以确保员工能够应对不同司法管辖区各类法律法规带来的挑战。

跨国企业要锐意进取才能在国际舞台上取得成功，都要悉心甄选人才，CAO深刻认识到这一重要性。2019年，管理层不辞辛苦在全球招贤纳才，激励在不同文化背景的员工，实现公司效率最大化。企业发展的力量源于员工。公司坚持以"员工成长成才"作为公司发展的重点培育领域，强化人才队伍建设，使公司能一如既往取得傲人业绩。

我们深信，通过重视长期发展和建立联系来实现可持续经营，是全世界的公司都应采纳的方法，这才是管理良好公司应具备的品质。公司将继续竭尽全力，在全球业务中尽可能创造亮点，以实现公司和员工在可持续发展和增长上的有效互动。

跨越式可持续发展

尽管全球市场环境充满挑战，公司仍专注于提高运营效率，实现可持续经营和盈利增长。鉴于近期的冠状病毒疫情，预计全球经济和能源市场将受到影响，公司将继续监测其对业务的影响。尽管如此，随着公司在亚太地区的航油供应与贸易业务站稳脚跟，公司将继续利用其核心竞争力，扩展全球业务。对于其他油品，公司将继续在全球建立结构性优势，辅以收购或投资具有协同性的业务或资产，以维持并加速增长。公司通过组织架构重组成为更精简、更强大的企业，同时在全球平台上抓住机会、优化资本和充分分配资源，以获得最佳回报。

致谢

在股东的参与与支持，特别是母公司——中国航空油料集团有限公司（简称"CNAF"）的大力支持，以及董事会的卓越领导下，CAO在2019财年圆满取得亮眼业绩。

我谨代表公司管理层和全体员工，感谢母公司CNAF的大力支持与帮助以及大股东英国石油投资亚洲有限公司（简称"BP"）长期以来的支持，也诚挚感谢所有股东的理解和信任。感谢董事会的具体而有效的指导。

感谢各供应商、贸易伙伴、船东、银行和其他商业伙伴的支持。期待着我们在未来开展更深入的互惠合作。

感谢联营公司浦东航油、管输公司、新源公司、OKYC和香港供油公司！你们的贡献是公司实现发展战略的坚实基础和强大后盾。衷心感谢所有员工和其他相关方，上述业绩的取得，来源于你们的坚持和付出。

展望2020年，经济放缓和地缘政治的不确定性将给公司业务带来挑战，冠状病毒疫情也给公司经营带来较大的影响。我们将因势而变、因时而变，努力克服众多不利因素，在危机中寻找和把握机遇，坚持稳中求进，继续推进扩大全球一体化价值链。

王延军
首席执行官/执行董事

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In 2019, oil markets were generally in backwardation for much of the year despite the Organisation of the Petroleum Exporting Countries ("OPEC") exhibiting considerable discipline in output reduction during the year even as US sanctions constrained Iran and Venezuela's production amid Venezuela's political unrest. While the United States shale output continued to surge leading US supply to increase to an average of 2.3 million barrels per day, this increased supply did not offset the sizeable reductions in OPEC and in a first since 2009, total oil supply declined year-on-year, falling by 0.15 million barrels per day.

Despite the tighter fundamentals, crude oil prices struggled to find support and crude demand remained weak as refiners prepared for the International Maritime Organisation ("IMO") 2020 legislature on top of higher-than-normal unplanned maintenance. The Brent Crude largely traded in a relatively narrow range of US$55.00 to US$65.00 per barrel during 2019.

Against the backdrop of persisting macroeconomic uncertainties, CAO once again demonstrated the resilience of its business model, benefitting from its global scale and disciplined approach to increase overall supply and trading volumes to generate record profits in 2019. The Group's gross profit increased 16.93% over the prior year to US$58.46 million, reflecting the strengths of CAO's trading and supply business in overcoming significant headwinds during the year.

MIDDLE DISTILLATES – JET FUEL

In 2019, the Group's jet fuel supply and trading business continued to grow on China's sustained demand for jet fuel even as CAO actively expanded and developed its international jet fuel business, procuring supply resources from North Asia refineries and effectively penetrated vital demand markets such as Vietnam and Japan.

The jet fuel bench capitalised on its core competencies in jet fuel supply and trading and successfully ensured the supply of imported jet fuel into China without any safety or quality issue. At the same time, the jet fuel bench abides by CAO's "Compliance as Top Priority, Risk Management of Utmost Importance" business philosophy and actively managed the bench's price risk exposure in strict accordance with the Group's hedging policy. Concurrently, the Group strengthened its logistics optimisation efforts and reined in operational overheads to generate significant freight savings and achieve better margins for the jet fuel business.

Jet fuel supply and trading volume increased 14.10% year-on-year to 16.27 million tonnes in 2019 as the jet fuel team continued to build its global supply and trading network, enabling the Group to further extend its reach in North America with increased supply volumes to Los Angeles, New York and Anchorage airports at a growth rate of 11.6% over the prior year. The Group's supply volume to Europe, mainly to Amsterdam Airport, has also increased 35.7% year-on-year, allowing CAO to expand cross-regional Asia-Europe trading volumes. CAO's expanding European footprint and increased access to demand opportunities has also strengthened the Group's strategy to focus on longer-term supply with the jet fuel bench's success in securing long term supply contracts to Italy in 2019.

AVIATION MARKETING

Building on its success from the year before, 2019 was a significant year for CAO's Aviation Marketing business as the Group continued to entrench its international presence across aviation hotspots outside mainland China. Global demand for air passenger and freight transport continued to rise steadily during the year despite geopolitical events such as Brexit and the US-China trade conflict, placing the Group in good stead. To leverage on its competitive advantage and further sharpen its aviation business, the Group consolidated its global aviation teams across Singapore, Hong Kong, London and Los Angeles to further harness the global network of CAO's aviation marketing business with greater density internationally. Through its aviation marketing business, CAO actively pursued the extension of its global supply and trading footprint to extensively cover Asia Pacific, North America and Europe during the year. At the same time, the aviation marketing team focused on the development of the "Belt and Road" markets and successfully supplied jet fuel to 16 "Belt and Road" airports including Russia, India, South Korea and Indonesia even as the Group continued to develop core competencies in matured and critical aviation markets such as Europe and the US.

After five years of operations in the United States, CAO's aviation marketing business in the West Coast continues to gain traction and stability with the Group continuing to rank amongst the top suppliers at the Los Angeles Airport. Having joined the airport fuel supply consortium in Amsterdam in 2018, CAO continued to make significant inroads into the supply chain of major European airports such as Frankfurt and Amsterdam as well as intensify its engagement at other European airports such as Brussel and Vienna during the year.

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Going forward, CAO Aviation Marketing team will continue to develop and optimise its global supply network, develop strategic markets in a focused and phased manner, enhance its supply capabilities, give full play to the synergies between aviation marketing and jet fuel supply and trading to achieve the sustainable development of the business.

With Asia Pacific continuing to form an integral part of CAO's aviation marketing business, given the sustainable development of aviation within and outside the PRC, CAO global aviation teams will continue to focus on international carriers out of mainland China to increase and populate its regional footprint, develop and optimise its global supply network in the region, particularly in India, Philippines and Japan. This effort has already brought forth results, for the Group's relationship with international airline customers has gained a solid footing with sales to non-PRC airlines close to half of total aviation marketing volume even as CAO supplied jet fuel to 47 airports in 19 countries outside mainland China as at 31 December 2019.

GASOIL

Markets for refined oil products generally mirrored the backwardation in crude oil throughout 2019, beset with refineries' maintenance and the unprecedented attack on Saudi Aramco's oil facilities. However, CAO remained nimble and through utilising storage tanks to store and blend light-cycle diesel for the Group during the first half of 2019, achieved robust trading volume and margins for the gasoil bench. In the second half of 2019, in light of the deepening backwardation, storage tank leasing activities were stopped to reduce operational costs. Concurrently, the Group actively engaged in third party trading activities and achieved significant increase in gasoil trading volume and margins. Volume for middle distillates rose 22.17% to 22.26 million tonnes, of which supply and trading volume for gasoil jumped 51.26% to 5.99 million tonnes.

Whilst the Asian gasoil market is expected to see some pressure amid higher gasoil exports from China, demand for marine gasoil blends is expected to strengthen particularly from Japan, South Korea and coastal China. This is due to the scarcity of Low Sulphur Fuel Oil ("LSFO") on the back of IMO 2020, which continues to drive ship owners to install scrubbers on their vessels or procure a different fuel mix where middle distillates such as marine gasoil will play a larger role going forward.

The Group therefore expects gasoil demand to continue its upward trajectory and will actively seek new procurement sources, trade and demand opportunities to realise profitability for the bench.

FUEL OIL

The fuel oil market remained challenging in 2019 as the marine and bunker industry prepared for IMO 2020. In 2019, High Sulphur Fuel Oil ("HSFO") market was tight with a slew of US sanctions further reducing fuel oil supplies, particularly from Venezuela and Iran. Also, the upcoming IMO 2020 regulation had impacted and caused a steady decline in HSFO demand as the shipping companies began to switch to LSFO. Even though the fuel oil bench had endeavoured to develop the LSFO business, the current LSFO landscape faced challenges with reliable supply sources.

The Group responded by concentrating its activities to meet the demand for HSFO, albeit limited, to deliver 4.28 million tonnes in 2019 even as the market increasingly switched to LSFO. Also, with the Chinese State Council's issuance of the tax rebate policy for fuel oil exports under the general trade route on January 8, 2020, Chinese LSFO production is expected to increase, alleviating the tight supply of LSFO in the region and at the same time, impacting its market structure and pricing. Given the structural changes causing demand for HSFO to prevail going forward, the Group will continue to focus on managing the HSFO segment while actively seeking to develop the LSFO business to better meet the operational requirements of the marine and bunker industry.

CRUDE OIL

With the crude oil market predominantly in backwardation given the overhanging trade tensions throughout 2019, geopolitical tensions such as the US air strikes in Iraq and Syria also resulted in high volatility in oil prices during the year.

Nevertheless, the Group's crude oil supply and trading volume was up 8.51% in FY2019 over the prior year as the crude oil bench continued to establish extensive cooperation with large Chinese crude importers, international traders and new refineries which led to an increase in crude oil trades and sales to not only Chinese refineries, but also refineries in Singapore and Australia.

The Group will continue to actively seek to build distinctive partnerships with new refineries in Asia, and reinforce strategic relationships with Asian refineries along the crude oil procurement chains, to strengthen the crude oil business and establish sustainable growth for the segment going forward.

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

KEY INVESTMENTS

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"), the second largest airport in the PRC by air passenger traffic. At Pudong Airport, SPIA provides jet fuel distribution and refuelling services to both Chinese and international airlines serving over 270 destinations across 48 countries. SPIA owns and operates all 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 and storage facilities of 200,000m^3 in total 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.

Notwithstanding the global headwinds, SPIA achieved creditable performance in 2019. Total jet fuel sales and refuelling volume reached 4.62 million tonnes on the back of 511,846 takeoffs and landings handled by SPIA at Pudong Airport in 2019. As a key contributor to the CAO Group, share of profits from SPIA was US$58.83 million in FY2019, a decline of 9.78% year-on-year, impacted by lower revenue and currency headwinds.

In September 2019, Pudong Airport's new satellite terminal, spread over an area of 620,000m^2, commenced operations. Known as S1 and S2, the sprawling terminal has 90 boarding bridges and connects Terminals 1 and 2 via a mass transit system, supporting some 580 flights on a daily basis. Annual passenger throughput at Pudong Airport exceeded 76 million with cargo volume up 7.4% at 4.06 million tonnes in 2019 even as SPIA's operational capabilities continues to be further strengthened with Pudong Airport's aim to ramp up capacity to handle passenger traffic of 130 million by 2030.

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

Established in 2008, TSN-PEKCL is a pipeline company supplying jet fuel to Beijing Capital International Airport ("Beijing 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.

Through its key asset, a 185km long jet fuel transportation pipeline which links Tianjin Tanggu Nanjiang Port, Tianjin Airport and Beijing Airport, total jet fuel transportation volume of TSN-PEKCL was 2.85 million tonnes in FY2019, a decrease of 3.1% compared to FY2018. CAO's share of profit from TSK-PEKCL was US$2.54 million, an increase of 11.4% over 2018 on the back of lower operating expenses.

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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 Shenzhen Juzhengyuan Co., Ltd, CAO and CNAF, holding 60%, 39% and 1% stakes, respectively.

Xinyuan's storage business achieved a leasing utilisation rate of 90% for FY2019, contributing US$0.19 million to the Group.

In light of the relatively low strategic synergy, CAO has made an announcement in June 2018 about the Group's intention to divest its 39% stake in Xinyuan. CAO had officially listed the 39% stake on Beijing Equity Exchange for sale on June 29, 2018. 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.

Despite persistently challenging oil market conditions, OKYC achieved overall 99% storage utilisation rate in 2019. CAO's share of profits from OKYC increased 8.2% year-on-year to US$5.17 million.

CNAF Hong Kong Refuelling Limited ("CNAF HKR")

CNAF HKR, an associated company of which CAO's wholly owned subsidiary, CAOHK, is a controlling shareholder, provides into-plane fuelling services at Hong Kong International Airport at Chek Lap Kok ("HKIA"). As the third licensed refueller at HKIA, CNAF HKR is well equipped with a fleet of dispensers and refuellers which are supported by an aviation refuelling station including administration and dispatching offices sited in a 3,000m^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 shares of CNAF HKR, while the other three companies hold equity stakes of 37%, 14% and 10% respectively.

Despite being severely affected by widespread protests in Hong Kong leading to a sharp decline in passenger traffic in 2019, CNAF HKR handled an average of 143 flights daily, fuelling over 52,300 flights during the year, an increase of 4% year-on-year with total refuelling volume increasing 6% to reach 1.23 million tonnes in 2019. As part of its commitment to improve overall industry safety standards, CNAF HKR also achieved zero flight delay and customer complaint in 2019. For going above and beyond by ensuring high safety standards and a consistently outstanding quality of service in 2019, CNAF HKR was commended by HKIA Airport Authority for its excellent performance in areas such as environment management, accident prevention and workplace safety.

HKIA remains an important aviation hub for Asia Pacific. With the three-runway system ("3RS"), a major infrastructure project that will increase HKIA's long-term air passenger and cargo handling capacity, slated for completion in 2024, CNAF HKR's operational capabilities and profitability are expected to strengthen over the long term.

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 14.29% of AFS's issued ordinary shares while the other shareholders include major airlines companies and several oil majors.

As the main international airport of the Netherlands, Schiphol Airport, equipped with the capacity to handle up to 500,000 flights annually, is the third busiest airport in Europe for passenger traffic and the busiest airport in Europe in terms of aircraft movement. In 2019, annual passenger throughput at Schiphol Airport reached 71.7 million. Apart from serving as a springboard to European airports for the Group, AFS continued to contribute strategically to the Group. In view of the development of the Dutch aviation industry and the announcement of governmental allowance for conditional growth of aircraft movement by the Dutch Government in July 2019, AFS is expected to benefit substantially from new growth opportunities at the Schiphol Airport.

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2019年石油输出国组织（简称"OPEC"）在减产方面表现得相当自律、美国的制裁限制了伊朗和委内瑞拉在其政治动荡期间的产量，但石油市场全年大部时间仍处于现货溢价状态。虽然美国页岩油产量继续飙升，使美国总供应量增至每日230万桶，但页岩油供应的增加并未抵消OPEC产量的大幅消减的影响，也是自2009年以来首次出现石油总供应量同比下滑，下降幅度为每日15万桶。

尽管原油供需基本面趋紧，但炼厂为国际海事组织（简称"IMO"）2020限硫政策做准备而增加了计划外的检修计划，导致原油需求疲弱，原油价格支撑乏力。2019年布伦特原油价格大致在每桶55至65美元相对窄幅内波动。

在宏观经济不确定性持续的背景下，CAO再次证明了其商业模式的韧性。得益于其全球业务规模和严格管理，整体油品供应和贸易量均有所增加，并在2019年创下净利润的历史新高。公司的毛利比起去年同比增长16.93%至5,846万美元，体现了CAO的贸易与供应业务能力足以克服不利的经济环境。

中馏分——航油

2019年，公司的航油供应与贸易业务依托中国稳定的航油需求实现持续增长。同时，公司积极扩大和拓展海外航油业务，与北亚炼厂锁定航油资源，进入了包括越南和日本在内的航油需求市场。

航油组充分发挥公司航油供应与贸易的核心结构优势，圆满完成全年中国进口航油供应保障业务，无安全质量事故。同时，航油业务遵循CAO"合规第一、风控至上"的经营理念，严格执行公司的套期保值政策，积极管理价格风险敞口。与此同时，公司继续加强其物流优化工作，控制运营管理费用，为航油业务节省运输成本，获得了较高的盈利。

2019年航油供应与贸易量同比增长14.10%至1,627万吨，航油业务团队继续建立其全球供应和贸易网络，使该公司进一步拓展其北美的业务，向洛杉矶、纽约和安克雷奇机场增加供应量，增长率较去年增长11.6%。欧洲市场方面，公司主要为阿姆斯特丹机场供应航油，同比增长35.7%，支持CAO扩大跨区域的亚欧贸易量。CAO在欧洲不断拓展足迹，获得更多的航油供应需求机会，并在2019年成功获得了供应意大利的航油长约，加强了公司专注于长期供应的战略。

航空市场营销

在2018年的良好业务基础上，2019年CAO的航空营销业务依然势头稳健——公司继续拓展中国大陆以外的航空热点市场，不断加强公司在国际市场的影响力。尽管2019年发生了英国脱欧和中美贸易摩擦等地缘政治事件，全球航空客运和货运需求仍保持稳定增长。为充分利用公司自身竞争优势并进一步完善航空市场营销业务，CAO在2019年整合了位于新加坡、香港、伦敦和洛杉矶的全球营销团

OKYC tank farm in Yeosu, Korea
OKYC在韩国丽水的储罐

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队，以进一步巩固全球业务网络，加强市场渗透。CAO通过发展航空市场营销业务，也积极带动了全球供应和贸易业务在亚太、北美和欧洲市场的发展。此外，在继续保持并发展在欧美等重点成熟市场（如欧洲和美国）核心竞争力的同时，航空市场营销团队也致力于“一带一路”市场的开发，并成功向包括俄罗斯、印度、韩国和印度尼西亚在内的16个“一带一路”机场供应航油。

CAO在美国西海岸从事航油销售已有五年，业务保持稳中有升，连续几年居洛杉矶机场的供应商前列。公司在2018年加入了阿姆斯特丹的机场供油联盟之后，积极致力于打通法兰克福和阿姆斯特丹等欧洲主要机场的供应链并拓展业务范围，同时继续拓展布鲁塞尔和维也纳机场的业务。

展望未来，CAO航空营销团队将继续发展和优化其全球供应网络，以有重点、分阶段的方式发展战略市场，不断增强供应能力，充分发挥营销与供应和贸易业务之间的协同作用，实现业务的可持续发展。

在当前中国大陆以及境外航空市场的发展局势下，亚太地区将继续成为CAO航空营销业务不可或缺的一部分，因此CAO的营销业务将继续大力拓展中国境外航空公司客户，以扩大亚太地区（中国以外）的市场覆盖率，开发和优化亚太供应网络，尤其以印度、菲律宾和日本为重点。2019年CAO在对非中国航空公司的销售领域已取得不错成果，占2019年航空市场销售总量的近一半比例。截至2019年12月31日，CAO对全球19个国家的47个机场供应航油。

柴油

因炼厂检修及沙特阿美石油设施遭到前所未有的袭击，2019年成品油市场总体处于现货溢价的状态。CAO积极应对市场变化，在2019年上半年，通过储罐进行储存和混合轻循环柴油业务，实现了强劲的贸易量和利润率。在2019年下半年，鉴于现货溢价情况不断加深，为降低运营成本，公司暂停原油储罐租赁活动。同时，公司也积极从事第三方贸易活动，大幅提高了柴油贸易量和利润率。中馏分业务量增长22.17%至2,226万吨，其中，柴油供应和贸易量增长51.26%至599万吨。

随着中国柴油市场出口量的增加，亚洲的柴油市场预计面临一定压力，尤其是来自日本、韩国以及中国沿海地区的船用柴油混合物的需求预计将增强。鉴于IMO 2020限硫政策导致低硫燃料油（简称“LSFO”）供应稀缺，促使船东在其船舶上安装洗涤器或采购不同的燃料混合物——在这些燃料组合中，中馏分油品如船用柴油将发挥更大的作用。

公司预计柴油需求将继续保持上升趋势，并将积极寻求新的采购来源、寻求贸易机会，加以提高柴油贸易盈利。

Trading floor of CAO
贸易员工作场景

燃料油

2019年，海事行业为IMO 2020限硫政策的实施做准备，燃料油市场充满挑战。2019年，美国实施了一系列制裁，减少了委内瑞拉和伊朗的燃料油供应，导致高硫燃料油（简称“HSFO”）市场紧俏。此外，随着IMO 2020限硫政策临近实施，船运公司开始转向LSFO，导致HSFO的需求持续下降。尽管燃料油组努力开拓LSFO业务，但因目前LSFO可获取的可靠资源供应很少，燃料油组持续面临操作难度。

2019年燃料油业务活动集中在满足市场对HSFO有限的需求，供应了428万吨HSFO。但市场已经逐步转向对LSFO的需求。随着中国国务院于2020年1月8日发布的“一般贸易出口退税政策”，中国的LSFO产量预计增加，缓解该区域LSFO供应紧张的局面，但是市场结构和定价仍受到冲击。由于HSFO需求仍存在，公司将继续专注于开展现有HSFO业务，同时积极寻求进入LSFO的市场途径，以更好地满足海运与燃料油行业的运营要求。

原油

2019年的贸易紧张局势悬而未决、例如美国空袭伊拉克和叙利亚所引发的地缘政治紧张局势，原油市场主要处于现货溢价状态，导致油价大幅波动。

虽然如此，公司在2019财年的原油供应和贸易量同比增长8.51%。原油组通过与中国大型原油进口商，国际贸易商和新投产的炼厂的广泛合作，提高了原油贸易与销售量，并将原油销售到除中国以外的新加坡和澳大利亚的炼厂。

展望未来，公司将继续积极寻找与亚洲新投产炼厂的合作，积极参与亚太区炼厂的原油采购和成品油销售链中，加强原油业务，建立牢固的战略合作伙伴关系，确保业务的可持续发展。

CEO's Strategic Report – Operations Review
首席执行官战略报告——经营概况

主要投资项目

上海浦东国际机场航空油料有限责任公司（"浦东航油"）

浦东航油成立于1997年，是中国以客流量计第二大机场——上海浦东国际机场（简称"浦东机场"）的唯一航油供应商和加注服务商，向飞往全球48个国家、超过270个机场的中国及外国航空公司提供航油供应和加注服务，浦东航油拥有并经营浦东机场所需全部加油设施，包括一整套机坪管网、管线加油车队和罐式加油车队、航空加油站、机场内油库、连接浦东机场与外高桥码头的42公里专用航油管线以及总库容达20万立方米的储罐设施。CAO拥有浦东航油33%的股份，其余由上海国际机场股份有限公司持股40%，中国石化上海高桥石油化工有限公司持股27%。

尽管面临诸多挑战，浦东航油在2019年仍取得了不俗的经营业绩，全年航油销售、加注量达462万吨，在浦东机场服务起落航班51万余架次。作为CAO主要的联营公司，浦东航油在2019财年贡献的投资收益为5,883万美元，较上一年减少9.78%，主要因销售收入减少及汇率变化影响。

浦东机场新建62万平方米卫星厅已在2019年9月正式启用。一号卫星厅和二号卫星厅有廊桥90座，通过轻轨与第一航站楼和第二航站楼相连，每天可服务航班580架次。2019年浦东机场旅客年吞吐量逾7,600万人次，货物吞吐达406万吨，较前一年增长7.4%。浦东机场运营能力将进一步提高，旅客年吞吐量将在2030年将达1.3亿人次。

中国航油集团津京管道运输有限责任公司（"管输公司"）

管输公司成立于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%。

通过其主要资产——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，管输公司在2019年输送的航油量达285万吨，较2018年下降3.1%。CAO来自管输公司的投资收益为254万美元，较2018年增长11.4%，主要因运营成本降低。

中国航油集团新源石化有限公司（"新源公司"）

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

新源公司的仓储业务在2019年的出租率为90%，贡献投资收益19万美元。

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。CAO于2018年6月29日在北京产权交易所正式挂牌出售该39%股权，目前新源股权还在继续出售。

韩国丽水枢纽油库有限公司（"OKYC"）

OKYC是韩国最大的独立仓储设施，它由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%，仅次于韩国国家石油公司（持股29%）。

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。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成品油。

尽管石油市场持续充满挑战，OKYC在2019年实现了99%的总体储罐利用率，CAO来自OKYC的投资收益较上年增加8.2%，为517万美元。

中国航油香港供油有限公司（"香港供油公司"）

香港供油公司是CAO全资子公司香港公司的控股联营公司，在香港赤腊角国际机场（简称"香港国际机场"）提供航油加注服务。作为香港国际机场第三家获得加注牌照的航油加注服务商，香港供油公司配有先进的电子加油系统、管线加油车和罐式加油车，并设有占地3,000平方米的航空加油站。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股权的39%，其余三家公司分别持有37%、14%和10%的股份。

尽管2019年香港机场客流受到示威活动的严重影响大幅下滑，但香港供油公司2019年全年累计加油逾5.23万架次，日均加油服务143架次，比上年增长4%；全年加油量达到123万吨，比上年增长6%。作为其改善行业总体安全标准的郑重承诺，香港供油公司在2019年未发生航班延误和有效的客户投诉。为力求做得更好，确保高安全标准和优质服务质量，香港供油公司2019年在环境管理、事故预防、安全管理等方面多次获得香港机场管理局的表彰及嘉许。

香港国际机场仍是亚太重要的航空枢纽。香港国际机场第三跑道建设将于2024年投产，届时将提升其长期客运和货运能力，使香港供油公司的长期运营和盈能力得到提高。

阿姆斯特丹机场航油供应公司（"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14.29%，其他股东包括航空公司和几家大型石油公司。

作为荷兰的主要国际机场，史基辅机场年均通行航班能力达50万架次，是按客流计欧洲第三繁忙的机场和按航班计最繁忙的机场。2019年史基辅机场旅客周转量达7,170万人次。除了作为进入欧洲各机场的跳板，AFS继续为公司提供战略价值。考虑到荷兰航空业的发展，及荷兰政府2019年7月宣布将允许有条件增加飞机起降，AFS预计将极大受益于史基辅机场新的增长机会。

CEO's Strategic Report – Investor Relations
首席执行官战略报告——投资者关系

In keeping with our commitment to high corporate governance and transparency standards, CAO endeavors to maintain active, open and fair communication with our shareholders. Despite the challenging global market landscape of 2019, the Group continued to foster a sustained communication flow to provide the investment community with accurate, fair and timely information about CAO's business operations and performance, underscoring the Group's commitment to create long-term value for our stakeholders and placing investor relations as a strategic management priority.

