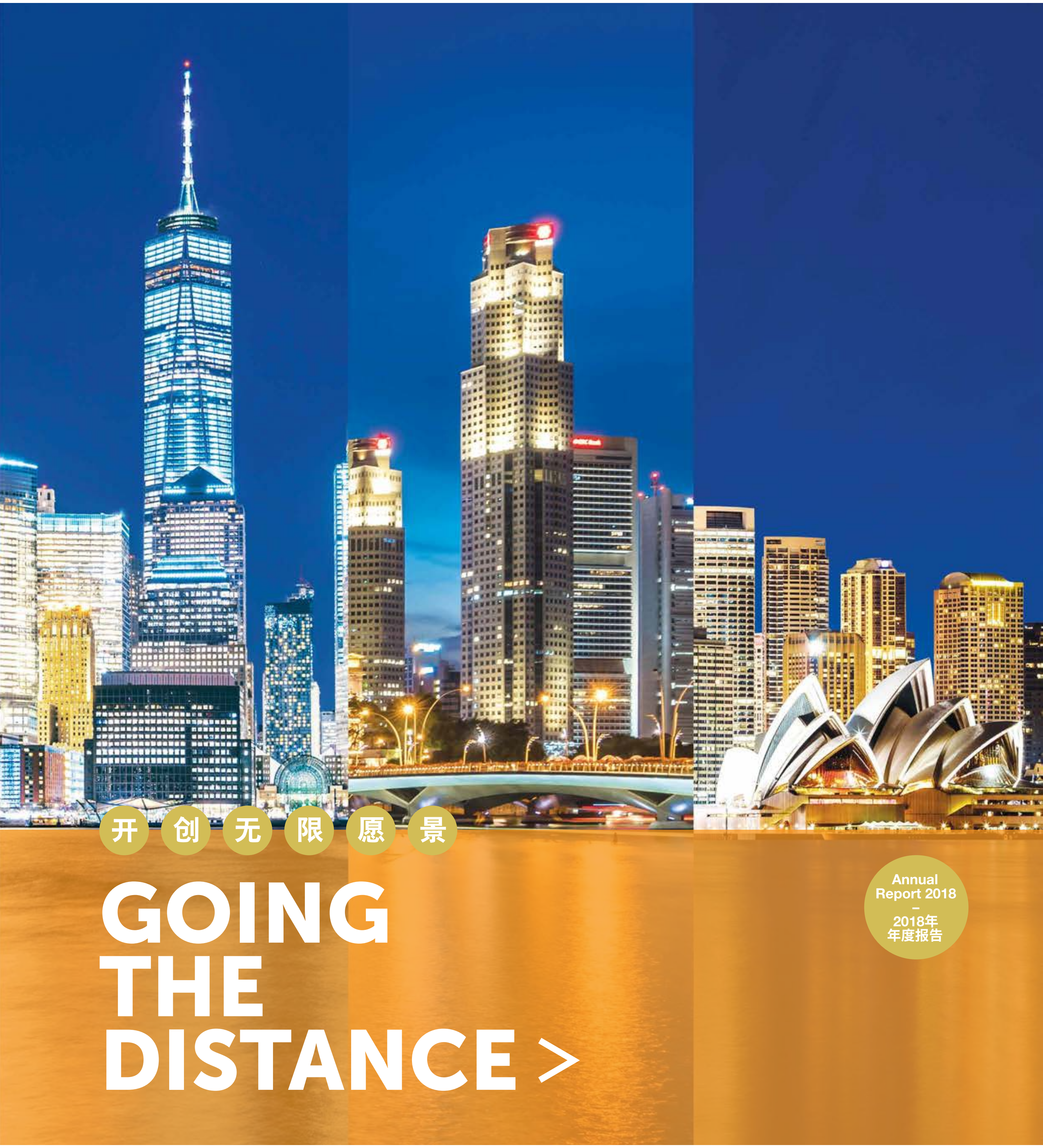
China Aviation Oil (Singapore) Corporation Ltd
中国航油（新加坡）股份有限公司

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



开创无限愿景

GOING THE DISTANCE >

Annual Report 2018
–
2018年
年度报告

Fuel for Future 为明天加油

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GOING THE DISTANCE

In a year marked by geopolitical and macroeconomic uncertainties, CAO continues to pave the way forward focusing on our strengths and delivered steady performance. Building on our core competencies and focusing on growth opportunities, in all we do, we do in the best interests of our stakeholders, going the distance to enhance value and taking the CAO brand name further afield.

FINANCIAL HIGHLIGHTS
业绩亮点

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

34.9
million tonnes

REVENUE
营业额
US$ billion
十亿美元

US$20.6
billion

NET PROFIT
净利润
US$ million
百万美元

US$93.9
million

RETURN ON EQUITY
净资产回报率

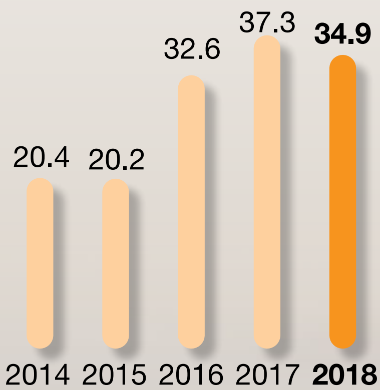
12.6%

RETURN ON ASSETS
资产回报率

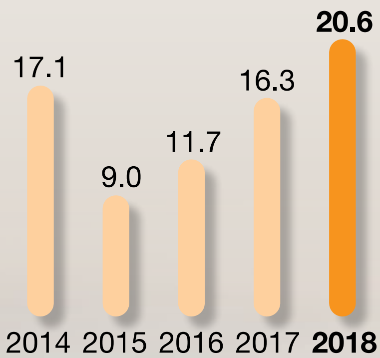
5.6%

NET ASSET VALUE/SHARE
每股净资产值
US cents
美分

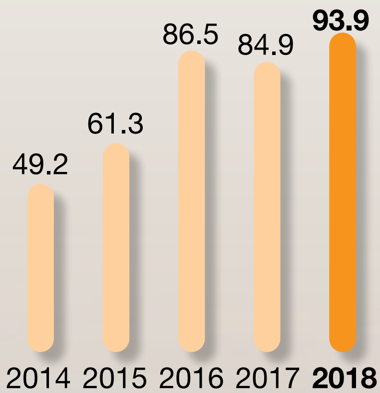
US89.42¢



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



REVENUE
营业额
US$ billion
十亿美元



NET PROFIT
净利润
US$ million
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 global operations spanning key 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 at airports outside the PRC, including Asia Pacific, North America, Europe and the Middle East. The Group also engages in international trading of jet fuel and other oil products.

ASSOCIATES UNDER THE GROUP
The Group owns investments in oil-related businesses that are synergetic to its supply and trading activities, with a portfolio of assets along an integrated global supply and trading value chain, comprising storage, pipelines and airport refuelling facilities. The associated companies 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, the supply and trading of jet fuel is CAO's core business. CAO supplies jet fuel to over 17 international airports across mainland China, including major PRC gateways such as Beijing Capital International Airport, Shanghai Pudong and Hongqiao International Airports and Guangzhou Baiyun International Airport.

Fuelled by global demand, CAO's aviation fuel team has been marketing and supplying jet fuel to airline companies worldwide since 2011. Today, the Group supplies jet fuel to 51 international airports outside mainland China in over 20 countries, covering Asia Pacific, North America, Europe and the Middle East. Expanding in tandem with the growing international air transportation market, the Group will continue to drive and strengthen CAO's foothold in the supply of jet fuel, with a focus on expanding its customer base globally and extending its reach into key aviation markets worldwide to strengthen its global presence.