SUSTAINABLE SHAREHOLDER VALUE

In 2019, global equity markets were characterised by unprecedented uncertainties, impacted by trade conflicts, particularly between the United States and China, with geopolitical tensions exacerbating an already volatile macroeconomic environment. CAO's share performance was especially weighed down by the resulting subdued investor sentiments as well as increased oil price volatility throughout the year which saw its share price recording new lows since May 2016.

In 2019, CAO's management and Investor Relations team engaged with institutional investors in numerous one-on-one meetings, at roadshows and conferences in Singapore. The Group's outreach efforts also included providing remisiers an insight into CAO, focusing on helping investors understand how the Group creates sustainable competitive advantages through our supply and trading businesses at various brokerages' investor forums. At the 2019 Annual General Meeting, the Group's CEO, Mr Wang Yanjun, presented FY2019 business performance to 223 attending retail shareholders, keeping them updated on the Group's business, financial performance and market outlook, with a lively question-and-answer session where the Board of Directors and management team actively addressed all queries and concerns in detail.

Global equity markets went into a tailspin with the sudden plunge of oil prices against the backdrop of escalating US-China trade tensions in the second half of 2019. Nevertheless, CAO's 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 communication platforms on a sustained basis. Supported by robust financial performance, CAO share performance overcame the market improbabilities and saw an upward trend in the final quarter of 2019 that continued with the CAO share price closing at S$1.27 on 31 December 2019, leading the market capitalisation of CAO to increase 20% year-on-year to S$1.10 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.

Notwithstanding challenging operating conditions in the past year, CAO remains committed to delivering shareholder value with a dividend policy 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 S$0.047 per share for FY2019.

GLOBAL BASE OF INTERNATIONAL SHAREHOLDERS

As at 31 December 2019, 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 2019. The number of registered shareholders has held at around 13,000 during 2019. An analysis of the shareholding structure carried out at end December 2019 showed that institutional holdings accounted for 14.32% of the issued share capital, with the share of institutional investors predominantly from the United States, Hong Kong SAR, the United Kingdom and Australia.

ACCOLADES

In 2019, the Group's proactive investor relations approach and commitment to corporate transparency was again recognised by the investment community. CAO was named winner for the "Most Transparent Company" in the energy category at the Securities Investors Association (Singapore) 20th Investors' Choice awards, as the investment community continues to affirm the quality of CAO's investor communications. The Group's investor relations efforts was endorsed and named "Best Performing Stock" in the commerce category by The Edge Billion Dollar Club, an annual ranking of top SGX-listed companies spanning nine different sectors to recognise best and most valuable companies listed on the Singapore Exchange. The Group also continued to rank amongst leading companies in Singapore for good corporate transparency. CAO ranked 48th out of 578 Singapore-listed companies

CEO's Strategic Report – Investor Relations
首席执行官战略报告——投资者关系

CAO was conferred "Best-Performing Stock" (Commerce Sector) at The Edge's Billion Dollar Club Award 2019
CAO获得《前沿》周刊2019年亿万新元俱乐部"最佳表现股"(商业组)奖

on the Singapore Governance and Transparency Index ("GTI") in 2019. The GTI as Singapore's leading index on corporate governance practices of listed companies, is a collaboration between Singapore's Business Times and the Centre for Governance, Institutions and Organisations of the National University of Singapore.

PROACTIVE & OPEN COMMUNICATION WITH THE INVESTMENT COMMUNITY

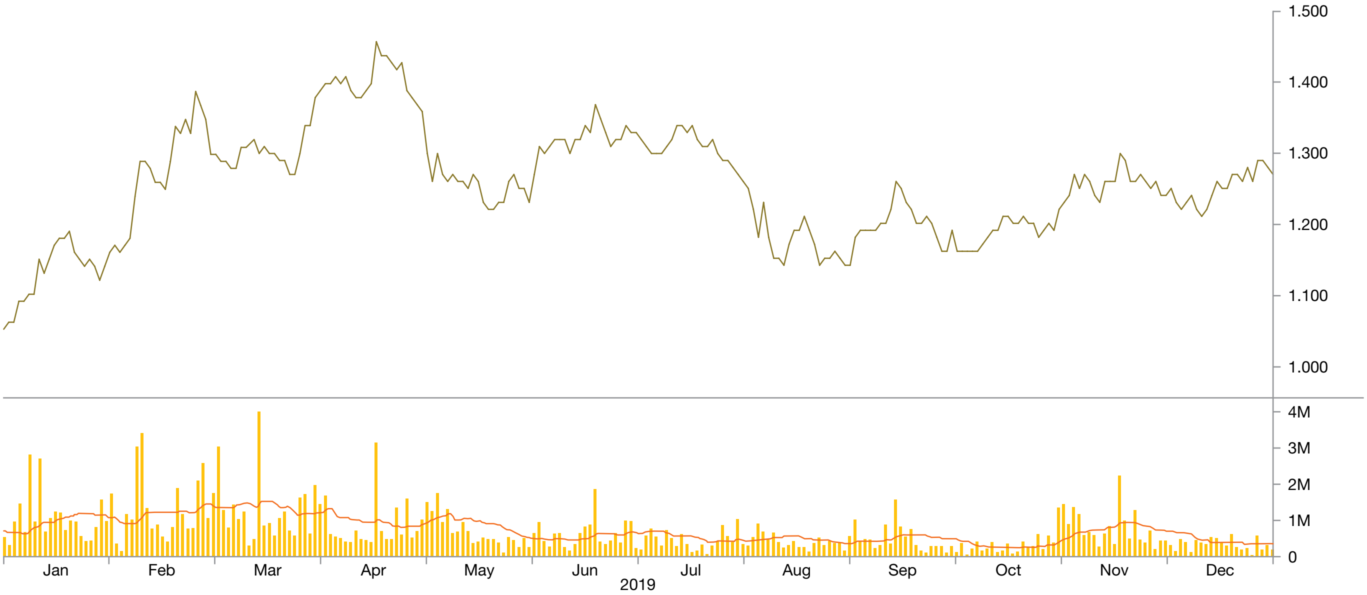
Standing by our commitment towards transparent and open communications with investors and to keep local and international investors updated on the Group's latest developments, CAO is aptly covered by sell-side analysts, predominantly from various brokerages, who regularly publish research and industry reports. A list of the analysts is available at http://www.caosco.com/stock-information/analyst-coverage.

Alongside our interaction with institutional investors, we also monitor media reports closely, as part of our efforts to continuously improve corporate disclosures and investor relations practices. In 2019, CAO was covered by over 150 media articles, further elevating the Group's share of voice internationally. In addition, to maintain high standards of corporate transparency, fair disclosures and corporate repute, the Group continued to enhance its mobile compatible corporate website to further improve the Group's engagements with the investment community. Designed as an easy-to-use tool, the use of this digital platform further reinforced CAO's global investor outreach strategy, supporting our efforts to provide useful information to investors in a timely manner.

All disclosures submitted to the Singapore Exchange are made available in the Investor Relations section of the Group's corporate website - www.caosco.com where investors can find comprehensive information about CAO including news releases, annual reports, webcasts of financial results' briefings and stock exchange announcements. The website also allows web users to sign up for email alerts to stay current on the Group's latest corporate developments. CAO actively seeks investors' feedback to further improve its investor relations efforts. The Investor Relations team may be reached at ir@caosco.com for shareholders' enquiries or suggestions.

CEO's Strategic Report – Investor Relations
首席执行官战略报告——投资者关系

2019 CAO SHARE PRICE MOVEMENT & TRADING VOLUME
2018年CAO股价走势与交易量



SHARE PRICE INFORMATION
股价信息

Share Price (S$) 股价(新元)	2015	2016	2017	2018	2019
As at last trading day of the year 截至当年的最后一个交易日	0.710	1.400	1.620	1.060	1.270
High 最高价	0.900	1.580	1.800	1.710	1.470
Low 最低价	0.500	0.580	1.390	1.040	1.040
Average 平均	0.730	1.123	1.605	1.498	1.256

Source: Bloomberg
资料来源:彭博社

CORPORATE CALENDAR
公司事务时间表

2020	
Announcement of 4Q 2019 and 2019 full-year financial results 2019财年第四季度和全年业绩公告	26 February 2月26日
26th Annual General Meeting 第26届常年股东大会	4 June 2020 2020年6月4日
Proposed First and Final Dividend for FY2019 2019财年首次及年终股息 Record Date 登记日 Payment date 付款日	 15 June 2020 2020年6月15日 22 June 2020 2020年6月22日
Announcement of 1H 2020 results 2020财年上半年业绩公告	30 July 2020 2020年7月30日
2021	
Announcement of 2H 2020 and 2020 full-year financial results 2020财年下半年和全年业绩公告	February 2月

CEO's Strategic Report – Investor Relations
首席执行官战略报告——投资者关系

CAO致力于确保高标准的公司治理以及企业透明度，与股东保持积极、开放和公平的沟通。尽管2019年的全球经济形势充满挑战，公司继续推进保持畅通的信息渠道，为投资界提供准确、公平与及时的CAO经营状况和财务业绩信息。这也体现了公司为相关方创造长期价值的决心，将投资者关系作为战略管理的优先事项。

可持续的股东价值

2019年，全球股市历经前所未有的动荡，市场受贸易冲突的影响——特别是中美之间的贸易摩擦，而紧张的地缘政治对动荡的宏观经济更是雪上加霜。由于投资者情绪低迷，加之全年油价波动加剧，CAO股价受挫，创下自2016年5月以来的新低。

2019年，CAO的管理层和投资者关系团队与机构投资者保持频繁互动，参与在新加坡举行的一对一投资者会议、推介会和电话会议。公司的投资者关系推广工作包括积极增进券商对CAO的深入了解，并在各家券商的投资者论坛上，专注协助投资者了解公司如何通过供应与贸易业务，创造可持续的竞争优势。公司首席执行官王延军先生在2019年常年股东大会上，向223名到场的散户股东介绍了公司2019财年的业绩，增进他们对公司业务的了解、业绩表现和市场前景，通过活跃的问答互动，董事会和管理层对股东的提问进行了详细认真的解答。

2019年下半年，中美贸易紧张局势升级，油价突然暴跌，全球股市陷入混乱。尽管如此，CAO管理层和投资者关系团队继续与投资界保持交流，通过各种沟通平台继续接洽现有和潜在的机构投资者、金融分析师、媒体以及散户股东。在强劲的财务业绩支撑下，CAO股价表现克服了市场的不确定性，在2019年第四季度呈现上涨趋势，并在2019年12月31日收于1.27新元的高点，引领CAO总市值同比增长20%至11.0亿新元。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、富时海峡时报小市值股指数和摩根士丹利资本国际新加坡小盘股指数。

尽管过去一年的经营环境充满挑战，CAO仍致力于为股东创造价值，采纳与业绩挂钩的股息政策，将公司年度可分配净利润的30%作为股息分配给股东。在即将召开的常年股东大会上，董事会将提议发放每股0.047新元的单层、免税年终股息。

全球股东持股情况

截至2019年12月31日，中国航空油料集团有限公司仍是CAO最大的股东，持有全部发行股票的51.31%（不包括库存股）。第二大股东是石油巨头BP的子公司BP投资亚洲有限公司，持有全部发行股票的20.17%（不包括库存股）。CAO于2019年依然持有6,000,000股库存股，维持不变。2019年，注册股东数量约为1.3万人。截止2019年12月底的股权结构分析显示，机构持股占全部发行股票的14.32%，机构投资者主要来自美国、香港特别行政区、英国和澳大利亚。


Interaction with shareholders after the AGM
奚董事长在常年股东大会后与股东积极互动

投资者的认可

2019年，公司积极的投资者关系活动以及致力于保持高标准企业透明度的努力再次得到了投资界的认可。在新加坡证券投资者协会的第20届投资者选择奖中，CAO获得“最透明公司奖”（能源行业第一名），是投资界对CAO与投资者沟通质量的肯定。公司在投资者关系工作上的努力也得到了《前沿》十亿新元俱乐部的认可，CAO被评为商业组别“最佳表现股”。《前沿》十亿新元俱乐部每年都会对9组不同行业的上市公司进行排名，以表彰新交所上市的最佳以及最有价值的公司。在企业透明度方面，公司继续跻身新加坡领先企业之列。2019年，在新加坡“治理与透明指数”（简称“GTI”）排名中，CAO在578家新加坡上市企业中位居第48名。GTI由新加坡《商业时报》与新加坡国立大学的治理、机构和组织中心合作发布，是衡量新加坡上市公司治理实践的领先指数。

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，并随时向国内外投资者通报公司的最新发展情况，CAO充分的得到卖方分析师的报道，主要是各家券商定期发布研究报告和行业报告。若要获取分析师名单，请点击http://www.caosco.com/stock-information/analyst.coverage。

除了与机构投资者互动，公司还密切关注媒体报道，不断改进公司信息披露的质量和投资者关系实践。2019年，全球媒体对CAO刊登超过150篇媒体报道，提高了公司在国际上的透明度和知名度。此外，为保持高水平的企业透明度以及信息披露的适合性，公司继续强化公司网站与移动设备的兼容性，增进与投资社群的沟通，操作简单的数码平台进一步加强CAO的全球投资者关系战略，使我们可以及时向投资者提供有用信息。

所有向新加坡交易所披露的信息都上载至公司网站www.caosco.com的投资者关系部分网页，投资者可以在网站上查询有关公司的详细介绍，包括新闻稿、年报、财年业绩汇报的网络广播以及新交所公告。公司网站的访问者还可以设置邮件提醒，掌握公司最新资讯。CAO欢迎投资者反馈，进一步改进投资者关系工作。如果有任何提问或建议，股东亦可直接发送电子邮件至ir@caosco.com。

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 is responsible for the effective management and smooth running of the Group's business activities in accordance with the guidelines, policies and directives established by the Board of Directors. He assumes overall responsibilities in the management of the Group, and plays a critical strategic and operational role particularly on Corporate Development and Investments, Human Resources, Corporate Affairs and Legal & Corporate Secretariat functions. 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 a 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 as well as compliance and internal audit functions. Concurrently, he also assists the CEO to oversee investor relations and infocomm technology (ICT) infrastructure initiatives in addition to his CFO duties. 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 provides leadership and oversight on the global supply and trading businesses 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("CEO")和执行董事,王延军先生负责按照董事会制定的方针、政策和指示,有效管理和平衡经营公司的整体业务。王先生不仅负责公司的整体事务管理,在企业管理和投资、人力资源、投资者关系与行政事务、法律和公司秘书的经营战略方面也起着至关重要的作用。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,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,以及主管风险管理部与合规内审部。其职责还同时包括协助首席执行官监管公司的投资者关系以及信息化建设工作。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(简称"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,张兴波先生负责主管公司全球的供应与贸易业务,以及监管公司全球范围的运作工作。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,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,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。

ENABLING OUR STRATEGIC STRENGTHS

As CAO continues to grow globally, we remain committed to apply the highest standards of corporate governance, responsibility and harness our complementary technical capabilities and market expertise to sustain business performance, while promoting long-term growth in shareholder value.

Sustainability Report
可持续发展报告

BOARD STATEMENT

China Aviation Oil (Singapore) Corporation Ltd ("CAO" or "the Group") has consistently remained committed to fulfil its social responsibility as a responsible corporate citizen by constantly upholding the highest standards of corporate governance to improve management transparency and accountability as well as promoting sound and sustainable growth on the environmental, social and governance ("ESG") fronts.

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 PRC, the Group 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. With the Group's core businesses being energy centric, we are conscious that the Group is constantly engaged in oil and gas related activities, which with its wide range of inherent environmental and social impacts, will inevitably implicate the business, employees, local communities and environment directly or indirectly. The Group recognises that our greatest impact is through our products and services. As such, we focus on continuously innovating to optimise both our business operations as well as the products and services we provide to customers, aligning our corporate strategy to deliver sustainable value creation for our stakeholders.

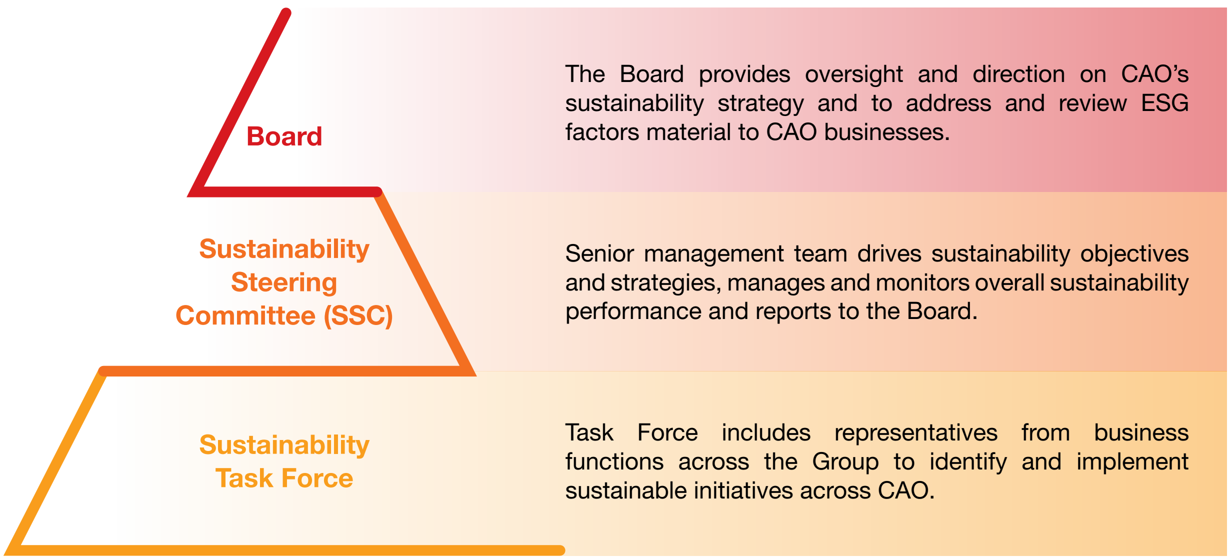
2019 has been a year fraught with macroeconomic uncertainties such as Brexit, US-China trade conflict and global economy slowdown. Nevertheless, CAO remains firmly committed to harness the Group's strategic strengths to push forward sustainable business transformation internally and at the same time, focusing on investments aligned to our core business activities to further develop our key growth drivers. In 2019, CAO embarked on the initiative – "Strengthening Operations Management, Streamlining Business Costs, and Driving Growth", to further improve the Group's ESG practices on multifaceted aspects including operational streamlining, tightened risk management processes and innovating business costs reduction to sustain long-term growth in shareholder value.

On the social front, CAO recognises our responsibility to ensure the well-being of our employees and customers by supporting and contributing to initiatives that enhance the quality of life in the communities where we work and live. As a supplier, trader and service provider with operations around the world, the safety of our employees, business partners and customers is our number one priority and we are committed to continuously work to reduce the environmental footprint of our operations.

CAO's Board of Directors ("the Board") is pleased to share this sustainability report ("Report") which highlights some of the efforts in the past year to drive sustainable business practices that meet the expectations of our stakeholders.

ABOUT THIS REPORT

CAO's Sustainability Governance Structure



Sustainability Report
可持续发展报告

CAO's 2019 Report complies with the Singapore Stock Exchange Ltd (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. It also makes reference to the 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, United States and the United Kingdom during the financial year ended 31 December 2019. We have also aligned our 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 shares of more than 50%. Associates 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 (Singapore)

2. China Aviation Oil (Hong Kong) Company Limited (Hong Kong SAR)

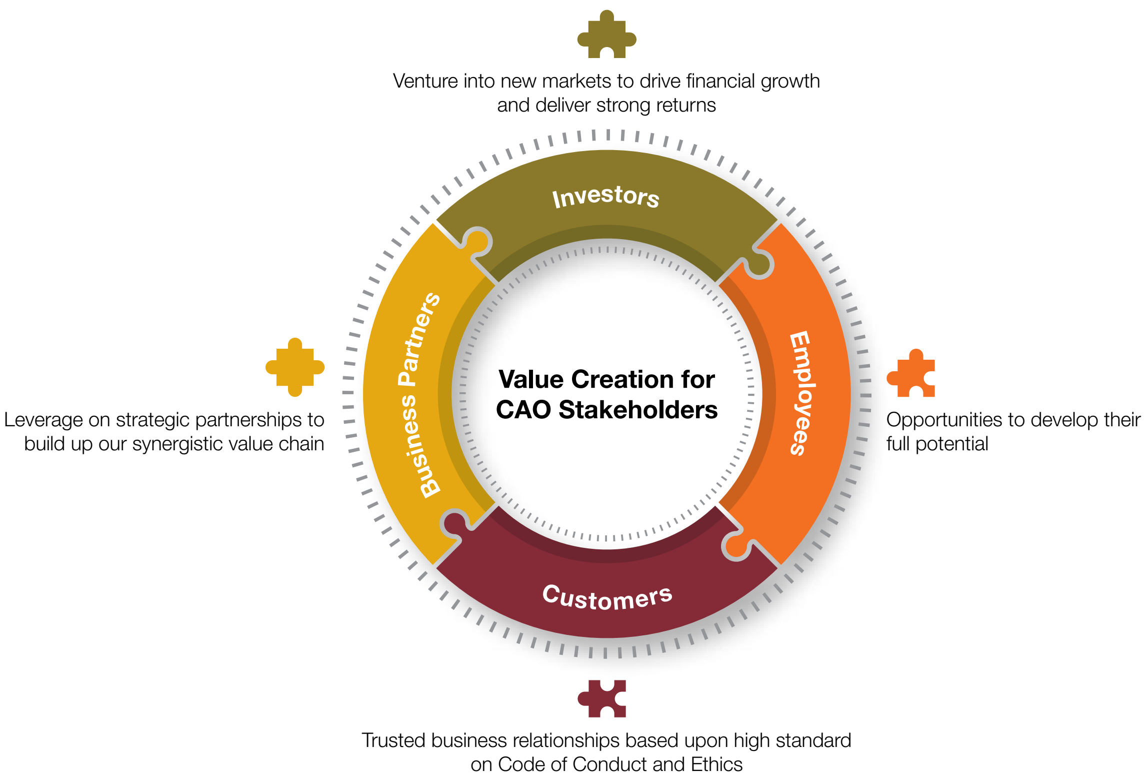
3. North American Fuel Corporation (USA)

4. China Aviation Fuel (Europe) Limited (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.

OUR SUSTAINABILITY APPROACH AND VALUE CREATION



Sustainability Report
可持续发展报告

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

Key Stakeholders	Significance to CAO	Modes of Engagement
Investors	CAO proactively strives to maximise shareholders' returns, and is committed to uphold 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 company 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 products 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 build on our 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 practice
		Site visits

Awards & Recognition

In 2019, the Group has won the following accolades, reflecting our commitment to corporate responsibility and sustainability.

1. Awarded "Most Transparent Company" (Winner in Energy Category) by SIAS, 2019

2. Named "Best-Performing Stock" by The Edge Billion Dollar Club 2019

3. Ranked 48th out of 578 companies on the Singapore Governance and Transparency Index, by The Business Times and the Centre for Governance, Institutions and Organisations

4. Ranked 1695th as "The World's Biggest Public Companies" by Forbes 2019 Global 2000

5. Awarded "Best Risk Management" (Gold Award, Mid Cap Category) by Singapore Corporate Awards 2019

Sustainability Report
可持续发展报告

MATERIALITY ASSESSMENT

In 2019, we reviewed the material ESG topics that we first reported 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 the 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 promotes and enhances the diversity, experience and abilities of the Group's workforce across all functions across the globe.	5 GENDER EQUALITY
Procurement Practices	Direct	Not applicable	Actively focus on and minimise potential negative reputational impacts in our supply chain.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainability Report
可持续发展报告

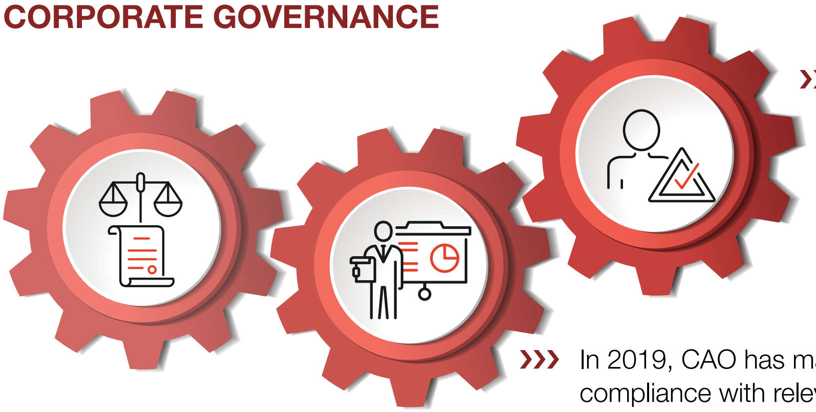
Material ESG Topics	CAO Involvement	GRI Disclosures	Our Initiatives	Relevant SDG
Protection of Sensitive Information	Direct	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Uphold the Group's high data security standards, CAO remains vigilant on secured communication and protection of its stakeholders' legal rights to privacy and confidentiality.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Corporate Governance	Direct	GRI 419-1 Non-compliance with laws and regulations in the social and economic area GRI 205-3 Confirmed incidents of corruption and actions taken	High corporate governance standards and robust internal audit processes serve to provide accountability across CAO's business activities to support the realisation of its long-term strategy. No fraud, bribery or corruption will be tolerated.	2 ZERO HUNGER

This material references Disclosure 201-1 from GRI 201: Economic performance 2016, Disclosure 205-3 from GRI 205: Anti-corruption 2016, Disclosure 306-3 from GRI 306: Effluents and Waste 2016, Disclosure 307-1 from GRI 307: Environmental Compliance 2016, Disclosure 403-2 from GRI 403: Occupational Health and Safety 2018, Disclosure 405-1 from GRI 405: Diversity and Equal Opportunity 2016, Disclosure 416-2 from GRI 416: Customer Health and Safety 2016, Disclosure 418-1 from GRI 418: Customer Privacy 2016, and Disclosure 419-1 from GRI 419: Socioeconomic Compliance 2016.

STRENGTHENING OPERATIONS MANAGEMENT

CAO recognises that sustainability is a responsibility and pre-condition for long-term competitiveness. As such, sustainability governance is needed to ensure high-level accountability and decision-making that allow us to achieve business goals, manage our risks and address the expectations of our stakeholders. In 2019, Management has focused on and placed emphasis with "Compliance as Top Priority, Risk Management of Utmost Importance" to oversee compliance with the Group's established governance structure and policies in each of the Group's operating businesses. In the area of enabling sustainable trading operations, CAO has developed a hedging business policy to mitigate the risks to our business objectives and maximise synergies between business growth and value creation. The implementation of the said policy and strict adherence to the standardised business processes will allow CAO to not only comply with business regulatory requirements but also strengthen the competitiveness of the Group's trading business. CAO is constantly aware of the heightened risks concerning export control regime, anti-bribery and corruption laws due to our global business nature. In line with a core element of our sustainability strategy, CAO has taken actions to improve processes and procedures for the management of trading counterparties to mitigate specific business risks. For more details on CAO risk management structure, strategy and key risks and mitigation, please refer to the Risk Management section.

CORPORATE GOVERNANCE



››› For 2020, CAO will continue to strive for zero incident of non-compliance with relevant laws and regulations

››› In 2019, CAO has maintained compliance with relevant laws and regulations, with no major environmental, fraud, corruption and bribery incidents

Sustainability Report
可持续发展报告

One of the continued priorities of the Group is to always uphold the highest standards of corporate governance and business conduct in order to enhance the interest of our shareholders. In line with the recommendations of the updated Code of Corporate Governance 2018 ("2018 Code") which was issued by the Monetary Authority of Singapore and SGX Listing rules on strengthening board independence and diversity, CAO has taken steps to align its corporate governance practices with the 2018 Code. In 2019, we are pleased to welcome Mr Teo Ser Luck, Mr Hee Theng Fong and Mr Eugene Leong to CAO's Board of Directors. Their valuable experience in the planning, development and management of various business arenas will make for insightful discussions, direction setting and decision-making. 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. For more details relating to CAO corporate governance matters, please refer to the Statement of Corporate Governance Section.

STREAMLINING BUSINESS COSTS

Amidst the increasingly macroenvironment uncertainties in which CAO continues our business expansion, we have also looked within the group to maximise cost savings that enhance the Group's profitability. The process streamlining initiative is a consistent step in the Group's sustainability strategy to manage business costs.

In the past year, we actively collaborated with our global network of trading and shipping counterparties. Not withstanding CAO's commitments to environmental sustainability and our end customers' safety, steps were taken to strengthen our shipping operations with a deep-dive analysis in business costs which include vessel chartering; demurrage; outturn losses to significantly reduce overall operational costs without compromising the quality of our products and services. During the year, CAO has also worked with our supply chain partners, to optimise our oil storage facilities to maximise the returns to shareholders.

ENVIRONMENTAL COMPLIANCE (OIL SPILL)

››› For 2020, CAO will continue to strive for zero oil spill incident

››› In 2019, CAO has maintained compliance with relevant environmental laws with no major oil spill incident

During the year, CAO has streamlined corporate expenditure across business support functions to increase spend visibility; improve operational efficiency and compliance of business processes. At the same time, the strong support from banking partners has enabled the Group to leverage on our strong centralised cash pool resources to reduce our overall trade financing costs and bank handling fees. Further refinement on streamlining our operating procurement practices and financial expenses when taken together has helped CAO to achieve sustainable cost savings that benefit all our stakeholders.

Sustainability Report
可持续发展报告

DRIVING GROWTH

As CAO continues to make inroads at key geographical locations globally, we recognise that the success of CAO depends on our ability to continue to attract, develop, retain and engage the very best talent. We are committed to a fair, diversified and inclusive working environment that fully leverages our employees' talents where all employees can make a difference and be supported, developed and rewarded for their contributions. CAO takes the responsibility to our employees seriously. We believe in compensating our employees fairly and in compliance with local laws. Please refer to CAO Human Capital Management section for more details.

DIVERSITY AND EQUAL OPPORTUNITY

››› For 2020, CAO will continue to strive for non-discriminatory recruitment and appraisal practices

››› CAO has no substantiated incident of discriminatory recruitment and appraisal practices reported in 2019

On the business front, leveraging on the structural reforms of the Chinese oil industry which brought forth business opportunities, the Group's aviation fuel business unit has proactively developed and successfully exported Chinese jet fuel cargoes to North America and Europe markets.

At the same time, leveraging on the integration and establishment of the oil products trading department, CAO continues to develop our other oil products to extend our market participation. By taking advantage of our South Korean storage tanks, and coupled with existing strong business relationship with large Chinese oil refineries, the Group has expanded our crude oil and gasoil supply and trading businesses. Also, the increase in cross-regional arbitrage transactions has effectively raised CAO's market profile and diversified sources of revenue which spurred the Group's global expansion. For more details on CAO outlook and key business plans, please refer to CEO's Message and Operations Review section.

LOOKING AHEAD

CAO will continue to further enhance the competitiveness of the Group's core businesses, and whilst striving to better the Group's financial performance for our shareholders, will also actively work to meet the various expectations of our stakeholders, all of which form the building blocks of foundation for the Group's sustainable growth.

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

Sustainability Report
可持续发展报告

董事会声明

中国航油(新加坡)股份有限公司(以下简称“CAO”或“公司”)始终坚持最高的公司治理标准，以提高管理透明度和责任制，促进环境、社会和治理(以下简称“ESG”)方面的健康和可持续发展，从而履行其作为负责任企业公民的社会责任。

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，并在从事其它油品国际贸易的同时也投资各种战略油品相关业务。由于CAO核心业务是能源供应与贸易，我们意识到公司不断从事与油品相关的活动将不可避免地直接或间接牵涉到对业务、员工、当地社区和环境的影响。CAO意识到公司最大的影响是通过公司的产品和服务所产生。因此，公司专注于不断创新，以优化CAO的业务运营以及向客户提供的产品和服务，调整企业战略，为利益相关方持续创造价值。

2019年是充满宏观经济不确定性的一年，例如英国脱欧、中美贸易摩擦及全球经济放缓。尽管如此，CAO仍坚定地致力于利用公司的战略优势推进可持续的业务转型，同时也重点关注投资与公司核心业务匹配的项目，进一步实现航油业务和其它油品业务两翼齐飞。作为可持续发展努力的一部分，CAO在“强管理、降成本、促发展”的理念下，多方面进一步改善公司ESG实践，包括精简运营、加强风险管控以及通过降低成本改进措施来维持股东价值的长期增长。

在社会责任方面，CAO意识到我们有责任通过支持并改善工作和生活社区的生活质量，以确保员工和客户的福祉。作为在全球开展业务的供应商、贸易商和服务提供商，公司员工、业务合作伙伴和客户的安全是我们的第一要务，我们不断努力致力于减少运营对环境的影响。

CAO董事会很高兴分享这份可持续发展报告(以下简称“报告”)，报告重点介绍了过去一年中公司在推动可持续业务实践方面所做的一些努力，这些实践满足了利益相关方的期望。

关于本报告

CAO的可持续发展治理结构

Sustainability Report
可持续发展报告

CAO的2019年报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"）综合报告的主要原则来报告CAO推动创造长期价值的方式。关于重要性评估，本报告还参考了GRI标准。

本报告阐述了截至2019年12月31日财政年度，CAO及香港、美国及英国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。我们也将公司的重要ESG因素与联合国可持续发展目标（以下简称"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。

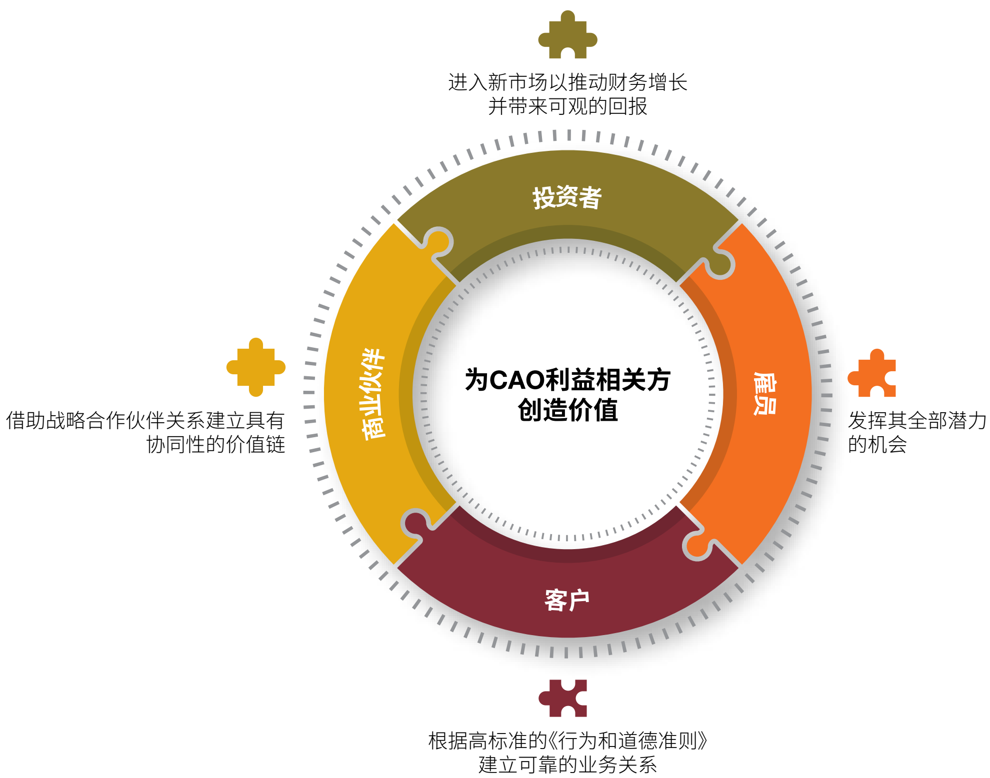
纳入本报告范围的实体包括：

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

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

CAO致力于不断改进可持续发展表现和披露。如果您对本报告有任何意见和建议，欢迎您直接电邮至sustainability@caosco.com。

我们可持续发展的方法和价值创造



Sustainability Report
可持续发展报告

CAO相信，与各利益相关方展开合作并为其创造价值，是公司持续取得成功的关键。下表所列是公司的主要利益相关方，以及CAO与这些利益相关方保持联系的渠道。

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积极致力于最大化股东回报，维持良好的公司治理，将与投资者和分析师高效及时的沟通作为提高企业透明度和责任制的关键。	通过SGXNet和公司网站提供最新财务业绩和公告、业务发展、新闻稿和其他相关披露。
		常年股东大会
雇员	CAO努力创造多元化和包容的工作环境，使得员工受重视，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
		职业发展绩效审核
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致力于保证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

奖项与认可

在2019年，CAO赢得了以下荣誉，这反映了公司对企业责任和可持续性的承诺。

1. 获得新加坡证券投资者协会（简称“SIAS”）授予2019年“最透明公司奖”（能源组第一名）；
2. 获《前沿》周刊颁发2019年亿万新元俱乐部“最佳表现股”（商业组别）奖；
3. 2019年，在新加坡国立大学商学院的治理、机构和组织中心的公司治理与透明指数排名中，在578家公司中名列第48位；
4. 福布斯2019全球企业2000强名列1695位；
5. 获颁新加坡企业大奖组织2019年“最佳风险管理”（金奖，中型企业组别）。

CAO was awarded Best Risk Management (Gold) at Singapore Corporate Awards 2019
CAO获颁2019年新加坡企业大奖的“最佳风险管理”金奖

Sustainability Report
可持续发展报告

重要性评估

2019年，我们回顾了在2017年可持续发展报告中首次报告的重要ESG因素。此外，还考虑了一系列潜在风险，通过公司的风险管理框架来主动识别、减轻和管理主要业务风险，将公司重要ESG因素与可持续发展目标结合起来。考虑到充满挑战的商业环境，不断变化的全球和国内监管发展，以及利益相关方的意见，我们并未对本报告中涵盖的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	相应的SDG
经济表现	直接	GRI 201-1 已产生和分配的直接经济价值	积极开展可持续业务和长期业务战略，以减轻宏观经济所带来的各种挑战。 继续发掘并渗透全球主要航空热点，以扩大客户基础，并将公司的全球价值链伸延至亚太和欧美地区。	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，确保顺利运营，提高效率。	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	致力于尽量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的使命一致。	14 水下生物
健康与安全（工作场所和客户）	直接，间接	GRI 403-2 伤害类别，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	继续以保持SHE高标准为使命，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 治理组织和雇员的多样化	努力创造多元化和包容的工作环境，促进和提高全球所有职能部门员工的多样性、经验和能力。	5 性别平等
采购实践	直接	不适用	积极关注供应链中对声誉的潜在的负面影响并减至最低。	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实证投诉	维护公司的高标准数据安全，公司对保密通信及其利益相关者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为新加坡公司的所有商业活动提供责任担当，以支持新加坡公司实现长期战略。 绝不容忍任何欺诈、贿赂或贪污行为。	2 零饥饿

本材料引用'GRI 201：经济绩效2016'中的披露项201-1，'GRI 205：反腐败2016'中的披露项205-3，'GRI 306：污水和废弃物2016'中的披露项306-3，'GRI 307：环境合规2016'中的披露项307-1，'GRI 403：职业健康与安全2018'中的披露项403-2，'GRI 405：多元化与平等机会2016'中的披露项405-1，'GRI 416：客户健康与安全2016'中的披露项416-2，'GRI 418：客户隐私2016'中的披露项418-1，以及'GRI 419：社会经济合规2016'中的披露项419-1。

Sustainability Report
可持续发展报告

强管理

CAO意识到，可持续发展不仅是一种责任，也是企业长期竞争力的前提条件。因此，为了实现业务目标、管控风险并满足利益相关方的期望，公司需要推广可持续性治理，以确保高标准的责任制和决策能力。在2019年，管理层以"合规第一，风控至上"为核心重点来监督每项业务运营中对现有的公司治理结构和政策的守规情况。CAO制定了套期保值方案来规避公司业务的风险，并最大程度地提高业务增长与价值创造之间的协同作用。套保方案的实施和标准化业务流程的严格遵守不仅确保了CAO符合相关的业务管理要求，同时也增强了公司贸易业务的竞争力。随着全球业务的扩大，公司意识到相关出口管制制度，反贿赂和反腐败法律的风险逐渐增大。为符合可持续发展战略的核心要求，公司采取措施改善现有交易对家管理流程，以降低相应的业务风险。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。

公司治理

CAO的主要任务之一是始终坚持高标准的公司治理和商业行为，以提高股东的利益。根据新加坡金融管理局发布的最新《2018年公司治理准则》（简称"2018年准则"）和新交所上市规则中关于加强董事会独立性和多元化的建议，公司已采取措施，尽量符合2018年准则的规定。2019年，公司有幸请到张思乐先生、许廷芳先生和梁子建先生加入CAO董事会，他们在各商业领域的规划、发展和管理方面的宝贵经验将有助于公司在公司治理实践方面得到深入探讨、正确指导和有效决策。与此同时，公司还借鉴了内部审计学会推荐的最佳实践，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，并寻求可持续的改进机会。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。

降成本

在宏观环境日益不确定的情况下，CAO业务的继续扩展，公司也对内部管理进行了进一步规范，通过精细化管理进一步节省成本，以提高公司的盈利能力。精简业务流程是公司管理业务成本的可持续发展战略步骤之一。

在过去的一年中，公司与全球网络贸易和航运对家积极合作。CAO承诺保护环境、保证终端客户的安全，通过对业务成本的深入分析，包括船舶租赁、滞期费、损耗等相关营业成本，采取措施加强航运业务，在不影响产品和服务质量的前提下，显著降低总体运营成本。这一年内，CAO也与供应价值链伙伴一同积极对现有储罐设施进行优化，从而最大程度地为投资者带来经济回报。

环境合规（防止溢油）

Sustainability Report
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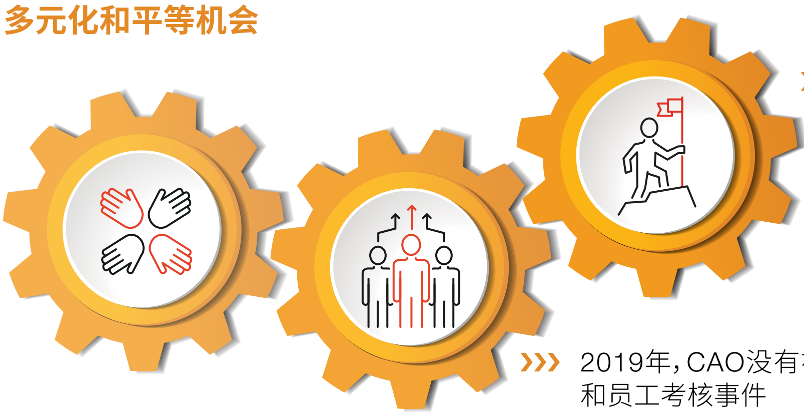
在这一年中，公司严格控制各个业务支持部门的支出，提供支出可见性、提高运营效率和业务流程的合规性。同时，在银行合作方的大力支持下，公司通过集中现金池资源来降低总体贸易融资成本和银行手续费。通过进一步精简运营采购和财务费用，帮助公司实现了可持续的成本节约，使公司所有的利益相关方受益。

促发展

随着业务进入世界主要区域，我们意识到，CAO的成功取决于继续吸引、发展、留住和聘用优秀人才的能力。公司致力于创造一个公平、多元化和包容性的工作环境，充分发挥员工的才能，让所有员工都能有所作为，并因其贡献而得到支持、发展和奖励。公司对员工认真负责，根据当地法律给予员工公平合理的薪酬。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



››› 2020年，CAO将继续努力实现非歧视性招聘和员工考核

››› 2019年，CAO没有被证实的歧视性招聘和员工考核事件

在业务方面，借助中国油气的结构性变化，公司航油业务部积极发展并成功出口航油到欧洲和北美等地区。

同时，通过油品贸易部门的成立，CAO继续开发其它油品业务，以稳步扩大公司的市场参与度。通过利用在韩国的储罐，以及与中国大型炼厂牢固的业务关系，公司扩展了原油和柴油的采购和销售方式。同时，通过增加跨地区实货交易有效提高了CAO的整体市场声誉，创造了多种收入来源，从而促进了快速全球发展。有关CAO前景和主要业务计划的更多详细信息，请参阅首席执行官致辞和经营概况部分。

展望未来

CAO将进一步提升公司核心业务的竞争力，在努力为股东创造更好财务业绩的同时，也会充分考虑其他利益相关方的需求，并尽力使其得到满足，为公司的长期可持续发展奠定基础。

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

Financial Review
业绩回顾

OVERVIEW

For the financial year ended 31 December 2019 ("FY2019"), CAO Group achieved total revenue of US$20.34 billion, slightly lower by 1.30% compared to US$20.61 billion for the financial year ended 31 December 2018 ("FY2018"). The reduction in oil prices contributed to the decrease of 7.27% in revenue, partly offset by the increase of 5.97% in trading volumes.

Operating profit for the Group at US$40.90 million in FY2019 was higher than FY2018 by 43.86%, mainly due to higher gross profit derived from jet supply and trading, higher other operating income and lower operating expenses.

The share of results of associates was US$65.53 million in FY2019, lower by 9.12% compared to US$72.11 million in FY2018.

The Group's net profit attributable to shareholders in FY2019 was higher by US$5.97 million or 6.36% at US$99.83 million. Consequently, Earnings Per Share ("EPS") was higher at 11.61 US cents compared to 10.91 US cents last year. Return on Equity ("ROE") decreased 0.15% to 12.45%, mainly attributable to the higher rate of increase in average equity compared to the rate of increase in profits.

The Group generated higher cash from operating activities but the increase in working capital requirements has resulted in lower net operating cash flow of US$49.89 million in FY2019, compared to net operating cash flow of US$150.84 million in FY2018. Cash flow from investing activities decreased due to lower dividends received from associates, partly offset by cash used in the acquisition of subsidiaries in FY2018.

The Group is proposing a final one-tier tax exempt ordinary dividend of S$0.047 per share for FY2019.

Notwithstanding the challenging market conditions and expectations of a slowdown in global economic growth, CAO will 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.

REVENUE

Total revenue decreased 1.30% to US$20.34 billion in FY2019. Revenue from supply and trading of middle distillates decreased 9.97% to US$13.59 billion attributable mainly to the decrease in oil prices. Total supply and trading volumes was 36.93 million tonnes for FY2019, an increase of 5.97% compared to 34.85 million tonnes for FY2018. Jet fuel supply and trading volumes increased 14.10% to 16.27 million tonnes for FY2019, compared to 14.26 million tonnes for FY2018, and accounted for 49.77% of the Group's total revenue in FY2019. Trading volume for other oil products, comprising mainly crude oil and fuel oil, decreased 1.96 million tonnes (11.79%) to 14.67 million tonnes in FY2019 and generated US$6.75 billion in revenue.

China remains the Group's largest market, accounting for 52.33% of the Group's revenue in FY2019, a decrease of 7.47 percentage points in proportion to the Group's revenue compared to FY2018.

Gross profit increased by 16.93% to US$58.46 million for FY2019 compared to US$49.99 million for FY2018, mainly due to higher profits from the jet fuel supply and trading business.

Other operating income was US$5.82 million for FY2019, an increase of 46.18% compared to US$3.98 million for FY2018. Of which, bank interest income derived from time deposits placed with banks and financial institutions was US$6.48 million for FY2019, an increase of 42.06% compared to US$4.56 million for FY2018.

Total expenses decreased 8.50% to US$23.37 million for FY2019 compared to US$25.54 million last year due mainly to lower interest expense.

SHARE OF RESULTS FROM ASSOCIATES

Contributions from the share of results in associates, mainly from Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA"), decreased 9.12% to US$65.53 million for FY2019 compared to US$72.11 million for FY2018. Profit contribution from SPIA decreased 9.78% to US$58.83 million compared to US$65.21 million last year mainly due to lower revenue and foreign exchange effect.

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业绩回顾


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

The share of profits from Oilhub Korea Yeosu Co., Ltd ("OKYC") was US$5.17 million in FY2019 compared to US$4.78 million in FY2018 due mainly to higher operating income.

Profit contribution from China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL") was US$2.54 million for FY2019 compared to US$2.28 million for FY2018 due mainly to lower operating expenses.

NET PROFIT

The Group's profit before tax at US$106.43 million, was higher by 5.86% compared to US$100.54 million for FY2018 mainly due to the higher gross profits generated, higher bank interest income and lower finance costs partly offset by lower share of results of associates.

Income tax expense was about the same at US$6.60 million for FY2019 compared to U$6.68 million for FY2018.

On the back of higher gross profits and the stable contributions from associates, the Group recorded net profit of US$99.83 million in FY2019, higher by US$5.97 million or 6.36% compared to US$93.86 million for FY2018.

FINANCIAL POSITION

The Group continues to maintain a healthy balance sheet in FY2019. As at 31 December 2019, total assets amounted to US$1.87 billion, compared to US$1.65 billion as at 31 December 2018 due mainly to the increase in trade and other receivables, contract assets and cash and cash equivalents partly offset by the decrease in inventories.

The Group's liquidity and debt servicing ability remained strong. As at 31 December 2019, the Group's cash and cash equivalents were US$378.78 million, compared to US$357.69 million as at 31 December 2018, increased by US$21.09 million. As at 31 December 2019, the Group's current ratio and quick ratio were 1.45 and 1.39 respectively (31 December 2018: 1.52 and 1.39 respectively). In 2019, Group's total trade and banking facilities amounted to US$2.92 billion.

The Group's net assets stood at US$834.96 million or 97.07 US cents per share as at 31 December 2019, compared to US$769.14 million or 89.42 US cents per share as at 31 December 2018, increased by US$65.82 million and 7.65 US Cents, respectively. The increase in net asset value per share was attributable mainly to the earnings generated in FY2019 less dividends paid in respect of FY2018.

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

The Group continues to maintain a healthy bank balance, exercising stringent credit management even as it continues to focus on credit control 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 FY2019 was US$48.37 million, an increase of 6.59% or US$2.99 million from US$45.38 million for FY2018, mainly due to the increase in net earnings on the back of higher capital employed. Accounting net profits increased 6.36% year-on-year to US$99.83 million for FY2019, compared to US$93.86 million for FY2018. To reward shareholders, the Board Directors have proposed a first and final dividend in cash of S$0.047 per share for FY2019 (FY2018: S$0.045). The Group will continue to focus on improving efficiency to create value for shareholders and remain prudent in financial management.