Trading of Other Oil Products
CAO has diversified its other oil products portfolio, which includes fuel oil, gasoil, aviation gas ("avgas") and crude oil through building up the Group's global supply and trading network to expand 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 will continue to work at building and optimising structural advantages in these products globally.

Investments in Oil-related Assets
CAO seeks to create value and deliver long-term sustainable growth through investments 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)

CNAF operations at a PRC airport
CNAF在中国机场的航油加注服务

中国航油（新加坡）股份有限公司（简称“CAO”或“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，业务覆盖全球主要航空枢纽如香港特区、洛杉矶及伦敦等。CAO及其全资子公司（统称“公司”）：中国航油（香港）有限公司（简称“香港公司”）、北美航油有限公司（简称“北美公司”）和中国航油（欧洲）有限公司（简称“欧洲公司”）在中国境外的机场向航空公司供应航油，包括亚太、北美、欧洲和中东。公司也开展航油和其它油品的国际贸易。

联营公司

公司投资与供应和贸易活动有协同性的油品相关业务，包括储罐、管线和机场加注设施，其资产业务支持全球一体化供应与贸易链。联营公司包括上海浦东国际机场航空油料有限责任公司（简称“浦东航油”）、中国航油集团津京管道运输有限责任公司（简称“管输公司”）、中国航油集团新源石化有限公司（简称“新源公司”）、韩国丽水枢纽油库有限公司（简称“OKYC”）、阿姆斯特丹机场航油供应公司（简称“AFS”）和相对控股的中国航油香港供油有限公司（简称“香港供油公司”）， 资产遍布多个业务版块，形成公司重要的一体化价值链。

主要股东

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

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

业务概况

航油供应与贸易

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

受全球需求推动，自2011年以来，CAO的航油业务团队积极拓展国际航空公司供油业务。公司目前为亚太（不包括中国大陆）、北美、欧洲和中东20多个国家的51个国际机场供应航油。随着全球航空运输市场的不断发展壮大，公司会继续推进和强化航油供应，专注扩大全球客户群体，立足国际主要航空市场，拓展全球业务。

油品贸易业务

公司执行多元化战略，通过打造全球供应与贸易网络，发展其它油品业务，包括燃料油、柴油、航汽和原油，由此来拓展收入来源。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，也会继续优化和打造其它油品的结构性优势。

油品相关实业投资

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

CAO Headquarter & subsidiaries
CAO 总部及其子公司

Supply & Trading Network
供应与贸易网络

DIVERSIFIED GEOGRAPHIC BASE
地理多元化

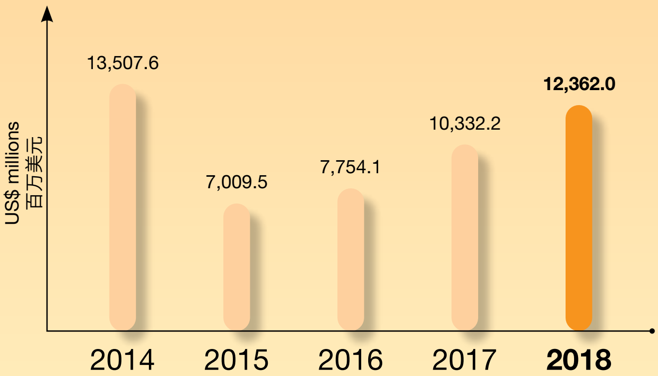
GROUP REVENUE BY GEOGRAPHICAL LOCATIONS
总销售收入(按地区划分)

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

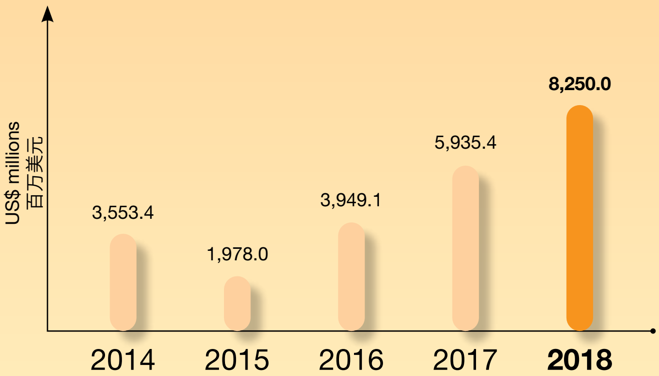
China 中国	59.7%
South Korea 韩国	2.4%
USA 美国	4.6%
Hong Kong SAR 香港特区	2.7%
Indonesia 印度尼西亚	0.7%
Singapore 新加坡	8.0%
Middle East 中东	4.8%
Europe 欧洲	4.4%
Malaysia 马来西亚	2.7%
Other Regions 其它地区	8.8%
Australia 澳大利亚	1.2%

DIVERSIFIED PRODUCT BASE
产品多元化

REVENUE - MIDDLE DISTILLATES
收入 - 中馏分



REVENUE - OTHER OIL PRODUCTS
收入 - 其它油品



SUSTAINABLE BUSINESS MODEL
可持续的业务模式

We procure internationally and deliver cargoes to customers globally.
我们在全球范围内采购货物，交付至不同区域客户的手中。

PROCUREMENT
采购

OPTIMISATION & TRADING
优化与贸易

International Oil Markets
国际油品市场

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

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

Secure Resources
锁定资源

Optimise Logistics
优化物流

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

Marketing
市场营销

Bunkering
船用燃料油

Ship Owners
船东

Other Transportation Fuels
其它运输燃料

End Users
终端用户

Create Demand
创造需求

Pipelines
管线

TSN-PEKCL
管输公司

Airport Refuelling Facilities
机场加注设施

SPIA
浦东航油

CNAF HKR
香港供油公司

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

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.