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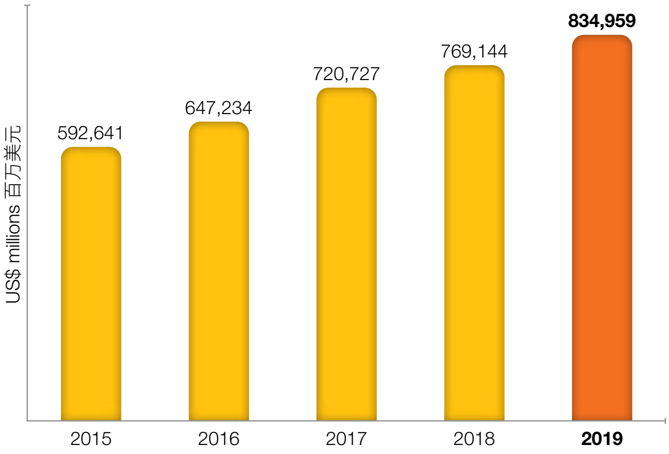
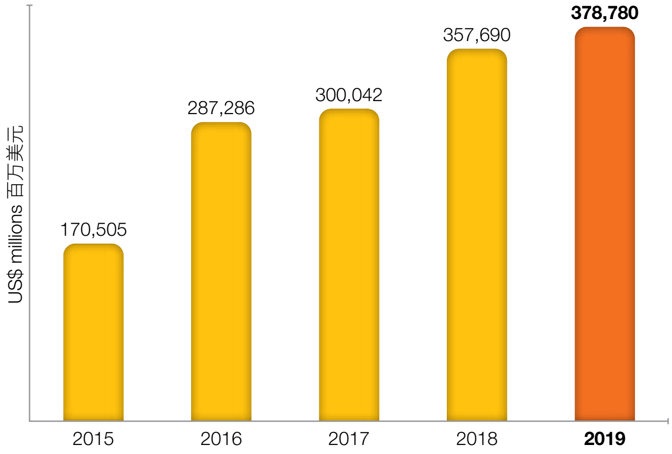
5-YEAR FINANCIAL SUMMARY 五年财务摘要	2015	2016	2017	2018	2019
INCOME STATEMENT (US$'000) 损益表（千美元）					
Revenue 营业额	8,987,487	11,703,191	16,267,606	20,611,954	20,343,491
Gross Profit 毛利	35,444	44,050	38,703	49,994	58,456
Associated Companies 联营公司	42,296	66,363	71,534	72,109	65,532
Net Profit Attributable to Equity Holders of the Company (PATMI) 可向股东分配净利润	61,281	86,457	84,927	93,858	99,830
BALANCE SHEET (US$'000) 资产负债表（千美元）					
Total Assets 总资产	845,517	1,341,970	1,909,809	1,653,568	1,872,945
Total Equity 股东权益	592,641	647,234	720,727	769,144	834,959
Cash and Cash Equivalent 现金及现金等价物	170,505	287,286	300,042	357,690	378,780
FINANCIAL RATIOS 财务比率					
Earnings Per Share (US$ cents) 每股收益（美分）	7.12	10.05	9.87	10.91	11.61
Net Asset Value Per Share (US$ cents) 每股净资产（美分）	68.90	75.24	83.79	89.42	97.07
Return on Equity 净资产回报率	10.7%	14.0%	12.4%	12.6%	12.5%
Return on Assets 资产回报率	5.7%	7.8%	5.7%	5.8%	6.1%
Debt Equity Ratio 股本带息负债率	0.0%	15.4%	16.6%	0.0%	0.0%

Total Equity
股东收益



Total Cash & Cash Equivalent
现金及现金等价物



Financial Review
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综述

截至2019年12月31日（"2019财年"），公司总收入为203.4亿美元，相比2018年12月31日（"2018财年"）的206.1亿美元下降1.30%，主要是因为油价下降，收入减少7.27%，贸易量增加5.97%，抵消了部分降幅。

公司2019财年的营业利润为4,090万美元，比2018财年增加43.86%，主要是因为航油供应与贸易带来的毛利增加，其他收入增加和运营费用减少。

2019财年来自联营公司的投资收益为6,553万美元，较上年同期的7,211万美元，下降9.12%。

2019财年可分配给公司股东的净利润为9,983万美元，同比增长597万美元，增幅为6.36%。2019财年的每股净利润为11.61美分，上年同期为10.91美分。净资产收益率（简称"ROE"）下降0.15%至12.45%，主要由于净资产平均增幅率高于利润平均增幅率。

2019财年经营活动产生较高的现金流，但是贸易活动经营占用的资金增加使得2019财年经营活动净现金流入为4,989万美元，2018财年的经营活动现金流入为1.51亿美元。投资活动的现金流入减少，主要是来自联营公司的股息收入下降，部分被2018财年用于收购子公司的现金所抵消。

公司提议2019财年的最终股息为每股0.047新元。

尽管市场条件充满挑战，预期全球经济增长放缓，中航油仍将继续发展其航油供应和贸易网络，以及在其他油品贸易中的战略优势。本公司还将继续通过投资协同和战略性油品相关产业及业务寻求扩张机会，继续专注发展长期盈利能力。

收入

2019财年总收入下降1.30%至203.4亿美元。主要由于油价下降，中馏分供应与贸易收入减少9.97%至135.9亿美元。2019财年供应与贸易总量为3,693万吨，比2018财年的3,485万吨上涨5.97%。航油供应与贸易量从2018财年的1,426万吨增加至2019财年的1,627万吨，涨幅为14.10%，占公司2019财年总收入的49.77%。其他油品贸易量（主要来自于燃料油和原油）在2019财年下降196万吨（11.79%）至1,467万吨，贡献67.5亿美元收入。

中国依然是公司的最大市场，占公司2019财年收入的52.33%，与2018财年的收入相比，占比下降7.47%。

2019财年毛利增长16.93%至5,846万美元，2018财年毛利为4,999万美元，主要是由于航煤供应和贸易盈利较高所致。

2019财年其他经营收入为582万美元，较上年同期为398万美元增加184万美元，增幅为46.18%。2019财年银行存款利息收入为648万美元，较去年同期456万美元增涨42.06%。

2019财年总费用为2,337万美元，相比上年同期的2,554万美元下降8.50%，主要是利息费用减少。

来自联营公司投资收益

2019财年联营公司投资收益为6,553万美元，相比上年同期的7,211万美元下降9.12%，主要是来自上海浦东国际机场航空油料有限公司（简称"浦东航油"）的投资收益减少。2019年来自浦东航油的投资收益为5,883万美元，相比上年同期的6,521万美元下降9.78%，主要是因为收入减少和汇率变化。

2019财年来自Oilhub Korea Yeosu Co., Ltd（简称"OKYC"）的投资收益为517万美元，上年同期为478万美元，主要是因为经营收入较高。

2019财年来自中国航油集团津京管道运输有限责任公司（简称"管输公司"）的投资收益为254万美元，上年同期为228万美元，主要是因为运营费用减少。

CAO employees in a brainstorming session
小组讨论活动

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业绩回顾

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

净利润

2019财年公司税前利润为1.0643亿美元，较2018财年的1.0054亿美元增长5.86%，主要由于毛利和银行利息收入增加，财务费用减少，部分被较低的投资收益抵销。

2019财年所得税费用为660万美元，与上年同期的668万美元持平。

由于毛利较高以及联营公司的收益稳定，2019财年净利润为9,983万美元，比2018财年的9,386万美元，增加597万美元，增幅为6.36%。

财务状况

2019财年公司资产负债状况健康。截至2019年12月31日，总资产为18.7亿美元，上年同期为16.5亿美元，主要是由于应收账款和其他应收账款，合同资产，现金及现金等价物增加，部分被存货减少抵销。

公司的流动性和偿债能力依然稳健。截至2019年12月31日，公司现金和现金等价物为3.79亿美元，截至2018年12月31日是3.58亿美元，增长0.21亿美元。截至2019年12月31日，公司的流动比率和速动比率分别为1.45和1.39（截至2018年12月31日分别为1.52和1.39）。2019年，公司的银行授信额度总额为29.2亿美元。

截至2019年12月31日，公司净资产为8.35亿美元，每股净资产为97.07美分，而截至2018年12月31日，公司净资产为7.69亿美元，每股净资产为89.42美分，分别增加了0.66亿美元和7.65美分。每股净资产的增加主要由于2019年盈利的增加，部分被支付的2018年股息所抵销。

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

公司继续保持稳健的银行资金，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，拓宽收入来源。

经济增加值

2019财年经济增加值（简称"EVA"）为4,837万美元，相比上年的4,538万美元增加299万美元，增幅为6.59%。主要因为净利润增加，在投资资本增加的情况下经济增加值上升。2019财年净利润为9,983万美元，比2018财年的9,386万美元增长6.36%。为了回报股东的支持，董事会提议2019财年派发每股0.047新元的年终股息（2018财年：0.045新元）。公司会继续提高运营效率，保持谨慎的财务管理，为股东持续创造价值。

Risk Management
风险管理

2019 was a year of unprecedented challenges with geopolitical and economic tensions as well as economic volatility increasing the risk profiles of many corporates. In particular, the ever-escalating US-China trade conflict dampened global economic sentiments considerably which inevitably impacted CAO's operations. Given the heightened market uncertainties throughout the year, the Group faced an escalating complexity of various operational risks in 2019 even as regulatory requirements for corporate governance and compliance became more stringent. The oil price fluctuated significantly in 2019 with the Brent Crude averaging US$54.91 per barrel at the start of the year to peak at US$74.57 in May before falling back to US$60.00 per barrel and continued to be volatile for the rest of the year.

Against a complex and constantly changing environment, CAO relied on its four-tier risk management framework and reporting structure, adhering to the Group's "Compliance as Top Priority, Risk Management of Utmost Importance" business philosophy, to analyse, assess and identify various risks to effectively mitigate and manage the risk exposure faced by the Group's expanding globalised business operations to ensure healthy business growth.

In 2019, the Group continued to strengthen its risk management framework with measures which chiefly included the implementation of (1) a hedging business policy to strengthen the oversight of its derivatives business; (2) updating of counterparty management policy to improve credit risk controls; (3) standardising contractual clauses for business agreements to reduce contractual risks; and (4) mitigating initiatives from a Enterprise Risk Management ("ERM") review to enhance the overall risk management of the Group.

As part of its risk culture, the Group continues to actively develop and refine its centralised risk control and network support to enable global business growth. The Group's risk management process comprises 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 our business operations, enabling the Group to quickly respond to constantly changing market conditions.

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

Risk Management
风险管理

Our risk management foundation is built upon three pillars namely:

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

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

At the strategy level, the Board of Directors ("the Board") has principal oversight and responsibility on the effective risk management of the Group with all risk management related issues ultimately reported to the Board.

At the tactical level, the Risk Management Committee ("RMC") oversees strategic risk management issues. The RMC reviews the limits for various types of risks which are subsequently submitted to the Board for review and approval. This review and approval flow also includes new business 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 risk category.

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

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

RISK MANAGEMENT STRATEGY

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

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

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

In addition to conducting regular market risk stress tests on positions held by the Group, we conducted an enterprise-wide stress test in 2019 based on the impact that an escalating US-China trade conflict scenario can have on CAO. These enterprise-wide stress tests cover various risks in the areas of market, credit, foreign exchange, financing, operations as well as legal and regulatory. Through such stress-testing exercises and its evaluation reports, CAO's Board and management team are regularly updated on the mitigation measures in place to manage the various risks as well as the implications and potential impact on the Group's business operations.

Risk Management
风险管理

No.	Assessed Significant Risks	Mitigation Strategies	Impact
1	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
2	Trading counterparty credit risk	1. To set appropriate portfolio credit limit for all trading counterparties 2. To conduct annual review on active counterparties 3. To strengthen the credit risk management team 4. To implement credit mitigation measures, such as Letter of Credit, prepayments, credit insurance and so forth 5. To manage credit risk related issues via the Credit Committee under CRM.	Mid
3	Human resource risk	1. To implement a competitive compensation package 2. To provide competitive employee benefits 3. To implement a career progression & development plan 4. To implement succession plan to address key personnel risks	Mid
4	Single product strategic risk	1. To adopt product diversification strategy to develop supply and trading capabilities in other oil products 2. Seek to build structural advantages for other oil products through securing supply contracts and investing in synergetic assets to support trading activities	Mid
5	Investment strategy risk	1. Proactively seek opportunities that offer value add for core jet fuel business with a focus on aviation marketing to support the Group's supply and trading network 2. Continuously refine the Group's investment portfolio through acquisitions and invest in synergistic assets for profitable growth	Mid

TOP 5 RISKS AND MITIGATION

At CAO, we constantly improve on the risk control systems through adopting best-in-class practices and developing new initiatives to enhance the Group's risk management capabilities. Besides managing key identified business risks on a daily basis, we have also analysed and determined the top five risks in CAO's operating environment in 2019 from an internal assessment standpoint.

COMPREHENSIVE ENTERPRISE RISK MANAGEMENT

Recognising that risk management plays an important role in business sustainability, CAO has adopted ERM practices to identify and manage the diverse risks inherent to the Group's globalised operations. Building on the ERM practices, the risk management team is able to identify, analyse and prioritise key risk factors faced by the Group, and ensures that 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. The Group currently reviews the Risk Register semi-annually. During the review process, each risk entry is quantified based on impact, probability and rank, so as to prioritise significant potential risks for the Group.

Besides the Risk Register being a critical component of ERM, the CRM committee, comprised of management team and business heads, is an important channel for discussing risk-related topics and issues. Through monthly CRM meetings, as well as ad-hoc meetings and e-mail circulation, potential risk factors identified in daily business operations can be discussed and evaluated on a timely basis. For example, at times when a counterparty faces

Risk Management
风险管理

cash flow issues resulting in late payments, the CRM may deliberate and decide whether to halt further commercial dealings with the said 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 could face in special situations amid a disrupted environment, 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 relevant business functions.

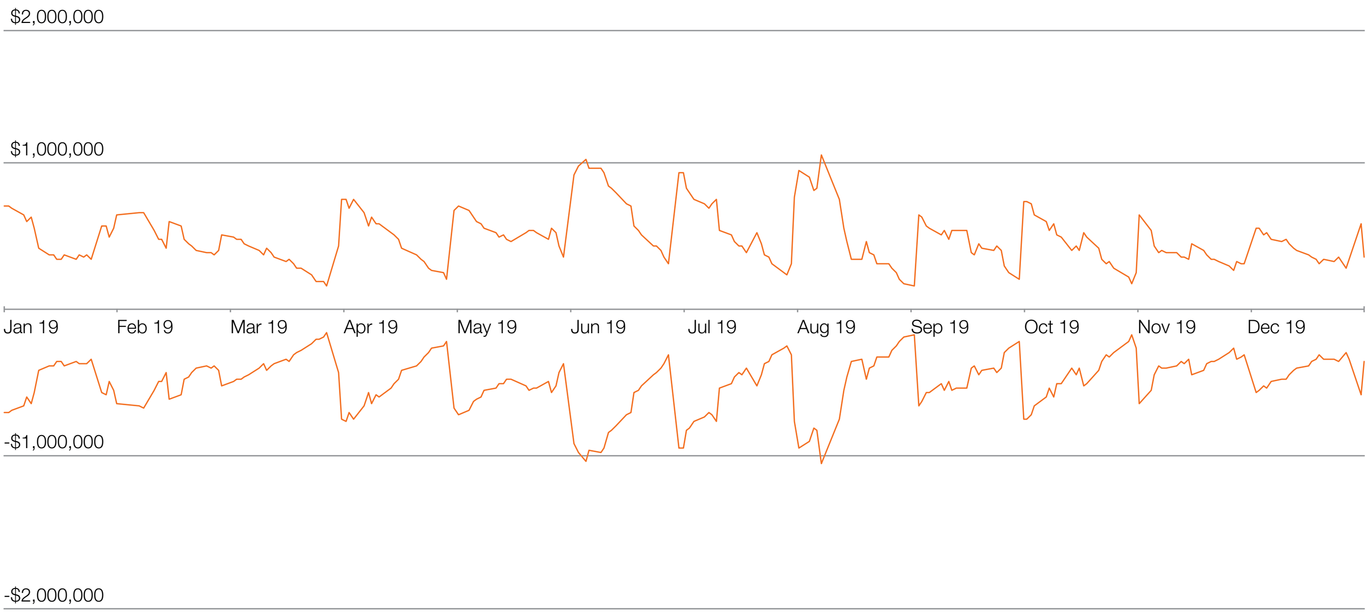
The Market Value at Risk ("MVaR") is used as a primary tool to measure market risk. All physical and financial contracts are subjected to MVaR limits and valuation of the holding portfolio is monitored on a daily basis. A set of market risk limits, which are delegated by the Board, include Volumetric 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, the Risk Management team simulates in a timely manner the likely impact of the Group's trading positions in times of extreme market conditions. In 2019, a stress test on US-China trade conflict was conducted, which allowed CAO to have timely and deeper insights on the Group's business activities, and enabled the Group to take mitigating actions and countermeasures when necessary.

Notwithstanding the high volatility in the market environment, the Group's risk appetite remains cautious and measured. The daily MVaR utilisation rate, based on a 95% confidence interval, has remained stable, registering an average MVaR utilisation of US$496,000 in 2019.

To further tighten risk control on the derivatives business, the Group had implemented the hedging business policy in 2019, in which derivative instruments are to be used solely for hedging purposes and any form of speculative activities are strictly prohibited.

2019年公司市场风险值使用情况
2019 MVaR UTILISATION AT COMPANY LEVEL



Risk Management
风险管理

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

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 is a most significant measurable risk 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 an ongoing 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 standings, operating and payment track records as well as conducting background checks. Actual credit terms and limits to be granted are derived based on the information obtained.

Against the backdrop of a volatile operating environment with increasing geopolitical uncertainties in 2019, the Group has continued to maintain a prudent credit risk management practice. The highlights in this area include:

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

2. enhancing counterparty management policy to improve the effectiveness and efficiencies of counterparty management under the Group including conducting a one-off exercise to streamline the Group's list of counterparties to tighten the credit limits of high risk counterparties and improve the overall creditworthiness of the Group's portfolio of counterparties; and

3. updating the credit risk limits framework of the Group to ensure its relevance to the current market conditions to support CAO's continued expansion and further enhance the Group's market presence globally.

Risk Management
风险管理

Our concentration risk profile of account receivables are as follows:

By Country

As of 31 December 2019, the Group's geographical exposure was predominantly mainland China (67.74%) and Singapore (17.30%), which made up 85.05% of the Group's total exposure.

During the fiscal year 2019, the predominant countries were China and Singapore. In tandem with business expansion, the Group's exposure to counterparties outside these two countries has grown steadily over the years as we continue to diversify and rebalance the geographic mix of CAO's business.

By Internal Credit Rating

As of 31 December 2019, in terms of internal credit rating, the Group's exposure was mainly from Grade C1 (28.67%), Grade B1 (24.11%), B2 (8.96%) and A2 (7.48%), which made up around 69.21% of the Group's account receivables position. Letter of Credit ("LC") receivables was about 26.03% of total account receivables.

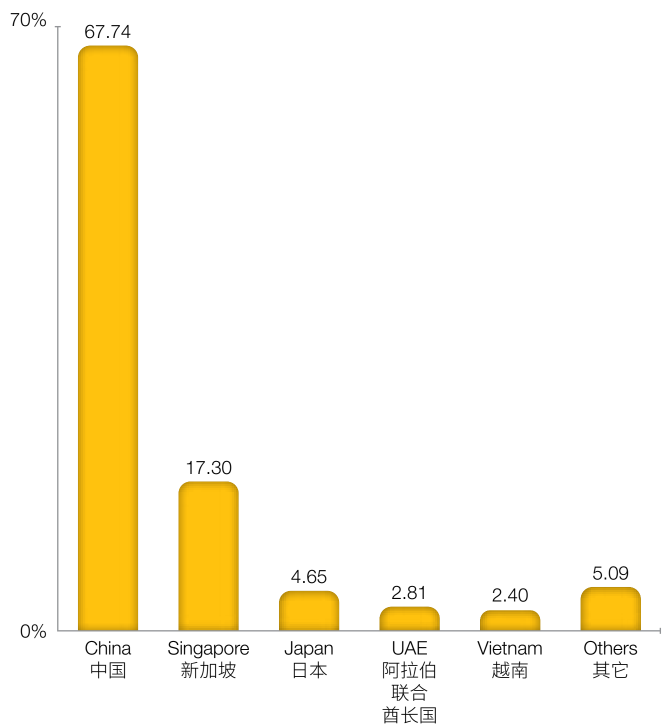
During the fiscal year, the exposure from these internal ratings of Grade A1 to B2 (including exposures against LC) equivalent of investment-grade made up more than 66% of the Group's exposure. The overall portfolio was in good position.

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

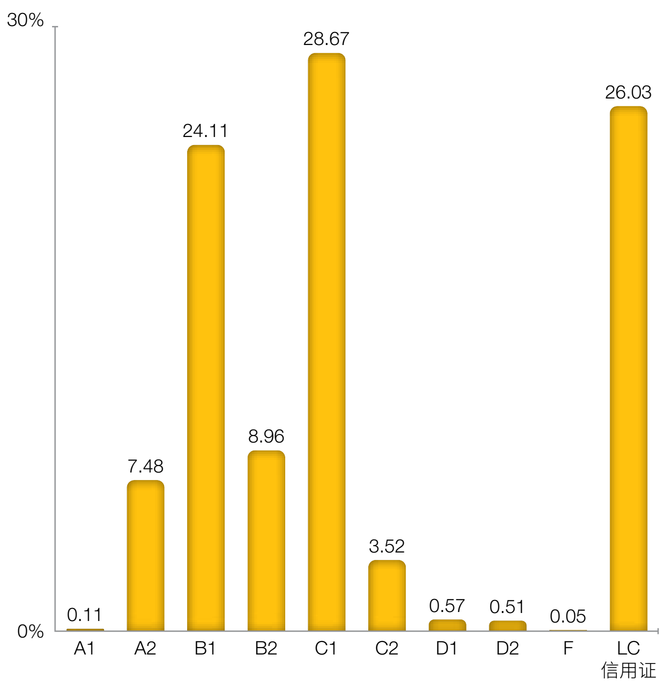
The Group had also employed credit enhancement or mitigation tools where necessary. These included obtaining parental company guarantees, cash collateral, letter of credit from investment-rated banks and off-set clause in contracts. These enhanced measures allowed the Group to be better equipped in managing 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 proactively promote a strong culture of risk awareness and will continuously enhance its risk management processes and capabilities to ensure that the Group effectively executes its strategies to realise its strategic targets and 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

2019年，世界经济经历了前所未有的挑战，地缘政治局势紧张以及经济波动增加了企业所面临的风险。尤其是中美贸易摩擦的持续升级导致全球经济低迷，对市场情绪形成打压，也对CAO的经营与发展造成影响。公司所面临的各项风险复杂程度日益提高，公司治理和合规经营的各项监管要求更加严格。油价在2019年波动显著，布伦特原油价格从年初的每桶54.91美元反弹至5月每桶74.57美元的顶点后又回落至每桶60美元左右反复震荡。

在复杂多变的环境下，中国航油依靠现有的四层风险管理构架和报告机制，坚持"合规第一，风控至上"的理念，及时分析、评估和报告各项风险，有效的管控了国际贸易和企业运营中的各项风险，确保了公司业务整体上平稳和健康发展。

在2019年，公司继续提升了风险管理体系，主要措施包括（一）推进套期保值管理政策的制定与实施，以进一步强化衍生品业务的管理；（二）更新交易对家管理办法，以进一步完善对信用风险的管控；（三）规范贸易业务中相关合同条款的使用，进一步降低了公司的合同风险；（四）完成风险大排查整改落实工作，进一步提升公司整体风险管理水平。

作为风险文化的一部分，公司继续积极开展并不断完善风险的集中管控体制和网络支持体系，以支持我们在全球的业务拓展。公司的风险管控流程主要包括：

1. 风险管理框架、政策和流程；
2. 行业主要风险的管理策略；
3. 五个关键风险及缓解措施；
4. 企业风险管理介绍；
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，使我们对多变的市场能够做出快速反应。

公司风险管理的三大支柱分别为：

1. 四层管理与控制架构；
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交董事会进行最终审批，这一审阅并提交审批的流程也包括公司计划开展的新业务。风险管理委员会在月报和季度会议中审查各种风险矩阵，了解公司各类风险的敞口和风险管理难度。

在管控层面，公司风险会议（简称"CRM"）在风险管理委员会授权之下，负责企业全面风险，包括市场、信用、运作、财务守规和信誉等各类风险管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、汇报和监控集团在新加坡、香港行政特区、洛杉矶以及伦敦的油品供应与贸易业务。新壮大的风险管理团队拥有如全球风险管理专业人士协会（GARP）所认证的能源风险专业证书（ERP）和金融风险管理师（FRM）等专业资质，他们在信用、市场和企业风险的专业知识有效的帮助全球风险管理的日常运营与管理，协助管理层实施并实现战略和经营目标。

风险管理策略

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

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

Risk Management
风险管理

序号	评估的重大风险	采取的管理策略和解决方案	影响程度
1	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
2	贸易对家信用风险	1. 设立恰当的对家总信用限额 2. 每年对活跃对家做复审 3. 增强信用管理团队的人员 4. 实施信用缓解措施，如信用证、预收款、信用保险等 5. 通过公司风险会下设的信用风险管理小组统一管理信用风险相关事宜	一般
3	人才资源风险	1. 制定具有竞争力的薪酬配套 2. 有竞争力的员工福利 3. 制定人员发展计划 4. 落实接班人计划以解决关键岗位风险	一般
4	单一产品战略风险	1. 执行产品多元化战略，开发其他油品的供应与贸易能力 2. 通过寻求供应合同和有投资协同性的资产，为其它油品建立结构性优势，支持贸易活动	一般
5	投资战略风险	1. 积极寻找为核心航油业务增值的机会，以航空市场营销为重点，支持公司供应与贸易网络 2. 通过收购活动不断完善公司的投资业务，并投资有利润增长的协同性资产	一般

除了对持仓进行定期的市场风险压力测试之外，公司在2019年针对中美贸易摩擦升级形势下对公司的影响，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；通过向公司董事会和管理层介绍测试与分析的结果，使我们能更好地防范此类突发事件对公司经营带来的潜在影响。

五项关键风险及缓解措施

中国航油通过借鉴业内的最佳实线来持续改善公司的风险管理，通过新的措施加强风险管理能力。在管控主要业务风险之外，我们也通过企业风险管理方法来排查公司经营中的其它风险。以下是我们通过内部评估所得出的2019年公司经营前五大风险。

企业全面风险管理介绍

认识到风险管理在企业可持续发展中起着重要的作用，CAO采用企业风险管理来识别和管理公司全球业务运作面临的各种风险。通过全面风险管理实践，风险团队能够识别、分析和评估公司所面临的主要风险因素，并由各业务部门风险责任人制定并执行相应计划来缓解风险，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。

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

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

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


Transit storage
中转库

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。所有实货合约和金融衍生品合约都受市场风险值限额管理，我们每日跟踪持仓价值的变化。董事会授权的一系列市场风险限额，如数量限额、风险值限额、管理层预警限额、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，我们能够及时地模拟出公司最近的贸易持仓在极端市场环境下可能受到的影响。2019年我们对中美贸易摩擦进行了压力测试，通过这样的测试，使CAO能够对其业务活动有及时和深入的了解，在必要时采取风险缓解措施。

作为量化技术分析的有效方法，MVaR能通过单一的数据来报告公司的持仓数量、市场波动情况以及不同产品的关联性。以下是2019年我们在公司层面的市场风险值统计情况——从统计数据来看，公司的风险偏好是相对保守的，基于95%置信区间，2019年公司整体的每日市场风险值平均使用率为49.6万美元。

为了进一步控制衍生品业务风险，我们在2019年执行套期保值业务管理政策，该政策要求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. 信用违约风险是由于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带来的潜在损失，对该公司继续经营能力能够造成威胁的风险；以及

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

鉴于2019年经营环境不稳定，地缘政治形势不确定，公司继续保持审慎的信用风险管理政策。信用风险管理的亮点包括：

1. 为高风险的交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. 优化了公司的交易对家管理政策，成功地提高公司对于交易对家管理的效益。公司也进行了一次性的对家清理，完成了对于高风险对家信用条款和额度的缩紧，提高了公司交易对家整体的信用质量；以及

3. 更新了公司的信用风险限额框架，让框架可以与当前的市场情况更加相关，以持续支持公司国际业务规模的发展势头。

我们应收账款的集中度风险状况如下：

根据国家

截止2019年12月31日，根据公司对家的注册地，公司的信用敞口仍主要来自中国大陆（67.74%）和新加坡（17.30%），占总敞口的85.05%。

从整个财年来看，信用敞口主要来自中国大陆和新加坡。公司会继续在这两个地区以外设立的对家寻求合作业务的稳步增长。

根据内部信用评级

截至2019年12月31日，内部信用评级方面，信用敞口主要来自于评级为C1（28.67%）、B1（24.11%）、B2（8.96%）和A2（7.48%）级别的贸易对家，占总应收款的69.21%。基于信用证的应收款大约占了总应收款的26.03%。

2019财年，公司对信用评级为A1，A2，B1和B2（包括信用证的敞口）类似于投资级别的对家占总敞口的66%。公司整体的对家信用评级组合处于良好状态。

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

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

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

Compliance and Internal Audit
合规与内审

At CAO, we are committed to operate responsibly with business practices that are designed to maintain high standards of oversight, accountability, integrity and ethics, while continuously striving for business performance and sustaining long-term growth in shareholder value.

OPERATING RESPONSIBLY

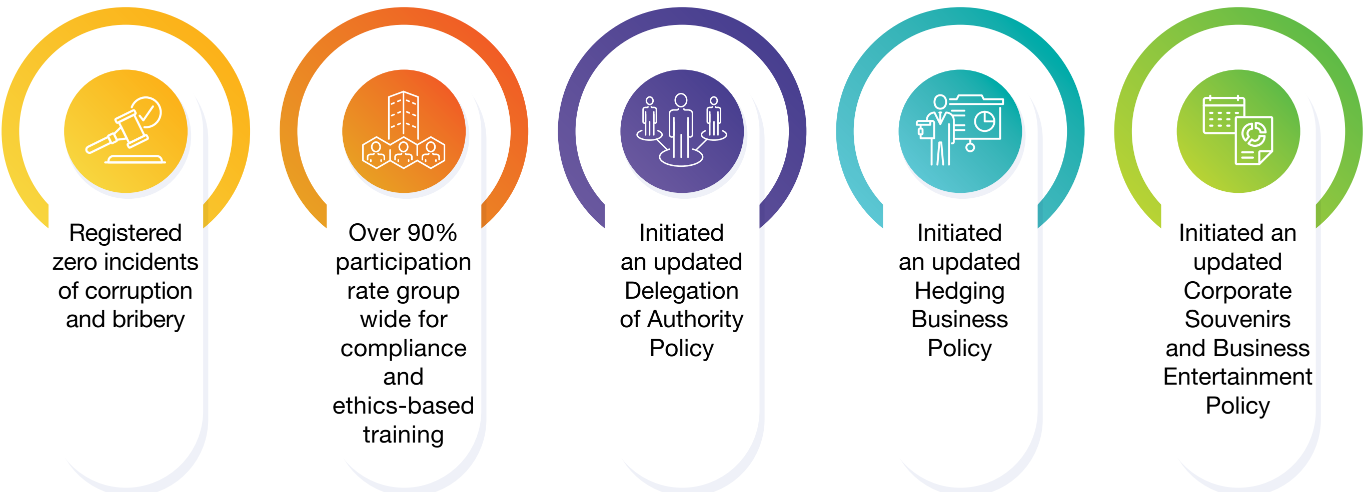
Shaped by the commitment of the Board of Directors ("the Board") and driven by CAO management team, the Compliance and Internal Audit ("CIA") function ensures that responsible practices are integrated into the Group's businesses as a core operating principle, including increasing the effectiveness of internal controls to enhance the efficiency of governance as well as its financial and business operations with suitably designed monitoring measures to support the Group's business strategies.

Against the backdrop of constantly changing business landscape, regulatory environment and the introduction of new technologies and inevitable disruptions, the Group continues to focus on reviewing 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 disciplined approach to evaluate and improve the Group's overall control framework, including reviewing of Standard Operating Procedures covering delegation of authority and hedging business policies with changes to further strengthen management controls in 2019.

The Group regularly reviews and identifies compliance risks such as anti-trust and competition law, anti-corruption, occupational safety, health and environmental regulations, data protection, insider trading and fraud, and seek to comply with applicable local, and international trade legislations and regulations in the regions that CAO operates through enforcement of internal policies and directives.

To adhere to international trade sanctions regulations, the Group leverages on risk intelligence tools to support its compliance needs to mitigate CAO's exposure to financial crime, corruption and bribery more effectively. These assessment tools are readily updated to respond to changes in the regulatory landscape, including allowing CAO to conduct in-depth screening of counterparties and constant monitoring of politically exposed persons such as those categorised as heightened risk entities. In situations where the assessment of trade sanction risks require clarification, the CIA team works closely with the legal and risk management teams to evaluate compliance requirements with a focus to integrate compliance actions into daily operations at the business level.

COMMITMENT TO RESPONSIBLE BUSINESS PRACTICES



Compliance and Internal Audit
合规与内审

Oil storage facilities CNAF
CNAF储罐设施

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 administration and thresholds of policies governing procurement practices as well as souvenirs and business entertainment so as to promote sustainable business engagement with the Group's stakeholders including employees, business partners, suppliers and shareholders appropriately. For CAO, we believe that these measures collectively support the Group's efforts against graft, facilitation payments and any other forms of offer.

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 knowledgeable and skilled through completion of web-based mandatory training to apply legal, regulatory and other compliance requirements in their daily work. The CIA 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, over 90% of CAO global workforce participated in compliance and ethics-based related training in 2019.

STAYING VIGILANT

CAO believes that staying vigilant and being prepared is the best safeguard against possible business disruptions. Recognising the importance of maintaining vital capabilities to continue critical business functions operationally with minimum impact in the event of a crisis, and to maintain a level of operational readiness, CAO has continued to validate its Business Continuity Plan ("BCP") that integrates with the IT Disaster Recovery Plan ("DRP"), establishing the guidelines, structure and support framework necessary to ensure appropriate emergency escalation response, resumption and recovery of key business functions and data resources in a timely manner.

Taking into consideration the potential strategic, operational, financial and reputational business exposure in potential occurrence of significant risk events that may impact CAO, a group wide BCP and DRP exercise was conducted at a pre-determined and identified disaster recovery site, which resulted in a crisis simulation exercise. Key personnel from front office to back-end and support functions were involved in a simulated crisis scenario with concurrent participation from CAO subsidiaries worldwide. The exercise was successfully conducted with minimal downtime for ongoing business applications.

Compliance and Internal Audit
合规与内审

Round-the-clock monitoring at TSN-PEKCL Pipeline's control room
在管输公司的管线控制室中进行24小时监控

CONTINUOUSLY COMMITTED

Beyond its compliance role, the CIA team has the added functional responsibility of administering the yearly internal audit work that seeks to independently evaluate the effectiveness of control measures and governance processes of the Group. The scope of work serves to provide reasonable assurance that appropriate control measures are in place to address significant concerns in its global business environment.

The CIA function plans annual internal audit reviews and the plan is submitted to the Audit Committee for approval, and thereafter, will be implemented and supported by a team of qualified professionals from an international auditing firm. The plan also covers the assessment of the Group's internal control systems including an independent biennial review commissioned to ensure the overall effectiveness of the Group's business practices. The internal audits report on significant audit findings or internal control inadequacies, which might possibly impact Group operations, are submitted to the Audit Committee as well as the Board on a quarterly basis. Corrective actions adopted by management are subsequently monitored for implementation based on agreed timelines.

Reflecting CAO's continued commitment to accountability and integrity in our business practices, the CIA team has set out to benchmark against the Quality Assurance and Improvement Programme ("QAIP") to align the Group's internal audit activities to the Institute of Internal Auditors ("IIA") Standards in 2019. An internal assessment exercise in the form of a questionnaire was conducted to obtain feedback from various stakeholders on the viability and quality of the functional responsibilities of CAO's internal audit activities for sustainable improvement.

It is imperative for CAO to conduct its business in compliance with legislation and regulatory standards, as such, beyond complying with the law, CAO has a whistle-blowing policy with communication channels accessible through the corporate website - www.caosco.com to ensure that concerns from CAO employees or other stakeholders about possible improprieties may be reported, investigated and duly addressed. During the year, there have been no verified issues raised through the whistle-blowing channel.

Compliance and Internal Audit
合规与内审

CAO一直致力于推行负责任的经营管理方式，秉持高水准的监督和责任制度，并积极将企业诚信与道德融入到日常经营。与此同时，公司还在不断追求更优的业绩，确保股东价值能够得到长期可持续增长。

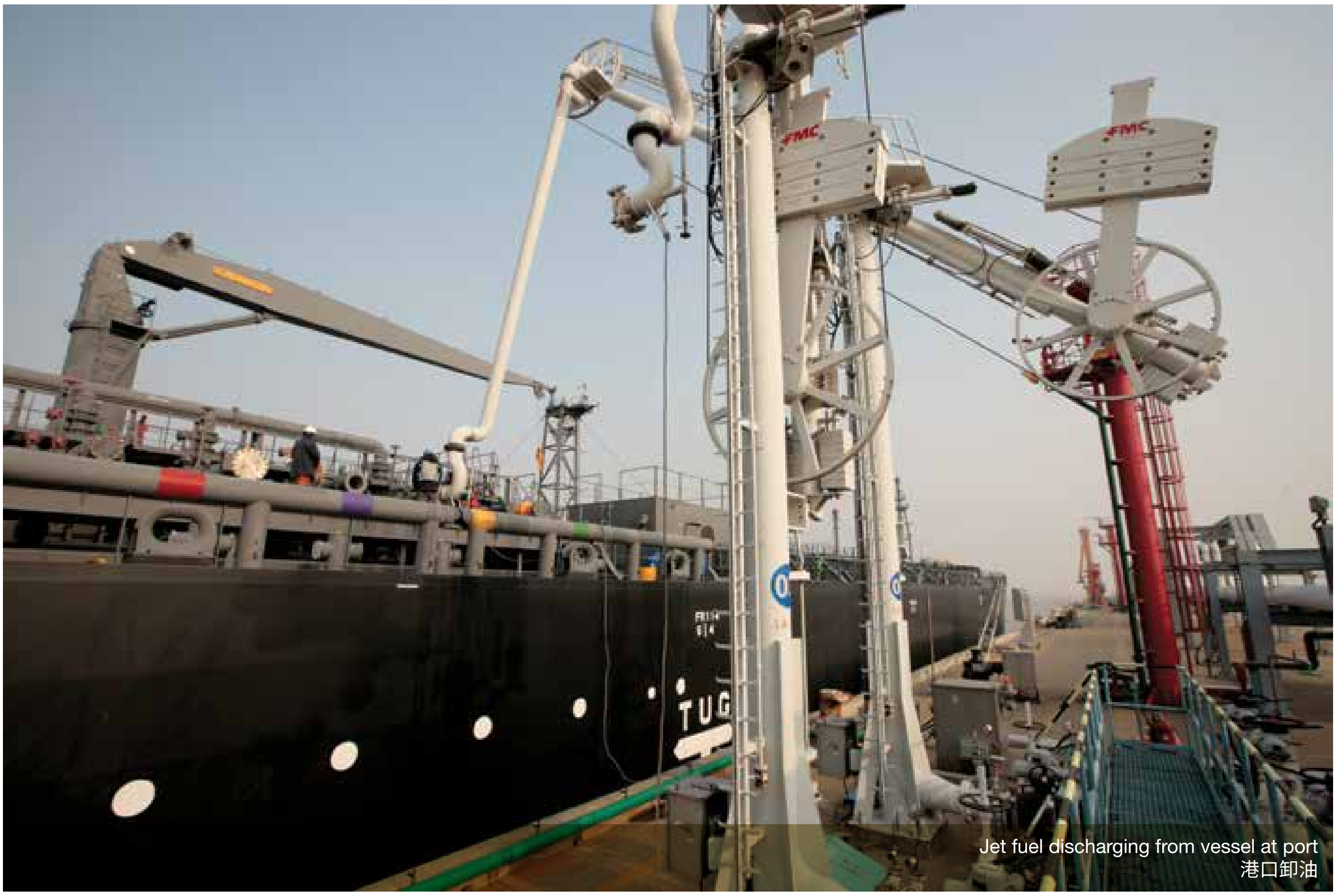
负责任的经营管理

在董事会的指导及CAO管理层的推进下，合规与内审工作确保将负责任的经营理念融入公司业务的核心运作体系，包括增强内部控制的有效性，提高公司治理以及财务和业务运作的效率，通过制定适当的监控措施来支持公司业务策略的落实。

当前市场形势和监管环境不断变化，行业也面临着技术革新等因素带来的冲击。在这样的大背景下，公司紧抓对内控、程序和系统的有效性和稳定性的评估工作，确保其能有效预防和发现违规行为。公司参照Committee of Sponsoring Organisations of the Treadway Commission（简称"COSO"）的框架建议，制定了一整套合规监管体系，确保以系统性、规范性的方法不断来评估和改进公司的整体内控框架（2019年）。公司梳理了"标准操作流程"，包括改进了授权机制、套期保值政策，以加强公司的管理控制等。

公司定期评估、识别合规领域的风险，范围包括反垄断和竞争、反腐败、职业安全健康和环境条规、数据保护、反内幕交易和欺诈等。通过推行CAO内部政策和指令，确保公司的操作符合其经营所在地所适用的当地和国际贸易法律、法规。

为了遵守国际贸易制裁法规，公司利用风控信息工具来配合合规工作的开展，更为有效地减少在金融犯罪、腐败和贿赂方面的风险。同时配合监管政策的调整，公司还及时更新该评估工具，以便能不断开展更为深入的合规防范工作——如深层次的对家调查，对有政治风险的个人和实体进行风险实时监测。对于制裁相关的商业案例，合规与内审部还会联合法律部、风险管理部一同评估合规要求，并着重将合规贯彻到日常业务与运营之中。


Jet fuel discharging from vessel at port
港口卸油

Compliance and Internal Audit
合规与内审

对商业操守的承诺

维护企业诚信

CAO对任何形式的贪污或贿赂都保持“零容忍”态度。一年来，公司还进一步加强了对公司采购、纪念品和业务招待政策的管理，以促进公司与员工、业务伙伴、供应商及股东等利益相关方的良好、可持续的互动与合作。CAO坚信，这一系列措施将有助于防范受贿、收取好处费等违法利益输送行为。

在维护企业诚信方面，公司推行了一套全面的道德与合规计划，通过强制性网络课程，确保公司各级员工具备工作所需知识和技能，充分了解并熟谙法律、监管和其他合规要求。此外，合规与内审部也经常与员工开展合规与道德领域的其它相关培训，如信息安全、网络风险意识和欺诈防范。2019年，超过90%的CAO全球员工参加了合规与道德相关培训。

保持警惕

CAO深信，时刻保持警惕以及做好防御是防止出现业务中断的最佳措施。公司也意识到，在危机时刻确保关键业务功能受最小冲击并保持运作对公司至关重要。为确保业务可持续，CAO在2019年继续演练和巩固“业务可持续计划”（简称“BCP”）——该方案包括了“信息系统灾难恢复计划”（简称“DRP”）。通过制定指导方针，建立和完善架构来确保CAO能够有效的上报和应对紧急情况，及时恢复、重启关键业务功能和数据资源。

上述BCP和DRP演习是模拟灾难情况，结合潜在重大风险事件对公司战略、运作、财务和声誉方面的影响，在预先确定的灾难恢复地点开展。公司前、中、后台和支持部门的关键人员以及全球子公司均参与了模拟危机演习。通过模拟演习的顺利开展，可将危机事件对业务的干扰程度缩至最小。

坚守承诺

在合规职责以外，合规与内审部也负责年度内部审计工作，即独立评估公司内控措施和管理流程的有效性，旨在监督和合理保证公司已采取适当、合理控制措施来应对全球业务环境中的重大顾虑。

合规与内审部负责制定内部审计的年度工作计划，并将计划提交审计委员会批准。内部审计旨在确保公司运营的整体有效性，主要由国际审计事务所的合格专业人士开展，审计范围涵盖公司的整个内部控制系统，包括两年一度的独立审核等。内审报告将重点关注可能影响公司运营的重大问题发现、内部控制缺陷等，并于每季度提交审计委员会和董事会。公司将按管理层拟定的时间表开展有关问题的整改工作。

为了体现CAO在业务实践中对责任和诚信的一贯承诺，合规与内审部借鉴“国际内部审计师协会”（简称“IIA”）标准，在2019年开展“质量保证和改进计划”（简称“QAIP”）以提升公司的内部审计工作。该计划下，通过问卷形式向各利益相关方征求对CAO内审工作可行性和质量的反馈，以实现可持续改进。

CAO坚持在合法合规的前提下开展业务。为了更严格地约束企业行为，CAO制定了举报政策，CAO员工或其他利益相关方可以通过公司网站www.caosco.com上公布的渠道实施举报。所举报的任何不当行为都会得到及时调查和解决。本年度，公司未收到来自举报渠道的任何有依据的举报事项。

Human Capital Management
人才资源管理

CAO employees putting their heads together for team-building activities
CAO员工积极参与团队建设活动

CAO's long-term business success pivots on a highly skilled and productive workforce. As such, the central task of the Human Resources ("HR") function is to provide the best possible support for the growth of the Group's businesses globally. In 2019, the Group continued to step up on its "People Strategy", with the focus on streamlining, standardising and strengthening the Group's HR processes to enhance performance management structure and establish new digital HR systems and tools with the aim to facilitate business performance and support the sustainable growth of the business.

OUR HR APPROACH

Focused on the Group's management principle of "Transparency, Standardisation and Refinement", salient HR work in 2019 included enhancing HR digital tools such as initiating the web-based Office Automation ("OA") platform, enabling the HR function to offer effective and standardised services such as performance evaluation, leave management, career development and training digitally in a shared system group-wide. The OA initiative formed a critical backbone to the management process as it not only ensured accountability but also empowered and engaged employees more efficiently, allowing them to gain a better understanding of their talent, capacity to learn as well as align opportunities at work with individual skill sets.

DEVELOPING TALENT

Against a backdrop of strong competition for talent in the human capital markets where CAO operates, the Group sees its talent pool as an essential component to capture business opportunities and development. The Group conscientiously seeks to attract, develop and retain the best human resources with fair, transparent and competitive remuneration packages, offering continued training, career development and advancement opportunities. At CAO, we value the knowledge, experience and creativity of our talent pool and looks to accord due recognition and reward according to individuals as well as team performance.

In line with the Group's people strategy to retain high performing talents, over 10% of CAO's global employees, regardless of race, gender, age as well as nationality, have been identified for further development and advancement through opportunities across the Group's global business units, functional disciplines and operations in the past year. These include employee promotions as well as secondments at subsidiaries and associated companies across the Group's international platform in Asia Pacific, North America and Europe. Through partnerships with universities and educational institutions, CAO also offers internship opportunities in functional units such as the compliance and internal audit division to cultivate and hone prospective hires on an ongoing basis. With such internships, the Group endeavours to equip the workforce of the future with business know-how and demonstrates our commitment to foster a diverse and inclusive workforce wherever we operate.

In an ever-changing and dynamic work environment, CAO encourages and offers learning and skills upgrading opportunities to employees at all levels to equip them with the necessary knowledge and technical skills to grow their capabilities and position them for professional growth within CAO even as it addresses business challenges on an ongoing basis. CAO HR regularly organises lunchtime training sessions which are specially tailored to impart and refresh related professional and industry knowledge cross departments to help employees in support roles further understand CAO's business activities. HR's learning and development initiatives are also complemented by specific workshops to meet and address local operational know-how and requirements.

Human Capital Management
人才资源管理

PERFORMANCE AND REWARDS MANAGEMENT

In 2019, CAO introduced Mercer's International Position Evaluation ("IPE") methodology to better align the Group's compensation policy and practices within and across its global operations. At CAO, employees are provided with transparent remuneration packages that are competitive and in line with market conditions wherever we operate. Our pay practices are based on the value of the job and are designed to include a performance bonus system that is geared toward the Group's long-term sustainability and success.

CAO operates in an environment that is constantly changing, requiring the HR function to be agile and respond quickly to industry developments and keep pace with statutory framework on employment laws and labour guidelines on an ongoing basis. In addition to fair monetary remuneration, the HR team regularly reviews existing offerings to employees to adapt its practices in a proactive and timely manner. During the year, the HR team worked on the HR manual extensively with welfare benefits enhanced to better cater to employees' needs in line with the Group's business objectives in the best possible manner. At the same time, the HR team also put in place the "Expatriate Management Manual" covering work conduct, job tenure, visa management, travel and leave, compensation and benefits, performance appraisal to be aligned with the Group's management approach of "Transparency, Standardisation and Refinement".

ENGAGING OUR PEOPLE

Utilising a wealth of communication channels to foster employee engagement and create a vibrant workplace, CAO's corporate culture is built on its core values of fairness, integrity, innovation and transparency. To promote work-life balance, CAO HR actively supports a healthy lifestyle initiative which allows employees to leave the workplace early every Thursday to participate in active sports.

To foster a positive and inclusive workplace culture, CAO HR also avails multiple communication channels and platforms to encourage employee engagement and communication through regular town hall meetings with the management team to obtain employee feedback and suggestions. Led by HR and comprising representatives from all departments, a corporate culture committee conducts regular brainstorming sessions to continually

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

Human Capital Management
人才资源管理

CAO employees at a dragon boat race
公司员工参与龙舟赛活动

promote corporate culture within CAO through activities such as festive celebrations, e.g. Lunar New Year and Dragon Boat Festival, birthday celebrations, sports tournaments and marathons. In November 2019, the Group's annual team-building activity was convened with the central theme of "Hand in Hand for Tomorrow", which resulted in high participation rate from Singapore-based employees who were actively involved during the team-building activities aimed at promoting a sense of belonging to further strengthen inter-division communication and cohesiveness within the Group. Through collaborative team-building activities, the Group's core values of fairness, integrity, innovation, and transparency was amplified, motivating employees to continue individual growth and development together with CAO. Through fostering fair and sustainable HR practices, CAO has further enhanced cohesion and engagement of employees. The total turnover rate in 2019 decreased 1% compared to the year before.

CORPORATE SUSTAINABILITY THROUGH HUMAN RESOURCES

CAO values and attaches high priority to provide an optimal workplace environment for our employees. We are committed to continuously improve our occupational health & workplace safety initiatives in compliance with the Group's Safety, Health & Environment ("SHE") policy & guidelines which is well supplemented by a comprehensive insurance coverage comprising medical, travel and accident related benefits, ensuring our adherence with applicable laws and regulations. To this end, the Group has taken various measures to ensure that there are no workplace fatalities and occupational incidents during the past year. CAO believes a safe and healthy workplace environment improves employees' productivity and enhances cohesiveness, which will foster a healthy and strong team to work towards achieving the Group's sustainability and strategic goals collectively.

Human Capital Management
人才资源管理

CAO的长期成功建立在高技能和高效率的人才队伍之上。因此，人力资源部（简称"HR"）的主要任务是为公司全球业务的增长提供最好的支持。2019年，公司继续加强其"以人为本策略"，聚焦于梳理、标准化和强化公司的人力资源管理流程，加强绩效管理结构并建立新的信息化人力资源系统和工具，以促进经营绩效并支持业务的可持续增长。

公司的人才资源管理

本着"透明化、规范化、精细化"的管理理念，2019年的主要人力资源工作，包括增强人力资源信息化工具，例如公司通过启动办公自动化（简称"OA"）系统，对绩效评估、休假管理、职业发展和培训实现了有效且标准化的线上评估。OA系统是管理过程的关键，它不仅确保了责任到位，而且更有效地增强员工参与度，让他们更好地了解自己的才能、学习能力，并将工作机会与个人技能结合起来。

人才发展

在公司运营的人力资本市场上，对人才的竞争非常激烈。人才是突破挑战寻求机遇的关键！CAO不仅以公平、透明且具有竞争力的薪酬政策吸引优秀人才也积极提供培训、职业发展和晋升的机会，以吸引、激励和留住人才。CAO重视人才的知识、经验和创造力，并按个人和团队的表现给予适当的嘉许和激励。

为了符合公司留住高效人才的战略，在过去的一年，CAO有10%以上的全球员工，不论种族、性别、年龄和国籍，已通过公司在全球的业务单位、各部门和运作团队，得到进一步发展和提升的机会，包括员工晋升，以及外派到公司在亚太、北美和欧洲国际平台上的子公司和关联公司。通过与大学和教育机构合作，CAO也为高校学生提供在合规与内审部实习的机会，以持续培养和磨练潜在员工。通过这些实习机会，公司努力为未来的员工提供业务知识，从而体现公司致力于在运营所在地培育多元化和包容性员工队伍的承诺。

在不断变化的动态环境中，CAO鼓励并为各级员工提供学习和技能提升的机会，以使员工具备必要的知识和技能，在公司不断应对业务挑战的同时，培养员工的能力、支持员工的职业发展。HR也定期举办午间培训课程，专门向员工传授和更新相关的专业和行业知识，增进员工对公司业务的了解。HR的学习和发展计划也包括组织专题研讨会以便补充及满足公司运营所在地的运营技术需求。

员工绩效与薪酬管理

2019年，CAO引入美世IPE评估系统，对公司及其子公司开展岗位价值评估和内部职级梳理，确保与公司内部和全球业务的薪酬政策和标准保持一致。CAO在其运营所在地为员工提供透明的、有竞争力的、符合市场条件的薪酬方案。公司的薪酬标准建立在工作价值上，并包含绩效奖金制度，以符合公司的长期可持续发展和业务成功。

在CAO的运作环境不断变化下，人力资源部对市场须有一定的敏锐度，能够根据行业发展所需，及时应对市场变化，以符合就业法和劳工指导方针的法定框架。除了公平的薪酬外，HR还定期更新现有的员工福利并及时主动进行调整。这一年，HR不断完善和丰富总部和子公司人力资源手册，提升福利待遇，既达到公司的业务目标又满足员工的需要。与此同时，HR还编制完成外派人员管理手册，对外派人员的工作纪律、工作任期、证照管理、差旅探亲、薪酬福利和绩效考核等方面进行了详细说明和具体规范，实现了对外派人员管理的透明化、规范化、精细化。

增强员工参与度

CAO通过畅通企业的内部沟通渠道，提供丰富的文娱生活平台和组织企业文化活动，不断使员工内化公平、诚信、创新、透明的核心价值观。CAO人力资源部积极支持健康生活方式，公司在每周四实行工作与生活平衡计划，鼓励员工提前下班并积极参与体育活动。

为了营造积极和包容的工作文化，CAO人力资源部也搭建多种沟通渠道和交流平台，包括在员工大会开设了"管理层与员工面对面"环节，征集员工的意见和建议。公司还设有企业文化小组。这一小组由HR牵头、各部门代表组成，定期举行头脑风暴会议，通过节日庆祝活动，如迎春团拜会、端午龙舟、生日庆祝、体育赛事和马拉松等，不断提升公司的文化氛围。2019年11月，公司开展团队拓展训练，以"携手走向明天"为主题，新加坡员工积极参与团队建设活动，加强员工之间的沟通、理解、协作和信任，提升公司的凝聚力、团队协作和执行能力，活动过程体现出公司"公平、诚信、创新、透明"的核心价值观，感染和启发员工团结一心，精诚合作，向着公司的目标共同迈进。2019年总离职率较2018年下降1%。

努力打造人力资源、实现企业可持续发展

CAO一直将员工的健康和安全作为公司的管理的优先考量。我们以完善的安全，健康和环境（简称"SHE"）政策和方针不断改善我们的职业健康和工作场所安全。为此，CAO为员工提供了各种团体保险计划，包括医疗、差旅、意外及工伤保险，确保遵守适用的法律法规。2019年，CAO多举并措，确保办公场所未发生安全事故或意外。CAO深信一个健康及安全的环境可以提高员工的工作效率，增强员工的凝聚力，进而激励员工朝着CAO可持续发展和战略目标而努力。

Community Engagement
投身社会公益

Responsible corporate citizenship is firmly anchored in CAO's corporate social responsibility ("CSR") outreach programme where our social commitment is based on the Group's corporate expertise and objectives, focused on education and the environment. As a company, CAO remains committed to contribute meaningfully to create positive impact on the communities and the environment where our employees live and work.


CAOHK and CNAF HKR volunteers participated in a coastal clean-up activity in Hong Kong's Pak Shui Wun Beach
香港公司与香港供油公司的志愿者积极参与香港白水碗海滩清洁活动

COMMUNITY IMPACT

As part of our CSR outreach programme, the Group has focused on projects that will create a lasting impact on specific target groups and offer learning opportunities for participating partners and CAO employees.

Since 2010, CAO has been involved with Beyond Social Services' pre-school facility – Healthy Start Child Development Centre ("HSCDC"), 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 2019, to enrich the learning experience of the HSCDC pre-schoolers and foster the development of their life skills, CAO volunteers together with 32 pre-schoolers, went on a field trip to KidZania, an interactive indoor theme park where they had fun role-playing professions such as firemen, pilots, cooks and doctors through hands-on experience.

ENHANCING COMMUNITIES

Over the years, CAO has been seeking and partnering local organisations to pursue green initiatives that aim to create and raise environmental consciousness in local communities. Reflecting our commitment towards CSR, the Group supports a diverse range of eco-initiatives in the areas of environmental sustainability as well as training and education.


Cultivating green habits at a composting workshop
公司员工通过参与厨余堆肥环保讲座增长环保意识

In 2019, CAO continues to raise awareness about practising an environmentally sustainable lifestyle and collaborated with Green Nudge, a social enterprise with an environmental focus, and organised a lunchtime environmental awareness workshop on composting to inculcate socially responsible ways of recycling food waste. A total of 16 CAO employees participated in the green workshop. In 2019, we have also underscored our commitment towards a more sustainable environment by rolling out a group-wide Zero Waste – Bring Your Own ("BYO") initiative to encourage waste reduction in our day-to-day activities.