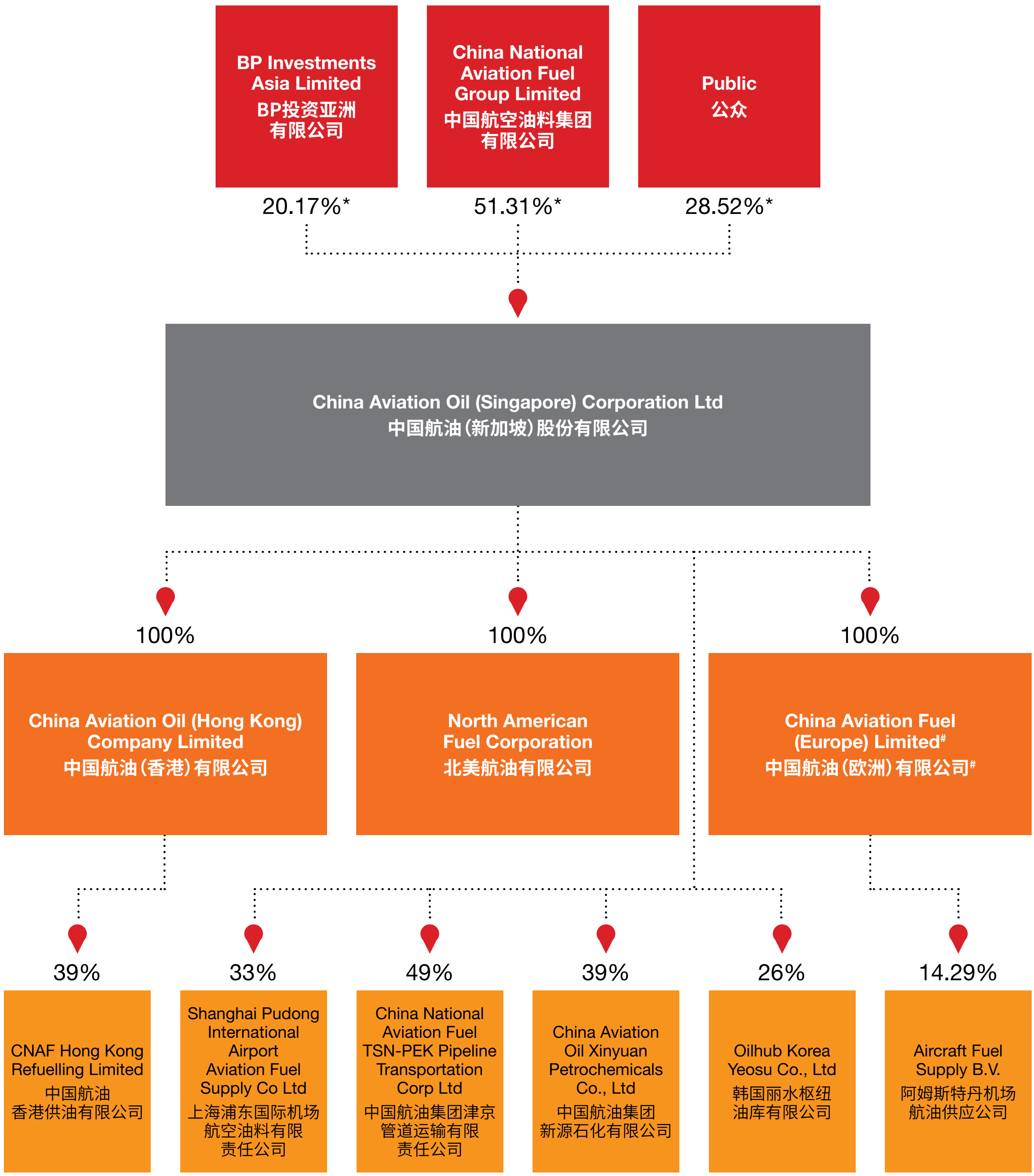
• • • • • • •

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

Hong Kong SAR, PRC

GROUP STRUCTURE (as at March 2019)
公司结构图 (截至2019年3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

CAO harnesses on its competitive edge to deliver consistent and timely results to our stakeholders. Besides our investments in oil-related assets synergetic to our core business, we propel our way forward by working as one - optimising excellence in teamwork to fuel greater growth.

DELIVERING TIMELY RESULTS

CHAIRMAN'S MESSAGE
董事长致辞

Dear Shareholders,

In 2018, CAO saw a smooth transition in senior management change with Executive Director/ Chief Executive Officer Mr Wang Yanjun effectively assuming stewardship of the Group as its parent company China National Aviation Fuel Group Limited ("CNAF") sought to strengthen the Group's leadership and management to further augment CAO's growth trajectory as the largest physical jet fuel trader in the Asia Pacific region and an important supplier of imported jet fuel to the civil aviation industry of the People's Republic of China ("PRC"). Several organisational restructuring moves were also made to deepen the Group's internationalisation efforts, strengthen internal management and risk control capabilities to support the continued growth of CAO.

INTERNATIONALISATION

2018 was a year marked by geopolitical upheavals and unpredictable change in the macroeconomic environment where the Group saw turbulence in the marketplace even as it continued to strengthen its internal functions. It was also a year where the Group effectively realised its globalisation strategy with its subsidiaries in Hong Kong, the United States and Europe further entrenching their market positioning in their respective regions.

As the single largest physical trader of jet fuel in the Asia Pacific, CAO supplied jet fuel to some 51 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.

FINANCIAL PERFORMANCE

Despite a difficult macroeconomic environment in 2018, we are pleased that CAO stayed the course and ended 2018 on a strong note, setting new records in both revenue and net profit. Total revenue of the Group for the 12 months ended 31 December 2018 ("FY2018") were US$20.61 billion, an increase of 26.71% from a year ago, due mainly to the increase in oil prices. Total supply and trading volumes for jet fuel and other oil products were 34.85 million tonnes, compared to 37.31 million tonnes for the 12 months ended 31 December 2017 ("FY2017"). The Group registered a gross profit of US$49.99 million for FY2018, an increase of 29.17% compared to US$38.70 million for FY2017, mainly attributable to higher profits from the supply of jet fuel and higher gains from trading and optimisation activities. CAO closed FY2018 with a record net profit of US$93.86 million, compared to US$84.93 million for the previous corresponding year, an increase of 10.52%, mainly attributable to the increase in gross profit. Earnings per share was higher at 10.91 US cents for FY2018 compared to 9.87 US cents for FY2017 and a return on equity of 12.6% in FY2018.

DIVIDEND

The Board of Directors had adopted a dividend policy based on a growth-based dividend payout formula comprising 30% of CAO's annual consolidated net profits attributable to shareholders (one-tier, tax exempt) for each financial year, rounded to the nearest Singapore cent as part of CAO's commitment to allow shareholders to participate in its growth. In keeping with its corporate objective to ensure returns to shareholders and given the financial results achieved for FY2018, the Board of Directors has therefore recommended that shareholders receive a first and final (one-tier, tax exempt) dividend of S$0.045 per share.