Over in Hong Kong SAR, the CAOHK team together with members of our associated company, CNAF HKR, partnered with Green Council, a non-profit environmental organisation, to organise a clean-up expedition at Pak Shui Wun Beach, along the Port Shelter coast in Sai Kung, to promote environmental care and protection. At the non-gazetted beach, 13 garbage bags' worth of rubbish such as plastic bottles, styrofoam and other debris were collected at the voluntary clean-up.

SUSTAINABILITY COMMITTMENT

At CAO, we continuously drive operational excellence by running the Group's businesses responsibly to sustain performance and foster economic development everywhere we operate. Notwithstanding a challenging business climate in 2019, the Group remains committed to being a responsible corporate citizen through supporting vibrant volunteer opportunities, social improvement efforts and charitable causes, contributing to global communities and the environment sustainably.

Community Engagement
投身社会公益

在CAO，负责任的企业公民意识深深扎根在公司的企业文化之中。公司始终秉持着对社会负责任的态度，自觉履行企业社会责任（简称“CSR”），以自身的专业知识及企业目标，专注于儿童教育及环保活动，力求为社区与环境作出贡献、创造积极的影响力。

社区的影响

作为企业社会责任活动推广的一部分，公司专注在能为特定目标群体创造持久影响的项目上，为参与方和CAO员工提供学习机会。

自2010年，CAO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，为来自新加坡武吉美拉和红山区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。2019年，CAO的志愿者带领32名HSCDC的小朋友一起游玩圣淘沙趣志尼亚乐园。在这个互动式的室内主题公园，小朋友通过各种有趣的角色扮演如消防员、飞行员、厨师和医生，体验职场工作的真实情景，增长生活技能。

增强地企和谐

多年来，CAO积极与当地环保组织合作开展环保活动，提高当地社区的环保意识。为了体现公司对企业社会责任的关注，CAO在环保、培训和教育等领域积极支持一系列生态环保倡议。

2019年，CAO继续提倡可持续生活方式的意识，与环保组织Green Nudge合作，向员工灌输对社会负责的生活方式，组织了回收厨余制作堆肥的午餐时间环保讲座。共有16名CAO员工参加了环保讲座。为了加强对环境保护的倡议，CAO在2019年推出了全公司范围内的“零废弃——环保便携餐具（简称“BYO”）”计划，鼓励减少日常活动中的浪费。

在香港特别行政区，香港公司团队协同联营公司——香港供油公司，与非盈利环保组织“环保促进会”合作，在西贡牛尾海沿岸的白水湾海滩开展清洁活动，以推广环境保护。在这个无人管辖海滩，香港志愿者团队携手清理海滩，在此次活动中共收集满满13大袋垃圾，其中包括塑料瓶、泡沫胶和其他垃圾。

践行可持续发展承诺

CAO以负责任的态度经营公司业务，在公司运作的各个地区保持业绩并促进其经济发展，从而不断推进公司的卓越运营。尽管2019年的商业环境充满挑战，公司仍致力于成为负责任的企业公民，积极支持各项志愿活动、社会改善和公益事业，为全球社区和环境的可持续发展做出贡献。

CAO volunteers spending time with HSCDC pre-schoolers at KidZania
公司志愿者与HSCDC的小朋友同游趣志尼亚乐园

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 91 and 96
Provision 1.2	
The induction, training and development provided to new and existing Directors	Refer to page 94
Provision 1.3	
Matters that require Board approval	Refer to pages 91 and 92
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 107
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 93
Provision 2.4	
The board diversity policy and progress made towards implementing the board diversity policy	Refer to page 92
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 97 to 98
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

Corporate Governance at a Glance

Express Disclosure Requirements – Principles and Provisions of the 2018 Code	How has the Company complied?
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 18 to 26 and 98
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 98 to 99
Provision 6.4	
The Company discloses the engagement of any remuneration consultants and their independence	Refer to page 100
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 100 to 102
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 101
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 102

Corporate Governance at a Glance

Express Disclosure Requirements – Principles and Provisions of the 2018 Code	How has the Company complied?
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 102
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

In the midst of unprecedented geopolitical and global economic uncertainties and the fast-changing business landscape which 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**"), the Board and Management of the Company remained committed to embracing the highest standards of corporate governance and in keeping with the Company's corporate philosophy of transparency and integrity. We strive to surpass the minimum requirements of openness, integrity and accountability prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the 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 (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 CAO Corporate Governance Policy have been reviewed 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 2019 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 2019 with specific reference to the 2018 Code and details how we apply the principles and comply with the provisions of the 2018 Code.

(A) BOARD MATTERS

The Board's Conduct of its Affairs

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

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

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

Statement of Corporate Governance

Some of the businesses that the Board transacts include:

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

Key matters that are specifically reserved for the Board's consideration and approval include corporate planning, material acquisitions and disposals of assets, corporate or financial restructuring, formulation of any dividend policy or the change of such dividend policy, declaration of dividends, interested person transactions, any appointment, re-appointment or removal of the Chairman of the Board,

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

Composition of the Board: At the date of issue of this Statement of Corporate Governance, the Board comprises eight (8) Non-Executive Directors and the Chief Executive Officer/Executive Director (the "**CEO/ED**"). All Independent Directors as well as those nominated by the two (2) major shareholders, namely China National Aviation Fuel Group 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 (1) female Director on the Board. The female gender therefore represents approximately 11.1% of the total Board membership. In terms of age diversity, two (2) Directors are in their sixties, six (6) Directors are in their fifties and one (1) Director is in his forties, representing approximately 22.2%, 66.7% and 11.1% of the total Board membership respectively.

Statement of Corporate Governance

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.

Meetings of the Board and Board Committees: The Board met four (4) times in 2019. At the scheduled quarterly Board meetings for the financial year 2019, the Board: (i) reviewed and approved the release of the quarterly and full-year results; (ii) discussed reports by Management relating to major corporate activities; (iii) approved the annual budget; and (iv) reviewed the performance of the CAO Group's businesses. When Directors cannot be physically present, telephonic attendance and conference via audio-visual communication at Board and Board committee meetings are allowed under the Company's Constitution. The number of meetings of the Board and Board Committees held in 2019, 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	4	N.A.	N.A.	N.A.	N.A.	N.A.
Teo Ser Luck [(1)]	3	2	1	1	2	1
Wang Kai Yuen [(2)]	1	2	–	1	N.A.	–
Wang Yanjun	4	N.A.	N.A.	N.A.	N.A.	N.A.
Li Yongji	3	4	N.A.	2	N.A.	N.A.
Feng Hai	4	N.A.	1	N.A.	4	N.A.
Li Runsheng	4	4	1	2	N.A.	1
Hee Theng Fong [(3)]	3	2	1	1	N.A.	1
Ang Swee Tian [(4)]	1	2	–	1	2	–
Bella Young Pit Lai	4	N.A.	1	2	N.A.	N.A.
Chan Yat Chung [(5)]	3	3	N.A.	N.A.	4	N.A.
Eugene Leong Jhi Ghin [(6)]	–	–	N.A.	N.A.	–	N.A.
Number of Meetings Held	**4**	**4**	**1**	**2**	**4**	**1**

Notes:

(1) Mr Teo Ser Luck was appointed as a Non-Executive, Independent Director on 24 April 2019 in place of Dr Wang Kai Yuen. He was concurrently appointed as the Lead Independent Director, Chairman of the Audit Committee and a Member of the Nominating Committee, Remuneration Committee and Risk Management Committee.
(2) Dr Wang Kai Yuen retired as Deputy Chairman and Lead Independent Director at the 25th Annual General Meeting held on 24 April 2019. He concurrently relinquished his office as the Chairman of the Remuneration Committee and as a Member of the Audit Committee and Nominating Committee.
(3) Mr Hee Theng Fong was appointed as a Non-Executive, Independent Director on 24 April 2019 in place of Mr Ang Swee Tian. He was concurrently appointed as the Chairman of the Remuneration Committee and a Member of the Nominating Committee and Audit Committee.
(4) Mr Ang Swee Tian retired as an Independent Director on 24 April 2019. He concurrently relinquished his office as the Chairman of the Audit Committee and as a Member of the Remuneration Committee, Nominating Committee and Risk Management Committee.
(5) Mr Chan Yat Chung, a BP-nominee Director, resigned as a Non-Executive, Non-Independent Director on 1 November 2019. He concurrently relinquished his office as the Chairman of the Risk Management Committee and a member of the Audit Committee.
(6) Mr Eugene Leong Jhi Ghin, a BP-nominee Director, was appointed as a Non-Executive, Non-Independent Director on 1 November 2019 in place of Mr Chan Yat Chung. He was concurrently appointed as the Chairman of the Risk Management Committee and a Member of the Audit 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.

Statement of Corporate Governance

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

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

Comprehensive Director familiarisation sessions were arranged for Mr Teo Ser Luck and Mr Hee Theng Fong who joined the Board in April 2019 and for Mr Eugene Leong Jhi Ghin who joined the Board in November 2019.The purpose of the familiarisation sessions was to familiarise them with the business activities, strategic direction, policies and corporate governance practices of the CAO Group. Areas covered included 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 had arranged for Mr Eugene Leong Jhi Ghin to attend the LED Programme conducted by SID, within one (1) year of his appointment as a Director of CAO.

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 relating to "Outlook for Global Crude oil and Refined Products Markets" conducted by Asia S&P Global Platts. 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 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 has 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 key management personnel ("**KMP**") of the Company has 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, six (6) are nominated by substantial shareholders and are deemed as non-independent. The three (3) Independent Directors namely, Mr Teo Ser Luck, Mr Li Runsheng and Mr Hee Theng Fong constitute one-third of the Board. Currently, at least two (2) Independent Directors are resident in Singapore. These two (2) Independent Directors are Mr Teo Ser Luck and Mr Hee Theng Fong. 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 September 2019 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 2019, 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.

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 director's profiles can be found in "Board of Directors" section of the Annual Report.

Statement of Corporate Governance

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 decisions 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. Led by the Lead Independent Director, the Independent Directors of CAO held their meeting on 30 October 2019 without the presence of the other Directors. The Independent Directors of CAO discussed issues relating inter alia to, assessing the completeness, adequacy and timeliness of information provided by Management to the Board of Directors to enable them to make informed decisions to discharge their duties and responsibilities.

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

Nominating Committee

Li Runsheng	Chairman
Feng Hai	Vice Chairman
Teo Ser Luck	Member
Hee Theng Fong	Member
Bella Young Pit Lai	Member

Statement of Corporate Governance

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

The Nominating Committee held one (1) meeting in 2019 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.

Early in the course of the year, the Nominating Committee commenced the search for prospective candidates identified from a number of sources. The Chairman of the Board, Chairman and Vice Chairman of the Nominating Committee, together with Management, met up with four (4) identified candidates through referrals from directors' contacts and recommendation from the Chinese Embassy in Singapore, to assess and ascertain their suitability for appointment as Independent Directors of the Company to fill the casual vacancies in the Board after the retirement of Dr Wang Kai Yuen and Mr Ang Swee Tian from the Board after the conclusion of the 2019 Annual General Meeting of the Company scheduled in April 2019. Following careful consideration and assessment, Mr Teo Ser Luck and Mr Hee Theng Fong were shortlisted as potential candidates for appointment as Independent Directors of the Company. The Nominating Committee had considered the relevant evaluation criteria in the Internal Guidelines when assessing their suitability 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 appointment of Mr Teo and Mr Hee as Independent Directors of the Company. The Board had considered the recommendations of the Nominating Committee and the background, qualifications and experiences of each of Mr Teo and Mr Hee respectively. After having confirmed the independence of Mr Teo and Mr Hee, the Board approved the appointments of Mr Teo and Mr Hee as Independent Directors of the Company whose appointment took effect on 24 April 2019 immediately after the conclusion of the 2019 Annual General Meeting of the Company.

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In the course of the year, Mr Eugene Leong Jhi Ghin, a BP-nominee Director, was appointed as a Non-Executive, Non-Independent Director of the Company in place of Mr Chan Yat Chung. Prior to Mr Leong's appointment, Nominating Committee had considered the relevant evaluation criteria in the Internal Guidelines when assessing Mr Leong's suitability 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 appointment of Mr Leong as a Non-Executive, Non-Independent Director of the Company. The Board had considered the recommendations of the Nominating Committee and the background, qualifications and experiences of Mr Leong and approved the appointment of Mr Leong as a Non-Executive, Non-Independent BP-nominee Director of the Company.

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 26th AGM to be held on 4 June 2020, Dr Xi Zhengping and Mr Li Runsheng are due for retirement by rotation and would be eligible for re-election.

In accordance with Regulation 100 of the Company's Constitution, Mr Teo Ser Luck and Mr Hee Theng Fong who were appointed as Independent Directors of the Company on 24 April 2019 and Mr Eugene Leong Jhi Ghin, who was appointed as a Non-Executive, Non-Independent Director of the Company on 1 November 2019, 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 26th 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**").

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.

Statement of Corporate Governance

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 on 31 October 2019.

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.

(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 CAO Group. Apart from ensuring consistencies with good practices, the Remuneration Committee is also mindful of the need to ensure that the Company and the CAO Group are able to attract and retain good Directors and senior executives to the business.

Statement of Corporate Governance

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

Remuneration Committee

Hee Theng Fong (1)	Chairman
Li Yongji	Vice Chairman
Li Runsheng	Member
Teo Ser Luck (2)	Member
Bella Young Pit Lai	Member

Note:

(1) Mr Hee Theng Fong was appointed as Chairman on 24 April 2019 in place of Dr Wang Kai Yuen.
(2) Mr Teo Ser Luck was appointed as a member on 24 April 2019 in place of Mr Ang Swee Tian.

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 “2019 Global Job Scoring System” and “2019 Singapore Mercer Benefits Monitor” for the Energy & Trading Industry purchased from Mercer, as references for benchmarking purposes. Mercer and its consultants are independent and 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 2019 is based on the Company’s and individual performances and the remuneration for Non-Executive Directors in the form of fees is based on responsibilities and memberships in the Board and its committees.

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.

The structure for the payment of Directors’ fees for Non-Executive Directors is based on a framework comprising basic fee and additional fees for serving on the Board Committees and also undertaking additional services for the CAO Group. Fees paid or payable to 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-third 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 sum equivalent to the Base Fee.

Statement of Corporate Governance

The remuneration of Directors payable for the financial year ended 31 December 2019 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	89,239	0	0	321,859
Non-Executive Directors						
Xi Zhengping (Chairman)	0	N.A.	N.A.	N.A.	N.A.	0
Teo Ser Luck (2) (Lead Independent Director)	100,203	N.A.	N.A.	N.A.	N.A.	100,203
Wang Kai Yuen (3)	45,330	N.A.	N.A.	N.A.	N.A.	45,330
Li Yongji	0	N.A.	N.A.	N.A.	N.A.	0
Feng Hai	0	N.A.	N.A.	N.A.	N.A.	0
Li Runsheng	79,824	N.A.	N.A.	N.A.	N.A.	79,824
Hee Theng Fong (4)	55,112	N.A.	N.A.	N.A.	N.A.	55,112
Ang Swee Tian (5)	31,731	N.A.	N.A.	N.A.	N.A.	31,731
Bella Young Pit Lai	0	N.A.	N.A.	N.A.	N.A.	0
Eugene Leong Jhi Ghin (6)	0	N.A.	N.A.	N.A.	N.A.	0
Chan Yat Chung (7)	0	N.A.	N.A.	N.A.	N.A.	0

(1) The total remuneration of Mr Wang Yanjun shown above excludes the 2019 variable bonus payable for the financial year 2019. The quantum of the said 2019 variable bonus will be determined during the financial year 2020, in accordance with the Company's bonus framework policy approved by the Remuneration Committee and the Board.
(2) Mr Teo Ser Luck was appointed as an Independent Director on 24 April 2019. He was concurrently appointed as the Lead Independent Director, the Chairman of the Audit Committee and a Member of the Nominating Committee, Remuneration Committee and Risk Management Committee.
(3) Dr Wang Kai Yuen retired as a Director at the AGM on 24 April 2019. He concurrently relinquished his office as the Deputy Chairman, the Lead Independent Director, the Chairman of the Remuneration Committee and a Member of the Nominating Committee and Audit Committee.
(4) Mr Hee Theng Fong was appointed as an Independent Director on 24 April 2019. He was concurrently appointed as the Chairman of the Remuneration Committee and a Member of the Nominating Committee and Audit Committee.
(5) Mr Ang Swee Tian retired as a Director at the AGM on 24 April 2019. He concurrently relinquished his office as the Chairman of the Audit Committee and a Member of the Nominating Committee, Remuneration Committee and Risk Management Committee.
(6) Mr Eugene Leong Jhi Ghin, a BP- nominee Director, was appointed as a Non-Executive, Non-Independent Director on 1 November 2019 in place of Mr Chan Yat Chung.
(7) Mr Chan Yat Chung, a BP-nominee Director, resigned as a Non-Executive Director, Non-Independent Director on 1 November 2019.

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	85	14	1	0	100
S$250,000 – S$500,000	Owen Wong (1)	91	9	0	0	100
	Xu Guohong	74	26	0	0	100
	Zhang Xingbo	75	25	0	0	100
	Doreen Nah	79	20	1	0	100
Total Remuneration of five (5) key management personnel (2)	S$1,883,102					

(1) The remuneration disclosed comprises secondment fees paid to BP Singapore Pte Ltd ("**BPS**") pursuant to a secondment agreement between CAO and BPS.
(2) The remuneration disclosed for Key Management Personnel (other than Mr Owen Wong who is a BP secondee) includes the 2018 variable bonus paid during the financial year 2019 and excludes the 2019 variable bonus payable during the financial year 2020. The quantum of the said 2019 variable bonus will be determined during the financial year 2020, in accordance with the Company's bonus framework policy applicable for KMPs approved by the Remuneration Committee and the Board.

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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 2019. "immediate family member" means the spouse, child, adopted child, step child, brother, sister and parent.

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 2019, 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 2018 variable bonuses in relation to profit targets achieved for the Company's oil trading activities during the financial year 2018.

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 quarterly, half-year and full-year results were announced or issued within the mandatory period. The Board also ensures that timely announcements of other matters as prescribed by the SGX-ST Listing Manual requirements and other relevant rules and regulations are made.

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

The Board had put in place an external audit policy (the "**CAO External Audit Policy**") which provides guidance on the application of the 2018 Code as well as CAO Corporate Governance Policy in relation to the provision of external audit services for the CAO Group.

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

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

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During the financial year 2019, 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.

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

Risk Management Committee

Eugene Leong Jhi Ghin (1)	Chairman
Feng Hai	Member
Teo Ser Luck (2)	Member

Note:

(1) Mr Eugene Leong Jhi Ghin was appointed as the Chairman of the Risk Management Committee in place of Mr Chan Yat Chung on 1 November 2019.
(2) Mr Teo Ser Luck was appointed a member of the Risk Management Committee in place of Mr Ang Swee Tian on 24 April 2019.

The Risk Management Committee assists the Board and the Company in fulfilling its oversight and approval responsibilities 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).

The Risk Management Committee had delegated the day-to-day management of the risks of the Company and the CAO Group to the Company Risk Meeting, which operates within the delegated authority set by the Risk Management Committee from time to time. The Company Risk Meeting comprises the Head of Risk Management (a BP-secondee), senior Management and relevant functional heads (i.e. from Trading, Operations, Finance and Legal), and meets once a month as well as on an ad hoc basis when required. The Chairman of the Company Risk Meeting, who is the Head of Risk Management, directly reports to the Chief Financial Officer ("**CFO**").

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

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

The Head of Risk Management may also report directly to the Risk Management Committee for important matters or concerns relating to the risk management policies and framework of the CAO Group.

The Risk Management Report is found on pages 68 to 73 of the Annual Report.

Statement of Corporate Governance

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

(a) review and evaluation of compliance issues across the CAO Group;
(b) monitoring of new and existing laws and regulations as well as keeping abreast of the status of all relevant compliance activities;
(c) acting as a channel of communication between compliance investigators and concerned parties;
(d) 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;
(e) 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;
(f) integration and establishment of the CAO Group's internal control framework, policies, processes and systems across the Company, its subsidiaries and associates;
(g) 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;
(h) establishing and maintaining the CAO Group's Business Continuity Plan;
(i) establishing and ongoing review of the CAO Group's SOP's templates to ensure proper departmental ownership of each processes and changes; and
(j) 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 Compliance and Internal Audit reports directly to the CFO. The Head of Compliance and Internal Audit may also report directly to the Audit Committee for important matters or concerns relating to the system of internal controls of the CAO Group.

As part of the CAO Group's efforts to ensure all employees of the CAO Group stay relevant and informed of the dynamic business environment and uphold core ethics and values that are essential to the long-term success of the CAO Group, the Compliance and Internal Audit Department arranged for all employees of the CAO Group to participate in the mandatory e-learning course modules relating to (1) Fraud Prevention; (2) Information Security; (3) Trade Sanctions; (4) Anti-Bribery & Anti-Corruption; and (5) Code of Ethics via the Thomson Reuters' online learning portal.

In July 2019, the Company conducted a business continuity plan cum IT disaster recovery plan exercise ("**BCP/IT Disaster Recovery Exercise**") at its off-site disaster recovery site involving participants from cross-functional departments. The objective of the BCP/IT Disaster Recovery Exercise is to increase familiarity with the Company's established guidelines, structure and support framework necessary to ensure appropriate emergency escalation response, resumption and recovery of key business functions and processing resources in a timely manner coupled with effective communication channels among the CAO Group's key management team and employees globally.

Following the completion of the comprehensive risk review exercise undertaken during the financial year 2018, the Risk Management team took the lead in carrying out the post-completion comprehensive risk review follow-up work, which involved strategically combining the action plans from the aforesaid risk review exercise with the key work objectives of the respective departments so as to improve the Company's management system in a targeted way to enhance the overall risk management. A detailed summary report on 2018 Comprehensive Risk Review Follow-Up was submitted to the Risk Management Committee and the Board for information during the financial year 2019.

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.

Statement of Corporate Governance

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

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

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 2019 (the "**Key Audit Matters**").

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

Key Audit 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 CAO 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 has considered the reasonableness of the internal controls and procedures on the CAO Group's operating effectiveness. The Audit Committee has 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 28.	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 has 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.

Statement of Corporate Governance

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 2019. The Letter of Assurance provides reasonable assurance to the Board that (1) the financial records of CAO for the financial year ended 31 December 2019 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; and (4) the integrity of the financial statements is 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.

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 CAO Group, work performed by the internal and external auditors, and reviews performed by management and various Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the CAO Group's system of internal controls addressing financial, operational, compliance, informational technology controls and risk management systems, were adequate as at 31 December 2019 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 CAO Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives and goals. In this regard, the Board also 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: 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 (1)	Chairman
Li Yongji	Vice Chairman
Li Runsheng	Member
Hee Theng Fong (2)	Member
Eugene Leong Jhi Ghin (3)	Member

Note:

(1) Mr Teo Ser Luck was appointed as the Chairman of the Audit Committee in place of Mr Ang Swee Tian on 24 April 2019.
(2) Mr Hee Theng Fong was appointed as a member of the Audit Committee in place of Dr Wang Kai Yuen on 24 April 2019.
(3) Mr Eugene Leong Jhi Ghin was appointed as a member of the Audit Committee in place of Mr Chan Yat Chung on 1 November 2019.

Roles of the Audit Committee: The Audit Committee held four (4) meetings in 2019 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.

Statement of Corporate Governance

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.

The Audit Committee reviewed the quarterly and annual financial statements for the financial year 2019 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 auditors and external auditors 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 April 2019, and conflict of interest situations including transactions, procedures or actions taken which may raise issues about the Management's integrity.

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

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

The Board had proposed to re-appoint Deloitte & Touche LLP as auditors of the Company for the financial year 2020.

As part of the Company's ongoing efforts in promoting and upholding high standards of corporate governance as well as maintaining the highest levels of probity and behaviour amongst its workforce, enhancements were made to the existing Whistleblowing Policy of the Company (the "**Revised CAO Whistleblowing Policy**") to ensure its effective functioning. These enhancements 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.

Statement of Corporate Governance

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.

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 2019 to the Audit Committee. The Audit Committee adopted the audit plan for 2019.

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 recognition from investors, the media etc., for its proactive approach to shareholder communication and transparency. During the financial year 2019, the Company was awarded with the "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, 2019 .

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 order to: (i) cultivate wider investing public's familiarity with the CAO Group; (ii) increase global awareness and appreciation of CAO's business strategy, corporate developments, growth strategies and financial performance; and (iii) enhance the quantity and quality of analysts' research, CAO expanded its channels of communication with the international investment and financial community. Increased interactions were conducted through international conferences, face-to-face meetings, teleconferences, earnings briefings and corporate access events which were webcast globally across international financial markets.

The Company reviews an analyst's report for factual accuracy of information that is within the public domain but does not provide 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 correspondence and telephone calls as well as participation in investor conferences. During the year, the Company also participated in several corporate profile seminars for both retail and institutional investors, including investor education seminar organised by SGX-ST.

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

To assist members of the Board to gain a current understanding of the views of institutional shareholders, the Board receives at each its scheduled quarterly meetings, (i) an investor relations and corporate communications report which cover a wide range of matters including a commentary on the perception of the Company and views expressed by the investment community, media reports, share price performance and analysis, share ownership analysis, highlights of recent investor relation activities; and (ii) a half-yearly peer companies analysis report which provides a detailed analysis and evaluation on the benchmarking exercise with identified peer companies to provide the Board with a better understanding of CAO's position within the industry as well as identify gaps and learning points.

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

Statement of Corporate Governance

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 ("**CPF**") Board, 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.

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.

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.

Statement of Corporate Governance

DEALINGS IN THE COMPANY'S SECURITIES

In line with the recommended best practices on dealings in securities set out under Rule 1207(18) of the SGX-ST Listing Manual, the Company has issued a directive to all employees and directors not to deal in the Company's securities on short-term considerations and to abstain from dealing with the Company's securities for a period commencing two (2) weeks before the announcement of the results of the first three (3) quarters and one (1) month before the announcement of the full year results and ending on the date of the announcement of the relevant results.

INTERESTED PERSON TRANSACTIONS

Shareholders have approved the renewal of the general mandate for interested person transactions of the CAO Group on 24 April 2019 (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 2019 is found under "Supplementary Information" on page 194.

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

CONTENTS

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 2019.

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 193 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 2019, 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:

Xi Zhengping	Chairman
Teo Ser Luck	Lead Independent Director (Appointed on 24 April 2019)
Wang Yanjun	Chief Executive Officer/Executive Director
Li Yongji	
Feng Hai	
Li Runsheng	
Hee Theng Fong	(Appointed on 24 April 2019)
Bella Young Pit Lai	
Eugene Leong Jhi Ghin	(Appointed on 1 November 2019)

* Dr Wang Kai Yuen and Mr Ang Swee Tian retired as Directors of the Company after the conclusion of the Annual General Meeting of the Company held on 24 April 2019.
* Mr Chan Yat Chung resigned as Director of the Company on 1 November 2019.

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 2020.

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 (Appointed on 24 April 2019)
- Li Yongji (Vice-Chairman), non-executive, non-independent director
- Li Runsheng, non-executive, independent director
- Hee Theng Fong, non-executive, independent director (Appointed on 24 April 2019)
- Eugene Leong Jhi Ghin, non-executive, non-independent director (Appointed on 1 November 2019)

* Chan Yat Chung who served during the financial year stepped down as a member of the Audit Committee on 1 November 2019

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 four 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.

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

7 April 2020

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 2019, 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 193.

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 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Independent Auditor's Report

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current 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 28**.	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

7 April 2020

Statements of Financial Position

Year ended 31 December 2019

	Note	Group 2019 US$'000	Group 2018 US$'000	Company 2019 US$'000	Company 2018 US$'000
Non-current assets					
Property, plant and equipment	4	4,905	5,246	4,647	4,964
Right-Of-Use Assets	5	14,752	–	12,694	–
Intangible assets	6	1,536	1,662	355	481
Subsidiaries	7	–	–	28,578	66,411
Associates	8	362,040	311,449	361,312	304,076
Financial asset at fair value through other comprehensive income	9	5,500	–	–	–
Trade and other receivables	12	–	–	5,035	5,035
Deferred tax assets	10	3,602	4,504	3,598	4,500
		392,335	322,861	416,219	385,467
Current assets					
Inventories	11	58,676	110,768	32,687	92,536
Trade and other receivables	12	898,491	862,249	857,232	842,999
Contract assets	18	144,663	–	133,260	–
Cash and cash equivalents	13	378,780	357,690	340,618	334,747
		1,480,610	1,330,707	1,363,797	1,270,282
Total assets		1,872,945	1,653,568	1,780,016	1,655,749
Equity attributable to owners of the Company					
Share capital	14	215,573	215,573	215,573	215,573
Reserves	15	619,386	553,571	605,759	570,362
Total equity		834,959	769,144	821,332	785,935
Non-current liability					
Lease liabilities	19	3,916	–	2,894	–
Deferred tax liabilities	10	11,695	8,051	11,695	8,051
		15,611	8,051	14,589	8,051
Current liabilities					
Trade and other payables	16	864,463	875,540	800,688	861,554
Loans and borrowings	17	–	–	–	209
Contract liabilities	18	144,874	–	133,397	–
Lease liabilities	19	10,973	–	10,010	–
Current tax liabilities		2,065	833	–	–
		1,022,375	876,373	944,095	861,763
Total liabilities		1,037,986	884,424	958,684	869,814
Total equity and liabilities		1,872,945	1,653,568	1,780,016	1,655,749

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

Consolidated Statement of Profit or Loss

Year ended 31 December 2019

	Note	2019 US$'000	2018 US$'000
Revenue	21	20,343,491	20,611,954
Cost of sales		(20,285,035)	(20,561,960)
Gross profit		58,456	49,994
Other income	22	5,815	3,978
Administrative expenses		(19,397)	(19,076)
Other operating expenses		(1,225)	(1,841)
Results from operating activities		43,649	33,055
Finance costs	23	(2,749)	(4,625)
Share of profit of associates (net of tax)	8	65,532	72,109
Profit before tax		106,432	100,539
Tax expense	24	(6,602)	(6,681)
Profit for the year	22	99,830	93,858
Attributable to:			
Owners of the Company		99,830	93,858
Earnings per share:			
Basic earnings per share (cents)	25	11.61	10.91
Diluted earnings per share (cents)	25	11.61	10.91

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2019

	2019 US$'000	2018 US$'000
Profit for the year	99,830	93,858
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)	(16,293)
Other comprehensive income for the year, net of tax	(5,565)	(16,293)
Total comprehensive income for the year	94,265	77,565
Attributable to:		
Owners of the Company	94,265	77,565

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

	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 2018		215,573	20,868	35,457	(5,482)	454,311	720,727
Total comprehensive income for the year:							
Profit for the year		–	–	–	–	93,858	93,858
Other comprehensive income:							
Items that are or may be reclassified subsequently to profit or loss:							
Translation differences relating to financial statements of foreign associates		–	(16,293)	–	–	–	(16,293)
Total other comprehensive income		–	(16,293)	–	–	93,858	77,565
Total comprehensive income for the year		–	(16,293)	–	–	93,858	77,565
Contributions by and distributions to owners:							
Share of associates' accumulated profits transferred to statutory reserve	15	–	–	355	–	(355)	–
Dividends to equity holders	15	–	–	–	–	(29,148)	(29,148)
Total transactions with owners		–	–	355	–	(29,503)	(29,148)
At 31 December 2018		215,573	4,575	35,812	(5,482)	518,666	769,144

Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2019

	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

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

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	Note	2019 US$'000	2018 US$'000
Cash flows from operating activities			
Profit for the year		99,830	93,858
Adjustments for:			
Depreciation of property, plant and equipment		781	696
Depreciation of right-of-use assets		10,839	–
Amortisation of intangible assets		260	230
Property, plant and equipment written off		2	4
Allowance for impairment loss on doubtful debts – trade receivables		(73)	387
Debtors written off		1,776	–
Fair value gain on derivative instruments		(1,743)	(23,351)
Share of profit of associates (net of tax)		(65,532)	(72,109)
Tax expense		6,602	6,681
Interest income		(8,004)	(4,558)
Interest expense		893	3,145
Lease interest expense		569	–
Unrealised exchange differences		(901)	(241)
Operating cash flows before movements in working capital		45,299	4,742
Change in inventories		52,092	105,119
Change in trade and other receivables		(158,106)	186,259
Change in trade and other payables		111,413	(143,789)
Cash generated from operations		50,698	152,331
Tax paid		(812)	(1,490)
Net cash from operating activities		49,886	150,841
Cash flows from investing activities			
Interest received		7,870	4,579
Acquisition of property, plant and equipment		(442)	(752)
Acquisition of intangible assets		(134)	(367)
Acquisition of subsidiary, net of cash acquired	26	–	(11,965)
Dividends from associates (net of withholding tax paid)		3,624	67,364
Net cash from investing activities		10,918	58,859
Cash flows from financing activities			
Interest paid		(893)	(3,145)
Interest paid on lease liabilities		(569)	–
Repayment of lease liabilities		(10,703)	–
Proceeds from loans and borrowings		–	25,000
Repayment of loans and borrowings		–	(145,000)
Dividends paid		(28,450)	(29,148)
Net cash used in financing activities		(40,615)	(152,293)
Net increase in cash and cash equivalents		20,189	57,407
Cash and cash equivalents at 1 January		357,690	300,042
Effect of exchange rate fluctuations on cash held		901	241
Cash and cash equivalents at 31 December	13	378,780	357,690

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 7 April 2020.

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 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (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) 1-17 *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 standards

On 1 January 2019, 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 amounts reported for the current or prior years, except as SFRS(I) 16 *Leases*.

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is 1 January 2019.

The Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- requires the group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application. There is no adjustment made by the Group on the opening balance of retained earnings as the right-of-use assets and lease liabilities recognised at the date of initial application are the same as disclosed below; and

- does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 and SFRS(I) INT 4.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

Notes to the Financial Statements

2 BASIS OF PREPARATION (continued)

2.3 Adoption of new standards (continued)

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the Group:

(a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments;

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Notes to the Financial Statements

2 BASIS OF PREPARATION (continued)

2.3 Adoption of new standards (continued)

(c) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on 1 January 2019 is 3.09%.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	2019 US$'000
Lease commitments at 31 December 2018	26,434
Less: Short-term leases and leases of low value assets	(3,769)
Add: Effective of discounting the above amounts	(1,173)
Add: Recognition of new leases	3,040
Lease liabilities recognised at 1 January 2019	24,532

Right-of-use assets were measured at the amount equal to the lease liability.

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:

- Amendments to SFRS(I) 3 Business Combinations; and
- 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*
- Amendments to References to the Conceptual Framework in SFRS(I) Standards

All amendments are effective for annual periods beginning on or after 1 January 2020 and 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.

Notes to the Financial Statements

2 BASIS OF PREPARATION (continued)

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 31.

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.

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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

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.

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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Business combinations (continued)

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.

3.3 Associates

An associate is an entity over which the Group 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 consolidated 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 share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group 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 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 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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Associates (continued)

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 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 retains an interest in the former associate and the retained interest is a financial asset, the Group 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 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 reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group 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.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group 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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Foreign currency (continued)

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.

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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

Depreciation

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

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

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

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

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Intangible assets (continued)

Other intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

Software	3 years
Customer contracts	1 year

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

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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

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.

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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

Amortised cost and effective interest method (continued)

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.

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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

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 28.

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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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.

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.

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)

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.

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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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.

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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

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.

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.

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)

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.

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 28.

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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

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.

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

Policies applicable from 1 January 2019

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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Leases (continued)

Policies applicable from 1 January 2019 (continued)

The Group as lessee (continued)

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.

Policies applicable prior to 1 January 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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 and interest expenses on loans 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 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 2018	9,205	295	85	621	940	1,307	12,453
Additions	–	45	37	263	181	226	752
Written off	–	(13)	–	(59)	–	–	(72)
At 31 December 2018	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
Accumulated depreciation							
At 1 January 2018	4,634	269	38	485	855	978	7,259
Depreciation for the year	449	18	12	55	24	138	696
Written off	–	(12)	–	(56)	–	–	(68)
At 31 December 2018	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
Carrying amounts							
At 31 December 2018	4,122	52	72	341	242	417	5,246
At 31 December 2019	3,673	293	73	296	202	368	4,905
Company							
Cost							
At 1 January 2018	9,205	232	21	623	939	1,250	12,270
Additions	–	–	–	185	167	150	502
At 31 December 2018	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
Accumulated depreciation							
At 1 January 2018	4,634	219	18	488	854	956	7,169
Depreciation for the year	449	2	1	54	23	110	639
At 31 December 2018	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
Carrying amounts							
At 31 December 2018	4,122	11	2	266	229	334	4,964
At 31 December 2019	3,673	240	7	190	189	348	4,647

Notes to the Financial Statements

4 PROPERTY, PLANT AND EQUIPMENT (continued)

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

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 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
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
Carrying amounts					
At 1 January 2019	23,673	290	375	194	24,532
At 31 December 2019	13,613	153	862	124	14,752
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
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
Carrying amounts					
At 1 January 2019	20,989	290	198	194	21,671
At 31 December 2019	11,660	153	757	124	12,694

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 2018	1,181	634	3,419	5,234
Additions	–	–	367	367
At 31 December 2018	1,181	634	3,786	5,601
Additions	–	–	134	134
At 31 December 2019	1,181	634	3,920	5,735
Accumulated amortisation				
At 1 January 2018	–	634	3,075	3,709
Amortisation for the year	–	–	230	230
At 31 December 2018	–	634	3,305	3,939
Amortisation for the year	–	–	260	260
At 31 December 2019	–	634	3,565	4,199
Carrying amounts				
At 31 December 2018	1,181	–	481	1,662
At 31 December 2019	1,181	–	355	1,536

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:

	2019 US$'000	2018 US$'000
Group		
China Aviation Oil (Hong Kong) Company Limited ("CAOHK")	268	268
North American Fuel Corporation ("NAFCO")	913	913
	1,181	1,181

The recoverable amounts of the above CGUs were determined based on its value-in-use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGUs. In the current year, management assessed that the carrying amount of the CGUs were determined to be higher than its recoverable amount.

Notes to the Financial Statements

6 INTANGIBLE ASSETS (continued)

Key assumptions used in the estimation of value-in-use were as follows:

	2019		2018	
	CAOHK	NAFCO	CAOHK	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	12	1	13

The discount rate used is estimated based on past experience and industry weighted average cost of capital.

The long-term growth rate has been determined based on the long-term compound annual growth rate estimated by management with reference to the nominal GDP growth rate for the countries in which the CGU is based.

The forecasted EBITDA growth rates are estimated based on management's past experience of managing the CGUs and their expectations of the CGUs forecasted performances.

As at 31 December 2019, any reasonably possible changes to the key assumptions applied will not likely cause the recoverable amounts to be below the carrying amount of the CGUs.

	Software US$'000
Company	
Cost	
At 1 January 2018	3,419
Additions	367
At 31 December 2018	3,786
Additions	134
At 31 December 2019	3,920
Accumulated amortisation	
At 1 January 2018	3,075
Amortisation for the year	230
At 31 December 2018	3,305
Amortisation for the year	260
At 31 December 2019	3,565
Carrying amounts	
At 31 December 2018	481
At 31 December 2019	355

Notes to the Financial Statements

7 SUBSIDIARIES

	Company 2019 US$'000	Company 2018 US$'000
At 1 January	66,411	43,318
Additions	7,315	33,220
Disposal/Liquidation	–	(1,000)
Impairment	(45,148)	(9,127)
At 31 December	28,578	66,411

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership 2019 %	Ownership 2018 %
CAOT Pte. Ltd. ("CAOT")*	Singapore	–	–
China Aviation Oil (Hong Kong) Company Limited ("CAOHK")	Hong Kong SAR	100	100
North American Fuel Corporation ("NAFCO")	United States of America	100	100
China Aviation Oil (Europe) Limited ("CAO Europe")	United Kingdom	100	100
China Aviation Fuel (Europe) Limited ("CAFEU")^	United Kingdom	100	100

* CAOT was liquidated in May 2018 under members' voluntarily liquidation.

^ In 2018, CAFEU was acquired pursuant to a cash offer (Note 27).

The Company issued additional financial guarantees to a bank and its trading counterparties on behalf of its subsidiary. The fair value of the additional financial guarantees issued amounted to US$7,315,000 (31 December 2018: US$23,993,000) and is accounted for as additional investment in the subsidiary.

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.

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$45,148,000 (2018: US$9,127,000) that has been recognised in profit or loss. The Company estimated the fair value of the subsidiaries through their net asset.

Notes to the Financial Statements

8 ASSOCIATES

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Investments in associates	362,040	311,449	361,312	304,076

Associates

The Group has one (2018: two) associate that is material and four (2018: 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")#	China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")@
Nature of business	Exclusive supplier of jet fuel at Shanghai Pudong International Airport	Jet fuel transporter to Beijing Capital International Airport and Tianjin Binhai International Airport
Principal place of business/ Country of incorporation	People's Republic of China	People's Republic of China
Ownership interest/ Voting rights held	33% (2018: 33%)	49% (2018: 49%)
Fair value of ownership interest (if listed)	Not applicable	Not applicable

Audited by Ruihua Certified Public Accountants (Special General Partner), Shanghai Branch, a member of the Chinese Institute of Certified Public Accountants, for statutory audit purposes. Audited by an overseas member firm of Deloitte Touche Tohmatsu Limited for consolidation purpose.

@ Not considered a significant associate of the Group for FY2019. For this purpose, an associate is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profit accounts for 20% or more of the Group's consolidated pre-tax profit.

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)

31 December 2019	SPIA US$'000	Immaterial associates@ US$'000	Total US$'000
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 share of profit from continuing operations/ Total comprehensive income	58,832	6,700	65,532
Dividend received during the year	–	(3,876)	(3,876)
Translation differences for the year	(3,822)	(1,743)	(5,565)
Goodwill	21,709	984	22,693
Fair value adjustment	–	17,367	17,367
Carrying amount of interest in investee at end of the year	268,183	93,857	362,040

31 December 2018	SPIA US$'000	TSN-PEKCL US$'000	Immaterial associates US$'000	Total US$'000
Revenue	3,473,376	19,802	313,797	3,806,975
Profit from continuing operations/ Total comprehensive income	197,611	4,646	22,182	224,439
Non-current assets	41,805	11,185	508,283	561,273
Current assets	828,715	32,391	55,337	916,443
Non-current liabilities	–	–	(258,243)	(258,243)
Current liabilities	(288,326)	(2,143)	(98,464)	(388,933)
Net assets	582,194	41,433	206,913	830,540
Group's interest in net assets of investee at beginning of the year	205,025	22,296	52,369	279,690
Acquisition during the year	–	–	5,500	5,500
Group's share of profit from continuing operations/ Total comprehensive income	65,212	2,276	4,621	72,109
Dividend received during the year	(65,888)	(2,687)	(2,465)	(71,040)
Translation differences for the year	(12,885)	(1,163)	(2,245)	(16,293)
Goodwill	21,709	984	182	22,875
Fair value adjustment	–	18,608	–	18,608
Carrying amount of interest in investee at end of the year	213,173	40,314	57,962	311,449

@ Includes TSN-PEKCL

Notes to the Financial Statements

8 ASSOCIATES (continued)

During the year, dividends declared by associates amounting to US$3,876,000 (31 December 2018: US$71,040,000) were received during the financial year.

Details of immaterial associates of the Group are as follows:

Name of associate	Country of incorporation	Ownership 2019 %	Ownership 2018 %
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
Aircraft Fuel Supply B.V. ("AFS")#	Netherlands	–	14.29

This associate is held by the subsidiary of the Company.

9 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group 2019 US$'000	Group 2018 US$'000
Investment in equity instrument designated as at FVTOCI – unquoted equity shares	5,500	–

Investment in equity instrument

The investment in unquoted equity instrument represent 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	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Deferred tax assets				
Tax losses carry-forward	3,602	4,504	3,598	4,500
Deferred tax liabilities				
Investments in associates	(11,695)	(8,051)	(11,695)	(8,051)

Movements in temporary differences during the year are as follows:

	At 1 January 2018 US$'000	Recognised in profit or loss US$'000	At 31 December 2018 US$'000	Recognised in profit or loss US$'000	At 31 December 2019 US$'000
Group					
Tax losses carry-forward	6,004	(1,500)	4,504	(1,575)	2,929
Accelerated tax depreciation	–	–	–	673	673
Investments in associates	(7,919)	(132)	(8,051)	(3,644)	(11,695)
	(1,915)	(1,632)	(3,547)	(4,546)	(8,093)
Company					
Tax losses carry-forward	6,000	(1,500)	4,500	(1,575)	2,925
Accelerated tax depreciation	–	–	–	673	673
Investments in associates	(7,919)	(132)	(8,051)	(3,644)	(11,695)
	(1,919)	(1,632)	(3,551)	(4,546)	(8,097)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of deductible temporary differences:

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Accelerated tax depreciation				
At beginning of the year	7,037	6,783	7,037	6,783
Adjustment to prior year	5,274	–	5,274	–
Additions	1,149	254	1,149	254
Deferred tax recognised	(13,460)	–	(13,460)	–
At end of the year	–	7,037	–	7,037
Deferred tax assets not recognised	–	352	–	352

Notes to the Financial Statements

10 DEFERRED TAX ASSETS AND LIABILITIES (continued)

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	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Trading inventories at fair value less costs to sell	32,687	92,536	32,687	92,536
Inventories at the lower of cost and net realisable value	25,989	18,232	–	–
	58,676	110,768	32,687	92,536

Trading inventories recognised in cost of sales amounted to US$20,169,968,000 (31 December 2018: US$20,440,561,000) for the Group and the Company.

Notes to the Financial Statements

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Trade receivables	465,475	499,423	376,300	410,914
Other receivables	25,487	32,434	14,420	17,429
Amounts due from:				
– subsidiary (trade)	–	–	108,181	89,471
– related corporations (trade)	340,529	290,935	250,577	246,013
– holding company (non-trade)	2	6,625	2	6,625
– subsidiaries (non-trade)	–	–	63,880	55,699
	340,531	297,560	422,640	397,808
Loan to subsidiaries	–	–	5,035	5,035
	831,493	829,417	818,395	831,186
Allowance for impairment loss on doubtful debts – trade receivables	(7,419)	(7,492)	(6,871)	(6,959)
Loans and receivables	824,074	821,925	811,524	824,227
Derivative financial assets – oil commodity derivatives	51,282	27,155	50,743	23,807
	875,356	849,080	862,267	848,034
Prepayments	23,135	13,169	–	–
	898,491	862,249	862,267	848,034
Current	898,491	862,249	857,232	842,999
Non-current	–	–	5,035	5,035
	898,491	862,249	862,267	848,034

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 2019	Average expected credit loss rate*		Estimated total gross carrying amount at default		Lifetime ECL(i)	
	Group %	Company %	Group US$'000	Company US$'000	Group US$'000	Company US$'000
Customer ratings						
Grade A1	0.001	0.000	33,553	197,663	–	–
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			831,493	818,395	3,166	2,618

(i) Lifetime ECL has excluded the individually credit-impaired customers of US$4,253,000, respectively for the year ended 31 December 2019 of the Group and Company.

31 December 2018	Average expected credit loss rate*		Estimated total gross carrying amount at default		Lifetime ECL(ii)	
	Group %	Company %	Group US$'000	Company US$'000	Group US$'000	Company US$'000
Customer ratings						
Grade A1	0.000	0.000	43,868	173,786	–	–
Grade A2	0.030	0.000	763	–	–	–
Grade B1	0.255	0.255	231,319	200,204	590	510
Grade B2	0.422	0.425	439,045	417,132	1,854	1,773
Grade C1	0.632	0.897	74,256	32,972	470	296
Grade C2	0.368	0.813	27,805	4,387	102	36
Grade D1	0.418	0.351	8,736	856	37	3
Grade D2	2.956	0.497	3,625	1,849	107	9
Total			829,417	831,186	3,160	2,627

(ii) Lifetime ECL has excluded the individually credit-impaired customers of US$4,332,000, respectively for the year ended 31 December 2018 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	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Group						
At beginning of financial year	3,160	2,852	4,332	4,253	7,492	7,105
Change in loss allowance	6	308	(79)	79	(73)	387
At end of financial year	3,166	3,160	4,253	4,332	7,419	7,492
Company						
At beginning of financial year	2,627	2,411	4,332	4,253	6,959	6,664
Change in loss allowance	(9)	216	(79)	79	(88)	295
At end of financial year	2,618	2,627	4,253	4,332	6,871	6,959

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 2019				
Customer declared bankruptcy	–	(79)	–	(79)
Probable default by the customer	6	–	(9)	–
31 December 2018				
Customer declared bankruptcy	–	79	–	79
Probable default by the customer	308	–	216	–

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	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Cash at bank and in hand				
– Interest-bearing	3,368	10,482	3,368	10,265
– Non-interest bearing	27,946	22,890	5,500	14,782
Interest-bearing fixed deposits with financial institutions	347,466	324,318	331,750	309,700
Cash and cash equivalents in the statement of cash flows	378,780	357,690	340,618	334,747

As at 31 December 2019, interest-bearing fixed deposits of US$341,866,000 (31 December 2018: US$319,811,000) 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 ("PRC").

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):

	2019 Interest rate %	2019 Carrying amount US$'000	2018 Interest rate %	2018 Carrying amount US$'000
Group				
Cash at bank	0.9	3,368	0.3	10,482
US$ fixed deposits	1.9	347,466	3.1	324,318
		350,834		334,800
Company				
Cash at bank	0.9	3,368	0.3	10,265
US$ fixed deposits	1.9	331,750	3.2	309,700
		335,118		319,965

The Group's and the Company's exposure to foreign currency and interest rate risks are disclosed in Note 20.

14 SHARE CAPITAL

	Company	
	2019 Number of shares ('000)	2018 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$834,959,000 (31 December 2018: US$769,144,000). 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	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Foreign currency translation reserve[(a)]	(990)	4,575	(975)	4,644
Statutory reserves[(b)]	36,564	35,812	36,564	35,812
Reserve for own shares[(c)]	(5,482)	(5,482)	(5,482)	(5,482)
Accumulated profits	589,294	518,666	575,652	535,388
	619,386	553,571	605,759	570,362

(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 2019, the Group held 6,000,000 (31 December 2018: 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	
	2019	2018
	US$'000	US$'000
Final exempt dividends paid in respect of the previous financial year of S$0.045 (2017: S$0.045) per share	28,450	29,148

(e) After the respective reporting date, the Directors have proposed a final (one-tier tax exempt) ordinary dividend of S$0.047 (2018: S$0.045) per share, amounting to US$30,038,000 (2018 : US$28,373,000). The dividends have not been provided for.

Notes to the Financial Statements

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Trade payables	759,055	760,575	705,065	727,226
Other payables and accruals	46,246	40,490	45,367	39,874
Advance receipts from customers	–	18,622	–	1,138
Amounts due to:				
– immediate and ultimate holding company (non-trade)	10,116	10,111	–	–
– subsidiaries (non-trade)	–	–	7	42,359
– subsidiary (trade)	–	–	31	28
– related corporation (trade)	1,352	16,877	227	15,933
– related corporation of a corporate shareholder (trade)	1,209	4,764	1,209	4,764
Derivative financial liabilities:				
– oil commodity derivatives	46,485	24,101	48,782	21,315
Intra-group financial guarantee	–	–	–	8,917
	864,463	875,540	800,688	861,554

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 subsidiary for credit terms extended by the trading counterparties to the subsidiary. The expiry dates of financial guarantees vary for each trading counterparties.

17 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 20.

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Current liabilities				
Intra-group financial guarantee	–	–	–	209

The financial guarantees were given by the Company to a bank on behalf of its subsidiary for banking facilities amounting to US$125,000,000 (31 December 2018 : US$95,000,000). It is a continuing financial guarantee issued to the bank.

Notes to the Financial Statements

18 (a) CONTRACT ASSETS

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Current	144,663	–	133,260	–

Amounts relating to contracts assets are balances due from customers relating to sale of commodity trading products that arise when the Group receives payments from customers before performance obligation is met. The Group will previously have recognised a contract asset based on shipping terms and when all performance obligations are met. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

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 construction 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.

(b) CONTRACT LIABILITIES

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Current	144,874	–	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.