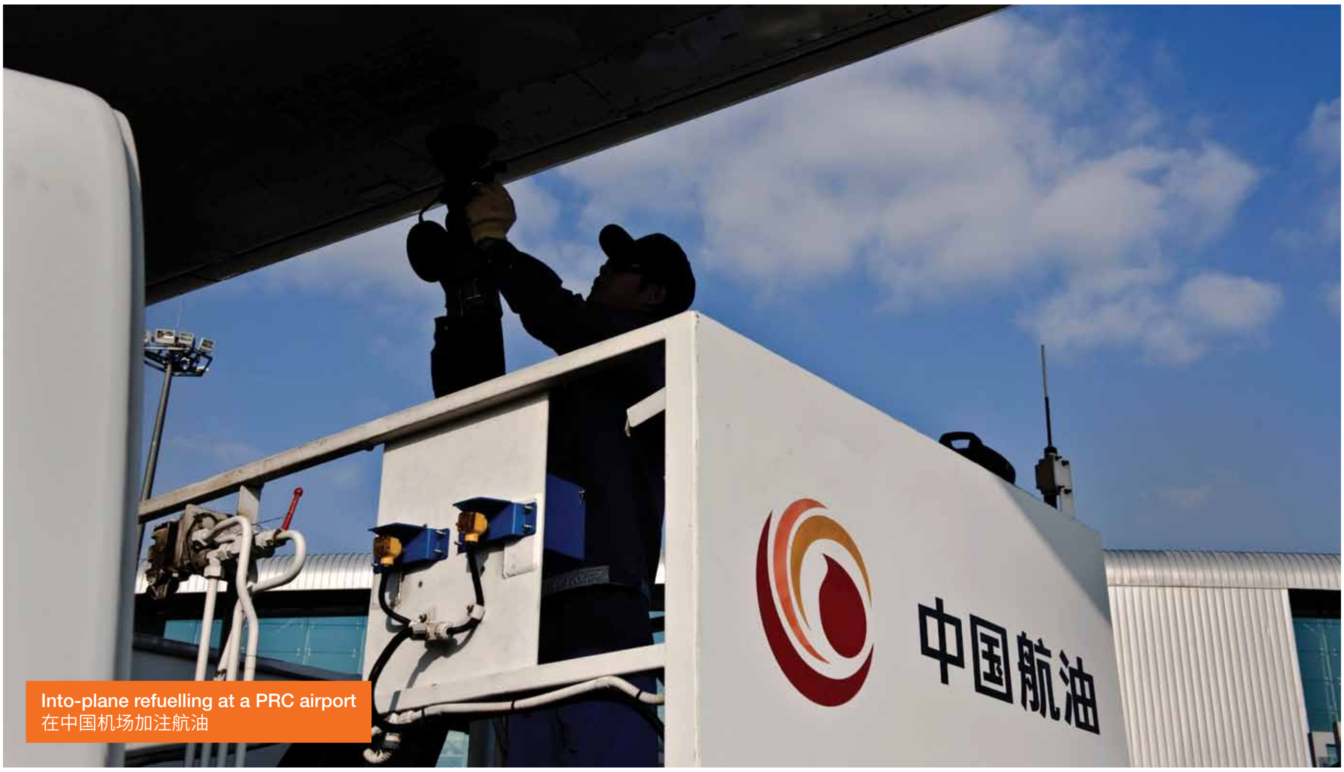
ACCOLADES

In 2018, CAO continued to gain international recognition for its corporate progress as it bagged its first international investor relations award in Amsterdam being named No. 1 at the Global People's Choice Awards by IR Magazine, USA. In Singapore, the Group clinched gold for "Best Investor Relations" (market capitalisation of S$300 million to S$1billion) at the Singapore Corporate Awards 2018 even as it scored its first "Shareholder Communication Excellence" (Commendation Award, Big Cap Category) win at the 19th Securities Investors Association (Singapore) ("SIAS") Investors' Choice Awards 2018. These recognitions are affirmations of CAO Group's unwavering commitment to strong corporate governance as well as proactive shareholder communications; validating the Group's efforts put into enhancing shareholders' values and attesting to its single-minded focus on stakeholder value creation.

Dr Xi Zhengping
Chairman

奚正平博士
董事长

CHAIRMAN'S MESSAGE
董事长致辞



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

OUTLOOK

Enormous growth opportunities exist in the global aviation sector which bodes well for the CAO Group, as it continues to seize strategic opportunities in the international arena. With deeply entrenched Chinese state-owned enterprise parentage, CAO's growth opportunities as a result of China's "One Belt, One Road" development strategy is also imminent. Already, China's development strategy of "One Belt, One Road" has brought forth new opportunities for the Group as out of the 51 international airports outside mainland China that the Group supplies to today, 11 international airports are identified One Belt, One Road locales.

While 2019 will not be without challenges, the Group's global market opportunities abound and it must determinedly press forward to strengthen in resilience with the uncompromising support of its parent company CNAF. Importantly, the Group must seize opportunities to invest in assets synergistic to its core jet fuel supply and trading business to capture impending opportunities which will bring the entire Group to its next level of growth and at the same time, embrace transformation to overcome any internal impediments that may obstruct the growth and the fulfillment of its internationalisation strategy.

ACKNOWLEDGEMENTS AND APPRECIATION

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 wish to thank all shareholders, business partners, investors and other stakeholders for their unflagging belief in and continued support for the CAO Group. My heartfelt thanks to all CAO Directors, management team and employees, for their commitment, dedication and hard work. 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 and capture impending opportunities in the global arena!

Dr Xi Zhengping
Chairman

各位股东：

2018年，母公司中国航空油料集团有限公司（简称“CNAF”）继续强化管理团队，公司执行董事兼首席执行官王延军先生正式上任以来，带领管理层稳中求进、加强管理，进一步推进了CAO的强劲增长势头，保持亚太地区最大的航油实货贸易商和中国民航重要的航油进口商的强势地位。公司在过去一年也进行了组织结构调整，以深化国际化进程，加强内部管理和风险控制能力，助力CAO的持续增长。

国际化

尽管在2018年，地缘政治动荡局势加剧，宏观经济的不确定性增加，使得市场形势复杂多变，公司通过强化内部管理持续保持稳定。同时，公司通过在香港、美国和欧洲的子公司进一步巩固各区域市场定位，有效实现了全球化战略。

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51个国际机场供应航油，同时作为中国民用航空业的最重要进口航油供应商，继续支持中国民航业的蓬勃发展。通过不断加强治理、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。

财务业绩

2018年，尽管公司面临的外部环境不利因素增加，CAO仍稳步发展，在2018年呈上强劲的业绩，收入和净利润均创新高。截至2018年12月31日的12个月（“2018财年”）收入为206.1亿美元，同比增长26.71%，主要因为油价上涨。2018财年的航油和其它油品的供应与贸易总量为3,485万吨，因公司面对市场波动采取审慎的措施，较截至2017年12月31日（“2017财年”）全年的3,731万吨有所减少。公司在2018财年毛利报4,999万美元，同比2017财年的3,870万美元增加29.17%，得益于航油供应和贸易优化盈利的增加。2018财年的净利润创9,386万美元新高，较去年的8,493万美元增加10.52%，主要得益于毛利增长。2018财年的每股盈利为10.91美分，高于2017财年的9.87美分，股本回报率为12.6%。

股息

CAO董事会采纳了与业绩挂钩的股息政策，将CAO年度合并净利润的30%作为股息发放给股东（单层免税，精确到0.01新元），与股东分享CAO的成长。为了履行回报股东的公司目标，结合2018财年的业绩，董事会建议向股东派发每股0.045新元的股息。

进步与殊荣

2018年，CAO在阿姆斯特丹首次获得国际投资者关系奖，被美国《投资者关系杂志》评为“最佳投资者关系企业—全球机构投资者选择奖”。同时，公司在2018年度的新加坡企业奖颁奖礼上获颁“最佳投资者关系”金奖（3亿新元至10亿新元市值组别）、在第19届新加坡证券投资者协会（简称“SIAS”）2018年投资者选择奖中获得首个“股东沟通卓越奖”（大市值组别，第三名）。这些殊荣是对CAO始终秉承坚持高标准的公司治理理念和积极的股东沟通工作的肯定；也认可公司长期专注实现股东价值最大化的不懈努力。

展望未来

全球航空业存在巨大增长机遇，有利于推进CAO国际化发展步伐，在国际舞台上力争战略机遇。CAO作为扎根在中国的国有企业，凭借中国“一带一路”发展战略的成长机遇就在眼前。中国的“一带一路”发展战略已经为公司带来了新机遇，公司目前为中国大陆以外的51个国际机场供油，其中“一带一路”沿线国家机场达到11个。

2019年必将是具有挑战的一年，基于全球市场的机会，在母公司CNAF的大力支持下，公司将坚定不移地稳步前进。重要的是，公司将抓住机遇，投资与核心航油供应与贸易业务具有协同效应的资产，继续务实转型升级，克服障碍以实现国际化发展，将公司带入下一个发展篇章。

致意与感谢

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的全体董事、管理层和员工的辛勤付出和贡献。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将锐意进取、不断强大，在国际舞台上砥砺奋进！

奚正平博士
董事长

BOARD OF DIRECTORS
董 事 会

STANDING FROM LEFT TO RIGHT
后排左至右:

Dennis Chan Yat Chung
陈逸聪

Li Runsheng
李润生

Wang Yanjun
王延军

Feng Hai
冯海

Bella Young Pit Lai
楊必麗

Li Yongji
李永吉

SITTING FROM LEFT TO RIGHT
前排左至右:

Xi Zhengping
奚正平

Wang Kai Yuen
王家園

Ang Swee Tian
汪瑞典

BOARD OF DIRECTORS
董事会

Xi Zhengping, 52
Non-Executive and Non-Independent Chairman

Date of first appointment as a director:
6 February 2017

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

Length of service as director: (as at 31 December 2018)
1 year 10 months

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 2018)

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 2016 to 31 December 2018):
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，52岁
非执行、非独立董事长

首次当选董事日期：
2017年2月6日

上次董事轮选日期：
2017年4月18日

供职董事年限：(截至2018年12月31日)
1年零10个月

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2018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 (2016年1月1日至2018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*

Wang Kai Yuen, 71

Deputy Chairman and Lead Independent Director

Date of first appointment as a director:
28 April 2008

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

Length of service as director: (as at 31 December 2018)
10 years 8 months

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

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

Present Directorships: (as at 31 December 2018)

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

Other Principal Directorships:
Nil

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 3 years (from 1 January 2016 to 31 December 2018):
- A-Sonic Aerospace Ltd
- Matex International Ltd

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

王家园，71岁

副董事长、首席独立董事

首次当选董事日期：
2008年4月28日

上次董事轮选日期：
2017年4月18日

供职董事年限：(截至2018年12月31日)
10年零8个月

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

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

现任董事席位：(截至2018年12月31日)

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

其他主要董事席位：
无

主要任职（除董事职位外）：
无

过去三年曾任董事席位 (2016年1月1日至2018年12月31日)
- A-Sonic 宇航有限公司
- 万得国际有限公司

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

BOARD OF DIRECTORS
董事会

Wang Yanjun, 56
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: (as at 31 December 2018)
10 months

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 2018)

Listed Companies:
Nil

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

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

Past Directorships held over the preceding 3 years (from 1 January 2016 to 31 December 2018):
- China National Aviation Fuel South China Bluesky Corporation
- Shenzhen Cheng Yuan Aviation Oil Company Limited

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

王延军，56岁
首席执行官/执行董事

首次当选董事日期：
2018年2月5日

上次董事轮选日期：
2018年4月25日

供职董事年限：(截至2018年12月31日)
10个月

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2018年12月31日)

上市公司：
无

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

主要任职（除董事职位外）：
中国航油（香港）有限公司总经理

过去三年曾任董事席位 (2016年1月1日至2018年12月31日)
- 华南蓝天航空油料有限公司
- 深圳承远航空油料有限公司

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

Li Yongji, 50
Non-Executive Director and Non-Independent Director

Date of first appointment as a director:
5 February 2018

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

Length of service as director: (as at 31 December 2018)
10 months

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 2018)

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 of China National Aviation Fuel Corporation Ltd

Past Directorships held over the preceding 3 years (from 1 January 2016 to 31 December 2018):
- Director of China National Aviation Fuel South China Bluesky Corporation
- 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
- Director of Air Union Insurance Brokers 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
- Former Lecturer at Jilin Commercial College

李永吉，50岁
非执行、非独立董事

首次当选董事日期：
2018年2月5日

上次董事轮选日期：
2018年4月25日

供职董事年限：(截至2018年12月31日)
10个月

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
- 高级会计师
- 高级国际财务管理师（SIFM）

现任董事席位：(截至2018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

过去三年曾任董事席位 (2016年1月1日至2018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）
- 航联保险经纪公司（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
- 前吉林市商业学校教师

BOARD OF DIRECTORS
董 事 会

Feng Hai, 54
Non-Executive Director and Non-Independent Director

Date of first appointment as a director:
1 November 2018

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

Length of service as director: (as at 31 December 2018)
2 months

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 2018)
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 2016 to 31 December 2018):
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，54岁
非执行、非独立董事

首次当选董事日期：
2018年11月1日

上次董事轮选日期：
不适用

供职董事年限：(截至2018年12月31日)
2个月

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2018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 (2016年1月1日至2018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

Li Runsheng, 66
Non-Executive and Independent Director

Date of first appointment as a director:
24 April 2014

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

Length of service as director: (as at 31 December 2018)
4 year 8 months

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 2018)
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 2016 to 31 December 2018):
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，66岁
非执行、独立董事

首次当选董事日期：
2014年4月24日

上次董事轮选日期：
2017年4月18日

供职董事年限：(截至2018年12月31日)
4年零8个月

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2018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 (2016年1月1日至2018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

Ang Swee Tian, 70
Non-Executive and Independent Director

Date of first appointment as a director:
14 November 2008

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

Length of service as director: (as at 31 December 2018)
10 years 1 month

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

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

Present Directorships: (as at 31 December 2018)

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

Other Principal Directorships:
- ICE Futures Singapore Pte Ltd (Non-Executive Director)
- ICE Clear Singapore Pte Ltd (Non-Executive Director)

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 3 years (from 1 January 2016 to 31 December 2018):
- Amare-Greenland Hospitality Investments (AGHI) Pte. Ltd
- Tuas Power Generation Pte Ltd
- TP Utilities Pte. Ltd.
- Tuas Power Ltd

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

汪瑞典，70岁
非执行、独立董事

首次当选董事日期：
2008年11月14日

上次董事轮选日期：
2017年4月18日

供职董事年限：(截至2018年12月31日)
10年零1个月

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

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

现任董事席位：(截至2018年12月31日)

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

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

主要任职(除董事职位外)：
无

过去三年曾任董事席位 (2016年1月1日至2018年12月31日)
- Amare-Greenland Hospitality Investments (AGHI) Pte. Ltd
- 大士发电(私人)有限公司
- TP Utilities Pte. Ltd.
- 大士能源有限公司

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

Bella Young, 54
Non-Executive and 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: (as at 31 December 2018)
3 year 8 months

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 2018)

Listed Companies:
Nil

Other Principal Directorships:
- BP Hong Kong Limited (Director)
- Shine Top International Investment Limited (Director)
- Shenzhen Cheng Yuan Aviation Oil Company Limited (Director)
- South China Bluesky Aviation Oil Company Limited (Director)

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

Past Directorships held over the preceding 3 years (from 1 January 2016 to 31 December 2018):
Director of J & A Petrochemical Sdn. Bhd.

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, 54岁
非执行、非独立董事

首次当选董事日期：
2015年4月22日

上次董事轮选日期：
2018年4月25日

供职董事年限：(截至2018年12月31日)
3年零8个月

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2018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）
- Shine Top International Investment Limited（董事）
- 深圳承远航空油料有限公司（董事）
- 华南蓝天航空油料有限公司（董事）

主要任职（除董事职位外）：
Air BP 亚洲总经理

过去三年曾任董事席位 (2016年1月1日至2018年12月31日)
J & A Petrochemical Sdn. Bhd. 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

Dennis Chan Yat Chung, 48
Non-Executive and Non-Independent Director

Date of first appointment as a director:
1 November 2018

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

Length of service as director: (as at 31 December 2018)
2 months

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

Academic and Professional Qualification(s):
- MBA, University of Hong Kong (Distinctions)
- Bachelor of Applied Science, University of Toronto (Engineering Dean Honours)

Present Directorships: (as at 31 December 2018)

Listed Companies:
Nil

Other Principal Directorships:
Nil

Major Appointments (other than directorships):
VP, Global Head of Commercial Funding - Upstream, Alternative Energy and BP Ventures

Past Directorships held over the preceding 3 years (from 1 January 2016 to 31 December 2018):
Nil