Notes to the Financial Statements

19 LEASE LIABILITIES

	Group 2019 US$'000	Company 2019 US$'000
Analysed as		
Non-current	3,916	2,894
Current	10,973	10,010
	14,889	12,904
Maturity analysis of lease liabilities based on undiscounted gross cash flows:		
Year 1	11,127	10,268
Year 2	3,658	2,831
Year 3	248	116
	15,033	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 2019 US$'000
December 31, 2018	–
Adoption of SFRS(I) 16	26,434
January 1, 2019	26,434
Financing cash flow	(11,272)
Others	(273)
	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

	2019		2018	
	Group US$'000	Company US$'000	Group US$'000	Company US$'000
Amortised costs				
Trade and other receivables	824,074	811,524	821,925	824,227
Cash and cash equivalents	378,780	340,618	357,690	334,747
	1,202,854	1,152,142	1,179,615	1,158,974
Fair value through profit or loss				
Derivative financial assets	51,282	50,743	27,155	23,807
Fair value through other comprehensive income				
Equity instrument	5,500	–	–	–

Financial liabilities

	2019		2018	
	Group US$'000	Company US$'000	Group US$'000	Company US$'000
Amortised costs				
Trade and other payables	817,978	751,112	832,817	839,101
Loans and borrowings	–	–	–	209
	817,978	751,112	832,817	839,310
Fair value through profit or loss				
Derivative financial liabilities	46,485	48,782	24,101	21,315

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	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Trade and other receivables	824,074	821,925	811,524	824,227
Cash and cash equivalents	378,780	357,690	340,618	334,747
Derivative financial assets	51,282	27,155	50,743	23,807
	1,254,136	1,206,770	1,202,885	1,182,781

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:

	2019		2018	
	Gross US$'000	Impairment losses US$'000	Gross US$'000	Impairment losses US$'000
Group				
Not past due	804,720	(3,166)	795,822	(3,160)
1 to 30 days	22,520	–	29,342	(79)
31 to 90 days	–	–	–	–
Over 90 days	4,253	(4,253)	4,253	(4,253)
	831,493	(7,419)	829,417	(7,492)
Company				
Not past due	732,063	(2,618)	761,708	(2,627)
1 to 30 days	55,943	–	54,387	(79)
31 to 90 days	26,136	–	10,838	–
Over 90 days	4,253	(4,253)	4,253	(4,253)
	818,395	(6,871)	831,186	(6,959)

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:

	2019 US$'000	2018 US$'000
Group		
At 1 January	7,492	7,105
Impairment loss recognised	–	612
Impairment loss written back	(73)	(225)
At 31 December	7,419	7,492
Company		
At 1 January	6,959	6,664
Impairment loss recognised	–	520
Impairment loss written back	(88)	(225)
At 31 December	6,871	6,959

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 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)
31 December 2018		
Non-derivative financial liabilities		
Trade and other payables(i)	(832,817)	(832,817)
Oil commodity derivatives		
Gross outflows(ii)		
– Oil physical derivative instruments purchase contracts	(1,004,882)	(1,004,882)
Net outflows		
– Oil paper derivative instruments	(5,592)	(5,592)
	(1,843,291)	(1,843,291)

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 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)
31 December 2018		
Non-derivative financial liabilities		
Trade and other payables(i)	(830,184)	(830,184)
Loans and borrowings	(209)	(209)
Oil commodity derivatives		
Gross outflows(ii)		
– Oil physical derivative instruments purchase contracts	(1,003,042)	(1,003,042)
Net outflows		
– Oil paper derivative instruments	(2,865)	(2,865)
	(1,836,300)	(1,836,300)

(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 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
31 December 2018					
Trade and other receivables	304	232	1,003	48	111
Cash and cash equivalents	708	106	203	787	260
Trade and other payables	(6,279)	(304)	(149)	–	(6)
	(5,267)	34	1,057	835	365

	Singapore dollar US$'000	British pound US$'000	Renminbi US$'000
Company			
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)
31 December 2018			
Trade and other receivables	304	–	232
Cash and cash equivalents	708	–	31
Trade and other payables	(6,279)	(6)	(293)
	(5,267)	(6)	(30)

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	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Singapore dollar	783	527	783	527
Renminbi	27	(3)	32	3
Hong Kong dollar	(54)	(106)	–	–
Euro	70	(84)	–	–
British pound	(25)	(37)	–	1

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	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Financial assets	350,834	334,800	335,118	319,965

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 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
31 December 2018				
Derivative financial assets	–	27,155	–	27,155
Derivative financial liabilities	–	(24,101)	–	(24,101)
	–	3,054	–	3,054
Company				
31 December 2019				
Derivative financial assets	–	50,743	–	50,743
Derivative financial liabilities	–	(48,782)	–	(48,782)
	–	1,961	–	1,961
31 December 2018				
Derivative financial assets	–	23,807	–	23,807
Derivative financial liabilities	–	(21,315)	–	(21,315)
	–	2,492	–	2,492

* 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 28.

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 derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) 2002 Master Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other.

In certain circumstances – for example, when a credit event such as a default occurs, the right of set-off are set aside and the amounts settled gross unless the non-defaulting party chooses to continue the set-off arrangement. As such, the above master netting agreements do not meet the criteria for offsetting in the statement of financial position.

	Gross amounts of recognised financial instruments included in the statement of financial position US$'000	Related amounts that are not offset US$'000	Net amounts US$'000
Group			
31 December 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
31 December 2018			
Financial assets			
Oil physical derivative instruments	20,836	–	20,836
Oil paper derivative instruments	6,319	(4,347)	1,972
Total	27,155	(4,347)	22,808
Financial liabilities			
Oil physical derivative instruments	18,509	–	18,509
Oil paper derivative instruments	5,592	(4,347)	1,245
Total	24,101	(4,347)	19,754

Notes to the Financial Statements

20 FINANCIAL INSTRUMENTS (continued)

Offsetting financial assets and financial liabilities (continued)

	Gross amounts of recognised financial instruments included in the statement of financial position US$'000	Related amounts that are not offset US$'000	Net amounts US$'000
Company			
31 December 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
31 December 2018			
Financial assets			
Oil physical derivative instruments	20,829	–	20,829
Oil paper derivative instruments	2,978	(2,124)	854
Total	23,807	(2,124)	21,683
Financial liabilities			
Oil physical derivative instruments	18,450	–	18,450
Oil paper derivative instruments	2,865	(2,124)	741
Total	21,315	(2,124)	19,191

Notes to the Financial Statements

21 REVENUE

The Group derives its revenue from the transfer of goods and services over time and 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	
	2019 US$'000	2018 US$'000
Revenue from middle distillates	13,594,049	12,361,929
Revenue from other oil products	6,749,442	8,250,025
	20,343,491	20,611,954

The revenue from middle distillates and other oil products are recognised at a point in time.

Included in revenue is net loss of US$3,849,000 (2018: loss of US$8,471,000) 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	
	2019 US$'000	2018 US$'000
Other income		
Interest income	6,475	4,558
Foreign exchange loss – net	(690)	(606)
Others	30	26
	5,815	3,978
Audit fees paid and payable to:		
– auditor of the Company	(318)	(289)
– other auditors	(191)	(129)
Non-audit fees paid and payable to auditor of the Company	(137)	(127)
Impairment provision on doubtful debts - net	73	(387)
Depreciation of property, plant and equipment	(781)	(696)
Depreciation of right-of-use assets	(10,839)	–
Amortisation of intangible assets	(260)	(230)
Operating lease expense	–	(27,626)
Expense relating to short-term leases	(21,554)	–
Expense relating to leases of low value assets	(11)	–
Staff costs	(17,363)	(16,663)
Contributions to defined contribution plans, included in staff costs	(1,022)	(1,143)

Notes to the Financial Statements

23 FINANCE COSTS

	Group	
	2019 US$'000	2018 US$'000
Bank charges	1,287	1,480
Interest expenses	893	3,145
Interest expenses on lease liabilities	569	–
	2,749	4,625

24 TAX EXPENSE

	Group	
	2019 US$'000	2018 US$'000
Current tax expense		
Current year	1,168	915
Deferred tax expense		
Utilisation of previously unused tax losses	1,575	1,500
Recognition of previously unrecognised tax assets	(673)	–
	902	1,500
Withholding tax expense	4,532	4,266
Total tax expense	6,602	6,681

Reconciliation of effective tax rate

	2019 US$'000	2018 US$'000
Profit before tax	106,432	100,539
Tax using Singapore tax rate of 17% (2018: 17%)	18,093	17,092
Effects of tax rates in foreign jurisdictions	(33)	(97)
Tax exempt income	(2,301)	(406)
Tax effects of revenue at concessionary tax rate	(3,991)	(4,906)
Effects of results of associates presented net of tax	(11,140)	(12,259)
Effect of expenses not deductible for tax purposes	77	524
Effect of utilisation of previously unused tax losses	1,575	1,500
Recognition of previously unrecognised tax assets	(673)	–
Effect of unused tax losses not recognised as deferred tax assets	463	967
Withholding tax expense	4,532	4,266
	6,602	6,681

The Company was granted concessionary rate of tax under the Global Trader Programme ("GTP"), which was renewed for a period of 5 years from 1 August 2010 to 31 July 2015. The GTP incentive had been extended for a period of 5 years from 1 August 2015. Under the GTP, income derived from qualifying trading transactions of approved products by the Company is taxed at the concessionary rate of 5% instead of the normal statutory rate of 17%. This incentive is granted subject to the achievement of certain business volume and other terms and conditions.

Notes to the Financial Statements

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

	2019 US$'000	2018 US$'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	99,830	93,858

Weighted average number of ordinary shares (diluted)

	2019 Number of shares ('000)	2018 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, gasoline and aviation gasoline supply and trading.
- Investments in oil-related assets: Investments in oil-related assets through the Group's holdings in associates.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Notes to the Financial Statements

26 OPERATING SEGMENTS (continued)

	Middle distillates US$'000	Other oil products US$'000	Investment in oil-related assets US$'000	Total US$'000
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
2018				
Revenue	12,361,929	8,250,025	–	20,611,954
Gross profit	45,278	4,716	–	49,994
Other administrative/operating expenses	(18,988)	(83)	(920)	(19,991)
Depreciation and amortisation	(926)	–	–	(926)
Foreign exchange loss	38	(12)	(632)	(606)
Interest income	4,558	–	–	4,558
Other income	26	–	–	26
Finance costs	(559)	(4,064)	(2)	(4,625)
Share of profits of associates (net of tax)	–	–	72,109	72,109
Tax expense	(2,902)	–	(3,779)	(6,681)
Reportable segment profit after tax	26,525	557	66,776	93,858
Reportable segment total assets	1,182,103	161,316	305,645	1,649,064

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
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
2018		
People's Republic of China	12,319,299	260,088
South Korea	496,745	43,988
United States of America	942,555	974
Hong Kong SAR	559,328	2,054
Malaysia	548,084	–
Japan	294,433	–
United Arab Emirates	794,330	–
Singapore	1,639,747	5,445
Philippines	456,059	–
Taiwan	636,869	–
Netherland	394,788	5,804
United Kingdom	113,991	4
Other countries	1,415,726	–
	20,611,954	318,357

** Excludes deferred tax assets

Major customers

Revenue from two customers (2018: two customers) of the middle distillates segment for the supply of jet fuel amounting to approximately US$6,182,624,000 (2018: US$$6,742,300,000), represents 30% (2018: 33%) of the Group's total revenue.

Notes to the Financial Statements

27 ACQUISITION OF SUBSIDIARY

On 29 June 2018, the Group acquired 100% of the issued share capital of Navires Aviation Limited ("NAL") and its assets for a cash consideration of US$12,797,000. NAL was renamed to China Aviation Fuel (Europe) Limited ("CAFEU") subsequent to the acquisition.

CAFEU is an entity incorporated in London, United Kingdom with its principal activity being in the trading of jet fuel supply to aircrafts. The Group acquired CAFEU for various reasons, the primary reason being to gain access to CAFEU's already established system assets (instead of setting up new system assets which may take time) in the European markets. The acquisition of CAFEU enables the Company to establish into-wing jet fuel supply system at four European airports namely, Brussels Airport, Frankfurt Airport and Stuttgart Airport as well as Schiphol Airport via its investment in Aviation Fuel Supply B.V.

The acquisition is in substance an acquisition of the system assets of CAFEU and as a result, this transaction is accounted for by the acquisition of assets.

Assets acquired and liabilities assumed at the date of acquisition and consideration transferred

The following summarises the consideration transferred and the recognised amount of assets acquired and liabilities assumed at the date of acquisition:

	Total US$'000
China Aviation Fuel (Europe) Limited	
Investment	5,500
Cash and cash equivalents	832
Trade and other receivables	29
Inventories	6,274
Tax assets	477
Trade and other payables	(315)
Net assets acquired and liabilities assumed	12,797
Net cash outflow on acquisition of subsidiary:	
Consideration paid in cash	12,797
Less: Cash and cash equivalents balances acquired	(832)
	11,965

Notes to the Financial Statements

28 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.

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 gradings 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.

Notes to the Financial Statements

28 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The Group's current credit risk grading 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.

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 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	18	Performing	12-month ECL	144,663	–	144,663
					(7,419)	
31 December 2018						
Trade receivables	12	(i)	Lifetime ECL (simplified approach)	499,423	(7,492)	491,931
Other receivables	12	Performing	12-month ECL	32,434	–	32,434
Amount due from related corporations	12	Performing	12-month ECL	297,560	–	297,560
					(7,492)	

Notes to the Financial Statements

28 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

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 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	18	Performing	12-month ECL	133,260	–	133,260
					(6,871)	
31 December 2018						
Trade receivables	12	(i)	Lifetime ECL (simplified approach)	410,914	(6,959)	403,955
Other receivables	12	Performing	12-month ECL	17,429	–	17,429
Amount due from related corporations	12	Performing	12-month ECL	397,808	–	397,808
Loan to subsidiaries	12	Performing	12-month ECL	5,035	–	5,035
					(6,959)	

(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.

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 2019, there was no significant concentration of credit risk except for amounts receivable due from 1 (31 December 2018: 1) major customer amounting to US$150,672,000 (31 December 2018: US$160,008,000) which accounted for 19% (2018: 20%) of the Group's gross trade receivables. At 31 December 2019, the Company has significant concentration of credit risk with subsidiaries and related corporations which accounted for 49% (31 December 2018: 45%) of the Company's gross trade receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Guarantees

The maximum exposure of the Company in respect of the intra-group financial guarantee (see Notes 16 and 17) at the end of the reporting period is if the subsidiary defaulted on the utilised facilities extended by the bank and trading counterparties was US$Nil (31 December 2018: US$16,806,000) at 31 December 2019.

Notes to the Financial Statements

28 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group manages its liquidity risk by maintaining adequate lines of credit.

Interest rate risk

It is the Group's policy to obtain the most favourable interest rates available without increasing its foreign currency exposure. Surplus funds are placed with reputable banks to earn interest income.

As the Group's interest bearing financial assets and liabilities are short term in nature, any future variations in interest rates will not have a material impact on the results of the Group.

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this foreign currency risk are primarily the Singapore dollar, the Chinese renminbi and Hong Kong dollar. Currently, the Group does not hedge its foreign currency exposure.

The Group monitors its foreign currency exposures on an on-going basis and ensures that the net exposure is kept to an acceptable level. The Group is also exposed to currency translation risk on its net investments in foreign operations. Such exposures are reviewed and monitored on a regular basis.

Commodity price risk

The Group manages its costs of purchase and sales of oil commodities, using commodity paper derivative instruments. Management manages its commodity price risk using a suite of risk management tools which include marginal value at risk limits and hypothetical stress-tests of various scenarios. These risk management tools were designed by management, reviewed by the Risk Management Committee, and approved by the Board of Directors.

The Group enters into commodity paper derivative instruments, in which it agrees to exchange the difference between the fixed and floating prices, calculated by reference to an agreed-upon principal quantity, with its counterparties. The commodity paper derivative instruments entered into commit the Group to settle these instruments at various settlement dates.

Notes to the Financial Statements

28 FINANCIAL RISK MANAGEMENT (continued)

Commodity price risk (continued)

Sensitivity analysis

A change of 10% in oil forward price at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as the financial year ended 31 December 2019.

	Profit or loss	
	10% increase US$'000	10% decrease US$'000
2019		
Oil physical and paper derivative instruments	(5,083)	5,083
2018		
Oil physical and paper derivative instruments	(6,049)	6,049

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$1,377,899 (2018: US$9,240,000). A 10% weakening of the fair value of oil inventory would have an equal but opposite effect on profit or loss.

The above sensitivity analysis is hypothetical and should not be predictive of the Group's future performance as the physical inventory volume and derivative positions change daily and are not static.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and the Company.

Derivative financial instruments

The fair values of oil physical and paper derivative instruments were determined based on price indices after adjusting for contract specific factors.

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.

Notes to the Financial Statements

29 OPERATING LEASES

Leases as lessee

In 2018, non-cancellable operating lease rentals are payable as follows:

	Group 2018 US$'000	Company 2018 US$'000
Within one year	13,709	13,459
Between one and five years	12,725	12,725
	26,434	26,184

The Company leases an office under operating lease. The lease typically runs for a period of 5 years, with an option to renew the lease after that date. Lease payments are increased every 3 years to reflect market rentals based on changes in a local price index. In addition, the Company leases storage facilities and time charter oil vessels for periods ranging from 3 months to 3 years, with options to renew the leases at the end of the respective lease term.

Subsidiaries lease office premises under operating leases. The average lease term is approximately one year, with option to renew the leases after that date.

30 RELATED PARTIES

Key management personnel compensation

Key management personnel compensation comprises:

	Group	
	2019 US$'000	2018 US$'000
Directors' fees	232	238
Directors' remuneration	239	467
Key executive officers' remuneration	1,130	1,094
	1,601	1,799

The key management personnel compensation for the financial years ended 31 December 2018 and 2018 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.

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 2018, the Group's sales and purchases of oil commodities with government-related entities account for approximately 29% (2018: 30%) of the Group's total sales and 37% (2018: 40%) of the Group's total purchases. During the year, approximately 10% (2018: 9%) of the Group's banking fees and 3% (2018: 6%) of the Group's operating expenses were transacted with government-related entities.

Notes to the Financial Statements

30 RELATED PARTIES (continued)

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

	Group	
	2019 US$'000	2018 US$'000
Related corporation of a corporate shareholder:		
Sale of fuel oil	–	9,664
Sale of jet fuel	39,843	–
Sale of gas oil	398,710	–
Purchase of jet fuel	(154,699)	(63,747)
Purchase of gas oil	(159,295)	(223,367)
Purchase of crude oil	(20,958)	–
Purchase of fuel oil	(239,317)	–
Related parties under CNAF:		
Related corporations		
Sale of jet fuel	3,819,694	4,184,234
Purchase of jet fuel	(2,368,140)	(2,707,045)
Interest income	6,847	3,747
Associate		
Sale of jet fuel	2,362,929	2,558,066
Purchase of jet fuel	(62,281)	(78,219)
Other related party:		
Associate		
Storage tank rental expense	(10,343)	(8,688)

31 ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group believes the following critical accounting policies involved the most significant judgements and estimates used in the preparation of the financial statements.

Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Notes to the Financial Statements

31 ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (continued)

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 are disclosed in Note 12 to the financial statements.

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.

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	
		2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Sales revenue from related corporations	Associates of Controlling Shareholder, China National Aviation Fuel Group Limited	–	–	3,806,275	4,120,762
Purchases from related corporations		–	–	2,345,411	2,553,581
Services rendered from related corporation		226	283	–	–
Supply chain services rendered from related corporation		–	–	12,194	13,798
Transportation revenue earned by associate from related corporations*		–	–	9,152	9,677
Principal deposited with related corporations		–	–	364,286	483,819
Interest income earned from principal deposited with related corporations		–	–	4,199	6,812
Purchases from associate		–	–	76	79
Sales revenue from related corporation of a corporate shareholder	Associates of Controlling Shareholder, BP Investments Asia Limited	–	–	527,843	9,680
Purchases from related corporation of a corporate shareholder		–	–	727,496	256,254
Services rendered from related corporation of a corporate shareholder		–	–	241	288
Supply chain services rendered from related corporation of a corporate shareholder		–	–	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 18 March 2020

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 18 March 2020, 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	601	4.64	30,173	0.00
100 – 1,000	1,957	15.09	1,157,808	0.13
1,001 – 10,000	7,034	54.26	30,948,745	3.60
10,001 – 1,000,000	3,351	25.85	121,755,905	14.16
1,000,001 and above	21	0.16	706,290,997	82.11
Total	**12,964**	**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	25,058,597	2.91
4	Citibank Nominees Singapore Pte Ltd	22,096,452	2.57
5	DBSN Services Pte. Ltd.	7,472,284	0.87
6	Raffles Nominees (Pte.) Limited	5,284,471	0.61
7	United Overseas Bank Nominees (Private) Limited	4,303,371	0.50
8	Lee Fook Choy	3,200,000	0.37
9	Heng Siew Eng	2,962,700	0.34
10	HSBC (Singapore) Nominees Pte Ltd	2,688,640	0.31
11	UOB Kay Hian Private Limited	2,577,296	0.30
12	OCBC Nominees Singapore Private Limited	2,315,399	0.27
13	OCBC Securities Private Limited	2,283,216	0.27
14	Phillip Securities Pte Ltd	2,022,210	0.24
15	Jack Investment Pte Ltd	1,950,100	0.23
16	Lim Thiam Yew Paul or Tan Soon Tze Mrs Lim Soon Tze	1,717,000	0.20
17	Kang Hian Soon or Keh Siu Kim	1,265,000	0.15
18	Lam Yew Chong	1,113,800	0.13
19	Maybank Kim Eng Securities Pte. Ltd.	1,093,296	0.13
20	CGS-CIMB Securities (Singapore) Pte. Ltd.	1,041,664	0.12
	Total	**705,255,350**	**82.00**

SUBSTANTIAL ORDINARY SHAREHOLDERS

(As shown in the Register of Substantial Shareholders as at 18 March 2020)

		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 1 April 2020

Name of Director	Dr Xi Zhengping	Mr Li Runsheng	Mr Teo Ser Luck	Mr Hee Theng Fong	Mr Eugene Leong Jhi Ghin
Date of appointment	6 February 2017	24 April 2014	24 April 2019	24 April 2019	1 November 2019
Date of last re-appointment (if applicable)	18 April 2017	18 April 2017	N.A.	N.A.	N.A.
Age	53	67	51	65	43
Country of principal residence	China	China	Singapore	Singapore	Singapore
The Board's comments on this re-election/ appointment	After reviewing the recommendation of the Nominating Committee, and Dr Xi's qualifications and experience (as set out below), the Board has approved that Dr Xi stands for re-election as a Non-Executive, Non-Independent Director. Dr Xi will, upon re-election, continue to serve as Chairman of the Board.	After reviewing the recommendation of the Nominating Committee and Mr Li's qualifications and experience (as set out below), the Board has confirmed Mr Li's independence and approved that Mr Li stands for re-election as a Non-Executive, Independent Director. Mr Li will, upon re-election, continue to serve as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee.	After reviewing the recommendation of the Nominating Committee and Mr Teo's qualifications and experience (as set out below), the Board has confirmed Mr Teo's independence and approved that Mr Teo stands for re-election as a Non-Executive, Independent Director. Mr Teo will, upon re-election, continue to serve as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee, the Remuneration Committee and the Risk Management Committee.	After reviewing the recommendation of the Nominating Committee and Mr Hee's qualifications and experience (as set out below), the Board has confirmed Mr Hee's independence and approved that Mr Hee stands for re-election as a Non-Executive, Independent Director. Mr Hee will, upon re-election, continue to serve as Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee.	After reviewing the recommendation of the Nominating Committee, and Mr Leong's qualifications and experience (as set out below), the Board has approved that Mr Leong stands for re-election as a Non-Executive, Non-Independent Director. Mr Leong will, upon re-election, continue to serve as Chairman of the Risk Management Committee and a member of the Audit Committee.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive, Non-Independent Chairman of the Board	Chairman of Nominating Committee Member of Audit Committee and Remuneration Committee	Lead Independent Director Chairman of Audit Committee Member of Risk Management Committee, Remuneration Committee and Nominating Committee	Chairman of Remuneration Committee Member of Audit Committee and Nominating Committee	Chairman of Risk Management Committee Member of Audit Committee
Professional qualifications	Doctor of Engineering in Physical Chemistry of Metallurgy, Northeastern University of Technology, Shenyang Qualified Senior Engineer (Professor Level), China	Master of Administrative Management, Macau University of Science and Technology	Degree in Accountancy, Nanyang Technological University	L.L.B. (Honours), National University of Singapore Diploma in PRC Law, Suzhou University	Master of Chemical Engineering, Imperial College London
Working experience and occupation(s) during the past 10 years	November 2015 to Present: Director and General Manager of China National Aviation Fuel Group Limited February 2015 to November 2015: Deputy General Manager of China Non-ferrous Metal Mining (Group) Co., Ltd February 2013 to February 2015: Mayor of Weinan City, Shaanxi Province December 2010 to February 2013: Head of Shaanxi Provincial Department of Science and Technology May 2005 to December 2010: President of Northwest Institute for Non-ferrous Metal Research	January 2017 to Present: Director of the Expert Committee of China Petroleum and Chemical Industry Association September 2012 to January 2017: Vice Chairman of China Petroleum and Chemical Industry Association February 2006 to September 2012: Assistant to President of China National Petroleum Corporation Executive Member and Vice Chairman of China Petroleum Enterprise Management Association October 2004 to February 2006: Director of General Office, China National Petroleum Corporation Deputy Chief of Poverty Alleviation Team, China National Petroleum Corporation February 2001 to September 2004: Director of PetroChina Marketing Company Limited Vice President of PetroChina Company Limited, Refining & Marketing Branch	2017 to Present: Chairman of BRC Asia Limited Deputy Chairman of Serial Systems Ltd Lead Independent Director of United Engineers Ltd 2006 to Present: Singapore Member of Parliament 2006 to 2017: Minister of State for Trade and Industry Senior Parliamentary Secretary in the Ministry of Transport and Ministry of Community Development, Youth and Sports Minister of State for Manpower Mayor of the North East District	January 2014 to Present: Eversheds Harry Elias LLP – Consultant May 2011 to June 2014: RHTLaw Taylor Wessing LLP – Senior Partner June 2008 to April 2011: Khattar Wong – Partner	2019 to Present: Chief Operating Officer of BP Singapore Pte Limited 2017 to 2019: Head of Executive Office of Integrated Supply & Trading, BP plc 2016 to 2017: Senior Originator, Acting Head of Marketing & Origination of BP Singapore Pte Limited 2008 to 2016: Director, Energy & Chemicals Division of Singapore Economic Development Board Head, Energy & Chemicals Division of Singapore Economic Development Board

Additional Information on Directors Seeking Re-election

As of 1 April 2020

Name of Director	Dr Xi Zhengping	Mr Li Runsheng	Mr Teo Ser Luck	Mr Hee Theng Fong	Mr Eugene Leong Jhi Ghin
Shareholding interest in the listed issuer and its subsidiaries	No	No	No	No	No
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. Dr Xi is a nominee Director of China National Aviation Fuel Group Limited, a substantial shareholder of the Company.	No	No	No	Yes. Mr Leong is a nominee Director of BP Investments Asia Limited, a substantial shareholder of the Company.
Conflict of interest (including any competing business)	No	No	No	No	No
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7))	Yes	Yes	Yes	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	Nil	Nil	• 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	Nil
Present	Director of China National Aviation Fuel Group Limited	Nil	• Chairman of BRC Asia Limited • Deputy Chairman of Serial System Ltd • Lead Independent Director of United Engineers Limited • Director of F4U Pte Ltd • Director of Vicduo Tech Pte Ltd • Director of Nufin Data Pte Ltd • Director of Nufund Pte Ltd • Director of Helicap Pte Ltd • Director of 2YSL Pte Ltd • Independent Director of Straco Corporation Limited • Independent Director of Yanlord Land Group Limited	• Independent Director of Tye Soon Limited • Independent Director of Straco Corporation Limited • Independent Director of Zheneng Jinjiang Environment Holding Company Limited • Independent Director of Yanlord Land Group Limited • Independent Director of APAC Realty Pte Ltd • Independent Director of Haidilao International Holding Ltd • Director of Greenland (Singapore) Trust Management Pte Ltd • Deputy Chairman of Singapore Medishield Life Council • Chairman of Citizenship Committee of Inquiry (ICA) • Director of F&H Singhome Fund II Ltd. • Director of F&H Singhome Fund III Ltd. • Director of Chua Foundation	Nil

Additional Information on Directors Seeking Re-election

As of 1 April 2020

Name of Director	Dr Xi Zhengping	Mr Li Runsheng		Mr Teo Ser Luck	Mr Hee Theng Fong	Mr Eugene Leong Jhi Ghin
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		No	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		No	No	No
(c) Whether there is any unsatisfied judgement against him?	No	No		No	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		No	No	No
(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		No	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		No	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		No	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		No	No	No

Additional Information on Directors Seeking Re-election

As of 1 April 2020

Name of Director	Dr Xi Zhengping	Mr Li Runsheng		Mr Teo Ser Luck	Mr Hee Theng Fong	Mr Eugene Leong Jhi Ghin
(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		No	No	No
(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 (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 (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 (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		No	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		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
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