Others:
- Former Vice President, Structured Finance - Most of World, BP Treasury
- Former Vice President, Structured Finance (Asia Pacific), BP Treasury
- Former Vice President, Structured Finance (Europe, Middle East and Africa), BP Treasury
- Former Chief of Staff, BP Treasury
- Former Associated Director, Global Specialized Finance/Structured Risk, WestLB AG

陈逸聪，48岁
非执行、非独立董事

首次当选董事日期：
2018年11月1日

上次董事轮选日期：
不适用

供职董事年限：(截至2018年12月31日)
2个月

供职董事委员会：
- 风险管理委员会（主席）
- 审计委员会（成员）

学术和专业资历：
- 香港大学工商管理硕士（特优学位）
- 多伦多大学应用科学学士（工程学院荣誉学位）

现任董事席位：(截至2018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）：
全球业务融资总裁 —油气探勘生产，再生能源，风险投资

过去三年曾任董事席位 (2016年1月1日至2018年12月31日)
无

其他：
- 前BP世界大部分地区（亚太区、欧洲、中东、非洲）集团资金部副总裁
- 前BP亚太区集团资金部副总裁
- 前BP欧洲、中东和非洲集团资金部副总裁
- 前BP 财政部门总监
- 前WestLB AG全球专业金融/结构性风险助理总监

CORPORATE INFORMATION (as at March 2019)
公司信息 (截至2019年3月)

DIRECTORS

Xi Zhengping
Non-Executive and Non-Independent Chairman

Wang Kai Yuen
Deputy Chairman and Lead Independent Director

Wang Yanjun
Chief Executive Officer / Executive Director

Li Yongji
Non-Executive Director and Non-Independent Director

Feng Hai
Non-Executive Director and Non-Independent Director

Li Runsheng
Non-Executive and Independent Director

Ang Swee Tian
Non-Executive and Independent Director

Bella Young Pit Lai
Non-Executive and Non-Independent Director

Dennis Chan Yat Chung
Non-Executive and Non-Independent Director

AUDIT COMMITTEE

Ang Swee Tian (Chairman)
Li Yongji (Vice Chairman)
Wang Kai Yuen
Li Runsheng
Dennis Chan Yat Chung

REMUNERATION COMMITTEE

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

NOMINATING COMMITTEE

Li Runsheng (Chairman)
Feng Hai (Vice Chairman)
Wang Kai Yuen
Ang Swee Tian
Bella Young Pit Lai

RISK MANAGEMENT COMMITTEE

Dennis Chan Yat Chung (Chairman)
Feng Hai
Ang Swee Tian

COMPANY SECRETARY

Doreen Nah

AUDITORS

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

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

董事

奚正平
非执行、非独立董事长

王家園
副董事长、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

汪瑞典
非执行、独立董事

楊必麗
非执行、非独立董事

陈逸聪
非执行、非独立董事

审计委员会

汪瑞典(主席)
李永吉(副主席)
王家園
李润生
陈逸聪

薪酬委员会

王家園(主席)
李永吉(副主席)
李润生
汪瑞典
楊必麗

提名委员会

李润生(主席)
冯　海(副主席)
王家園
汪瑞典
楊必麗

风险管理委员会

陈逸聪(主席)
冯　海
汪瑞典

公司秘书

蓝肖蝶

外部审计师

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

股票登记处和转让处

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

主要银行

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

注册办公室

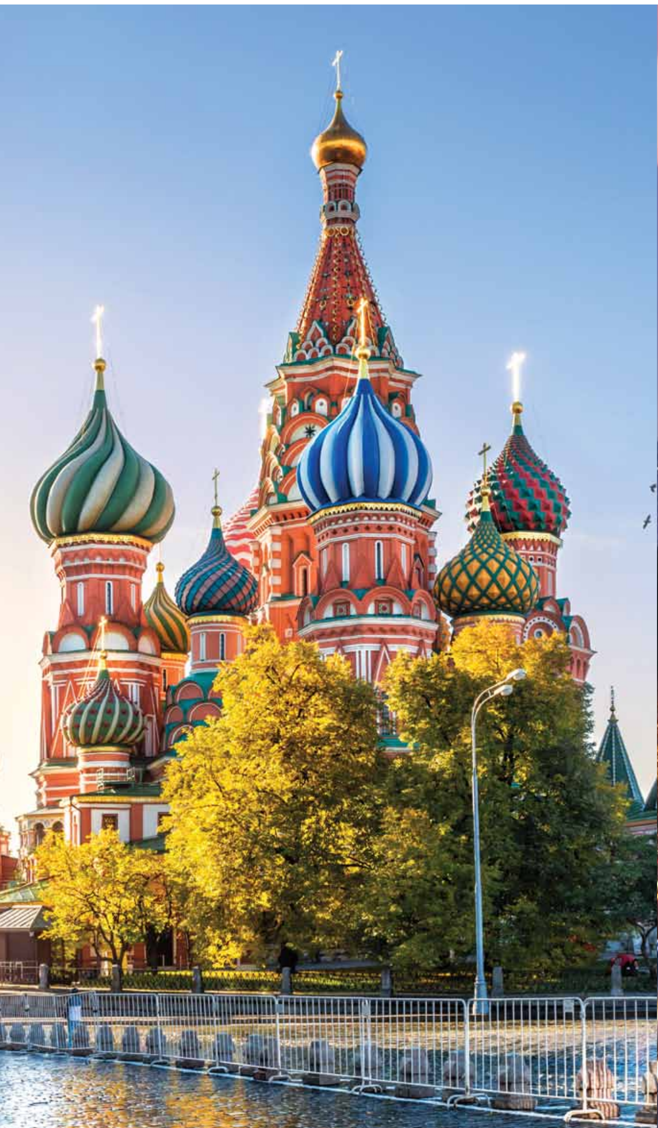
淡马锡林荫道8号新达城第3大厦31楼2号
新加坡邮区038988
电话 : (65) 6334 8979
传真 : (65) 6333 5283
网址 : www.caosco.com

Beyond jet fuel supply and trading, CAO leverages on a diversification strategy that includes other oil products, geographic and customer diversification to strengthen our global networks, expand revenue streams and entrench our global market presence.

Shanghai, PRC

Moscow, Russia

TARGETING GLOBAL MARKETS



Paris, France

CEO'S MESSAGE
首席执行官致辞

Dear Shareholders,

2018 was a year of change for China Aviation Oil (Singapore) Corporation Ltd ("CAO" or "the Group"). In addition to facing a complex and unpredictable external environment during the year, the Group also saw through management change as well as internal organisational restructuring; yet remained firmly committed to its strategic transformation to realise healthy and sustainable growth.

Oil prices were volatile during the year, swayed by several macroeconomic and geopolitical factors which made trading decisions difficult and risky, putting to test the Group's stringent risk management practices. The year also saw the Group having to overcome challenges as a result of China's increased domestic oil refining capacity even as its new European acquisition came to fruition and underwent integration with the rest of the Group. Despite the many trying times in 2018, I am happy to report that the Group stayed the course and ended 2018 on a high note, with key operating metrics witnessing record highs.

STRATEGIC TRANSFORMATION

In recent years, the Group had proactively driven its strategic transformation; change that was essential for it to reap growing opportunities in the global aviation industry. In 2018, the Group saw a breakthrough with the completion of its European acquisition which serves as a springboard to further grow the Group's jet fuel supply and trading portfolio as well as aviation marketing business in Europe. Several internal organisational changes were also made to strengthen key operating activities and heighten the Group's efficacy and harness its market competitiveness.

In 2018, CAO successfully reinforced its status as the foremost bonded jet fuel supplier to the PRC, even as it continued to venture into new aviation supply locations internationally and at the same time bolstered and expanded its global trading and supply value chain. Today, the Group boasts a global integrated value chain which proliferates across Asia Pacific, Europe and North America. This enlarged, integrated global supply and trading platform will further extend the Group's scale of business and increase the Group's international business going forward, as well as its customer base and geographic presence.

With the strong support of our parent company--China National Aviation Fuel Group Limited ("CNAF"), under the sterling leadership of its Board of Directors and the commitment of all employees, CAO made steady progress during the year, navigating through an increasingly complex operating environment even as the Group continued to diversify its business in terms of products, customer base and geography. Through effective risk management, robust corporate governance and an enhanced internal controls infrastructure, the Group ended 2018 on a much stronger note than earlier expectations. Importantly, the Group will continue to fulfill its corporate and social responsibilities and is ready to scale even greater heights on strengthened foundations with the synergy created from an enhanced globalised supply and trading network to ensure safe, reliable and sustainable operations that are in compliance with international laws and regulations.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2018 ("FY2018"), the Group generated record high revenue of US$20.61 billion, an increase of 26.71% over US$16.27 billion in FY2017, mainly attributable to the increase in oil prices. Total supply and trading volume for FY2018 were 34.85 million tonnes, compared to 37.31 million tonnes in FY2017. Volume for middle distillates fell by 7.98% to 18.22 million tonnes, of which jet fuel supply and trading volume slipped 11.54% to 14.26 million tonnes for FY2018, while trading volume for gas oil increased by 7.61% to 3.96 million tonnes over the same period. Trading volume for other oil products dipped 5.03% to 16.63 million tonnes for the year under review, attributable mainly to lower trading volume for fuel oil. Higher profit contribution from Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA") amounting to US$65.21 million led to a 0.80% increase in CAO's share of profits from associates to US$72.11 million for FY2018 compared to US$71.53 million in FY2017. CAO closed FY2018 with a record net profit of US$93.86 million, compared to US$84.93 million for the previous corresponding year, an increase of 10.52%, mainly attributable to the increase in gross profit. Earnings per share was higher at 10.91 US cents for FY2018 compared to 9.87 US cents for FY2017.

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

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

APPRECIATION

CAO's strong financial performance in FY2018 would not have been possible without the support of our shareholders, particularly the participation and backing 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 ("BP") for their unceasing support. I would also like to thank all our shareholders for their understanding and support as well as the detailed and effective guidance from the Board of Directors.

My sincere gratitude to our suppliers, trading counterparties, 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.

Amid expectations of slower economic growth and ongoing geopolitical uncertainties in the year ahead, China's civil aviation industry and global travel growth trends will continue to present exciting opportunities for CAO. With vigilant risk controls, we will continue to press ahead to expand our global integrated value chain, complemented by our diversification strategy as well as seek opportunities for bolt-on expansion through investments.

Wang Yanjun
Chief Executive Officer/Executive Director

尊敬的股东：

2018年对于中国航油（新加坡）股份有限公司（"CAO"或"公司"）是变化较多的一年。除了国际政治经济环境复杂多变，还进行了管理层的更换及内部组织架构的调整。公司坚持推行战略转型，实现了稳健及可持续的发展。

受宏观经济和地缘政治种种因素的影响，油价在2018年剧烈波动，使贸易决策极为艰难，也考验了公司严格的风险管理实践。尽管中国炼油厂产能在一年来继续扩张使得CAO面对挑战，公司不仅在欧洲的收购项目圆满完成交割，也将收购项目顺利并入CAO。2018年，尽管公司面对的挑战固然很多，CAO依然取得了强劲的业绩，主要运营指标均创历史新高。

战略转型

近年来公司积极实施战略转型，这对于在当前全球航空业跨越发展机遇中把握机会至关重要。在2018年，公司圆满收购欧洲项目取得重大突破，此举将有利于推进航油供应与贸易业务，且同时是扩大其航空市场营销业务欧洲市场范围的跳板。此外，公司还进行了多项内部架构调整，以强化主营业务，提高效率和市场竞争力。

2018年，CAO继续巩固作为中国最重要保税航油供应商的地位，继续在国际上开拓新的航空供油点，强化和扩大全球一体化供应与贸易价值链。如今，公司的全球一体化价值链涉及亚太、欧洲和北美。通过壮大后的一体化全球供应与贸易平台，公司业务规模、国际业务的发展势头、客户群及市场开发必将进一步扩展。

在母公司——中国航空油料集团有限公司（简称"CNAF"）的大力支持，董事会的卓越领导和全体员工的不懈努力下，CAO稳步发展，应对日益复杂的运营环境，继续实施产品、客户和地域的多元化战略。通过有效的风险管理、完善的公司治理和强有力的内控体系，公司在2018年的表现远超预期。重要的是，公司在继续履行社会责任的同时，准备好在坚实的基础上再攀高峰，通过增强全球化供应与贸易网络创造协同价值，在符合国际法规的情况下确保公司的安全、可靠及可持续运营。

财务业绩

截至2018年12月31日的财年（"2018财年"），公司收入为206.1亿美元，创历史新高，比2017财年的162.7亿美元增长26.71%，主要得益于油价上涨。2018财年供应与贸易总量为3,485万吨，2017财年为3,731万吨。中馏分贸易量下跌7.98%至1,822万吨，其中航油供应与贸易量在2018财年下降11.54%至1,426万吨；柴油贸易量同比增加7.61%至396万吨。其他油品贸易量下降5.03%至1,663万吨，主要由于燃料油贸易量的缩减。上海浦东国际机场航空油料有限责任公司（简称"浦东航油"）的利润贡献为6,521万美元，使CAO联营公司的并帐利润总额较2017财年的7,153万美元增加0.80%，在2018财年达到7,211万美元。CAO于2018财年的净利润创9,386万美元新高，较去年的8,493万美元增加10.52%，主要得益于毛利增长。2018财年的每股盈利为10.91美分，高于2017财年的9.87美分。

致谢

如果没有股东的参与与支持，特别是母公司CNAF的大力支持，没有董事会的卓越领导，就不可能取得CAO2018财年的亮眼成绩，实现公司发展。

我谨代表公司管理层和全体员工，感谢母公司CNAF的大力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2019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，不过，中国民航业及全球旅游业的增长趋势将继续为公司带来令人振奋的机会。通过严格的风险控制机制，公司在寻求投资发展的同时，充分发挥多元化战略，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

CEO'S STRATEGIC REPORT - OPERATIONS REVIEW
首席执行官战略报告 — 经营概况

2018 was a challenging year for oil trading. Global markets became increasingly turbulent as the year unfolded in tandem with the escalation of trade conflicts, currency wars, sanctions and Brexit which affected overall market sentiments and caused volatility in oil prices.

Notwithstanding the uncertainties in the oil markets and geopolitical arena, CAO continued to build on its strengths and further developed its global supply and trading value chain during the year. With its diversified global business strategy continuing to support growth, under vigilant risk controls, CAO pursued the progress of its businesses; developing structural advantages in its supply and trading of jet fuel and other oil products to ensure steady and sustainable growth as well as the onward development of its businesses.

For FY2018, total supply and trading volume for middle distillates and other oil products were 34.85 million tonnes for FY2018. Supply and trading volume for middle distillates decreased 7.98% to 18.22 million tonnes in FY2018, of which jet fuel supply and trading volume decreased 11.54% to 14.26 million tonnes, which was partially offset by a 7.61% increase in gasoil supply and trading volume to 3.96 million tonnes. Supply and trading volume for other oil products decreased 5.03% to 16.63 million tonnes in FY2018, due mainly to lower trading volume for fuel oil.

MIDDLE DISTILLATES - JET FUEL AND GASOIL

North Asian jet fuel market strengthened in the first half of 2018 due principally to refinery maintenance and a severe winter in the first quarter of 2018. Jet fuel and gasoil price differential reached record highs and South Korean export jet fuel prices were sold at high premiums. The jet fuel market was largely in a backwardation structure in the first half of the year and Asia jet fuel inventory remained at low levels. With the end of refinery turnaround and the closure of arbitrage window after the summer holiday season in Europe and North America, the second half year saw the jet fuel market turn into a contango structure amid an overall economic slowdown which resulted in demand decline for jet fuel.

During the year, the middle distillates team continued to extend its jet fuel business globally, whilst continuing to fulfill its role as the key importer of jet fuel to support the aviation industry in the PRC. The Group made further inroads into key international aviation markets such as the United States and Europe with the Group's European subsidiary, CAFEU, supplying to Frankfurt, Stuttgart and Brussels airports via barges, pipelines and airport inter-tank transfers starting from July 2018.

AVIATION MARKETING

Supported by the steady growth of the global economy, global demand for air passenger and freight transport continues to rise steadily. Whilst geopolitical events such as Brexit and US-China trade wars shrouded some uncertainty in the international aviation industry during 2018, any impact on global aviation demand were minimal and temporary and the global aviation industry continues to grow unabated.

The global network of CAO's global aviation marketing business took shape during the year, covering Asia Pacific, North America and Europe. The Group actively pursued the extension of its global supply and trading footprint, focusing on the development of the "Belt and Road" markets and successfully supplied jet fuel to 11 "Belt and Road" airports including Russia, India and Indonesia. At the same time, the Group continued to develop its market share in critical aviation markets such as Europe and USA. After four years of operations in the United States, CAO's aviation marketing business in the West Coast gained considerable traction and stability with the Group now ranking amongst the top 3 suppliers at the Los Angeles Airport. In late 2018, through various strategic initiatives such as joining the airport fuel supply consortium, CAO successfully gained access into the supply chain of several major European airports including Frankfurt and Amsterdam, marking a significant breakthrough in the Group's European business. 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.

In addition to the Chinese airline customers, the company has also grown its international airline customers, through nimble sales and marketing tactics and providing quality supply and support services. The Group's relationship with international airline customers has gained a solid footing with sales to international airlines on par with sales to Chinese airlines. In 2018, supply to airline customers increased from 2.5 million tonnes to 2.8 million tonnes, an increase of 10%, driven by the expansion of jet fuel sales to Frankfurt and surrounding airports in Europe. As at 31 December 2018, CAO supplied jet fuel to 51 airports in 22 countries outside mainland China, compared with 48 airports in 24 countries last year. The annual compounded growth rate of CAO's aviation marketing volumes outside mainland China reached 25% between 2012-2018 even as the aviation fuel supply and trading team continues to focus on jet fuel supply security and the lowering of supply cost through cargoes, tanks and freight optimisation.

GASOIL

In 2018, the Asian gasoil market was pushed to multi-year highs by strong demand from the high seas sector due mainly to tighter regional supply. Asia's gasoil market was generally on an upward trajectory from the second half 2018 due principally to supply constraint, with the third quarter of 2018 seeing a continuous rise in gasoil prices which was principally a reflection of demand, as traders priced in expectations of a drop in regional supply because of substantial refinery maintenance in the region. The crimp in supply also coincided in the fourth quarter when demand is typically strong. CAO's middle distillates book saw a 7.61% increase in gasoil supply and trading volume to 3.96 million tonnes.

FUEL OIL

International Maritime Organization ("IMO") 2020 bore significant impact on the bunker fuel market in 2018. New rules which ban ships from using fuel oil with a sulphur content above 0.5%, compared with 3.5% now, unless they are equipped with exhaust "scrubbers" to clean up sulphur emissions led to a severe decline in high-sulphur fuel oil ("HSFO") volumes being traded as the bunker market shifted ahead of the tougher global marine fuel rules coming in 2020. Nevertheless, the fuel oil market was bullish for most of 2018, given a further reduction in fuel oil supply due to the sanctions imposed on Iran. Market was also short of on-specifications fuel oil as Iranian fuel oil also served as a main blending component to cut high density and high viscosity fuel oil.

Despite the uncertainty in the fuel oil trading community ahead of IMO 2020, CAO's fuel oil bench actively participated in fuel oil and bunker trading in the Singapore market through short-term time charter ships without a tank lease. To further entrench our trading business in the Middle East, the Group capitalised on the opportunity offered by the Zhoushan Port Free Trade Zone and delivered the first fuel oil cargo to the Chinese city of Zhoushan. Given the United States sanctions against Iran, the team shifted its trade focus to the Singapore market, and increased bunkering, trades with shipowners and trading activities to deliver 6.98 million tonnes volume for the year.

CRUDE OIL

Crude oil prices jumped to a four-year high in early October 2018 on concern that renewed US sanctions would tighten supply; but a move to grant waivers pushed prices into a bear market within weeks capping oil prices to its worst annual showing since 2015 as fears of scarcity turned into concern about a glut. CAO's crude oil team successfully completed the long-term supply contract to Oman, supported by a reduction in procurement cost through sourcing competitive Oman spot cargoes and direct purchasing from Dubai Mercantile Exchange ("DME"). Leveraging on the Group's good relations with Chinese independent refineries and Korea National Oil Corporation ("KNOC"), the team leased storage tanks at Yeosu, South Korea, and break-bulk crude cargoes to resolve the port terminal bottleneck issues for Chinese independent refineries, thereby establishing a logistics advantage for crude trading activities. Crude oil trading volume reached 9.14 million tonnes, which was an increase of 38.5% over the prior year and was a key revenue driver for the Group in 2018.

The crude oil team will focus on exploring and expanding crude business through Korea tanks with Chinese refiners and participating in the crude procurement chain of new Chinese independent refiners.

CEO'S STRATEGIC REPORT - OPERATIONS REVIEW
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ASSOCIATED COMPANIES

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

SPIA is the exclusive supplier of jet fuel and into-plane service provider at Shanghai Pudong International Airport ("Pudong Airport"), China's second largest airport by passenger traffic. Established in 1997, 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 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.

As CAO's key associate, share of results from SPIA grew 1.6% year on year to US$65.21 million in 2018. SPIA fuelled close to 248,300 flights in 2018, on the back of continued civil aviation demand growth in the PRC, with total jet fuel refuelling volumes reaching 4.56 million tonnes, an increase of 2.5% year-on-year. Shanghai Pudong Airport remained the largest airport in China by refuelling volumes.

In 2018, annual passenger throughput at Pudong Airport amounted to 74 million while cargo volumes reached 3.78 million tonnes. Pudong Airport's satellite terminal, the largest satellite terminal in the world, is due to commence operations in 2H2019. According to market estimates, Pudong Airport's annual passenger throughput will reach 110 million by 2025, with annual takeoffs and landings of passenger and cargo flights reaching 707,000.

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

Established in 2008, China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL") is a pipeline company supplying jet fuel to Beijing Capital International Airport ("Beijing 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.

TSN-PEKCL's key asset is a 185km long multi-oil product pipeline ("the Pipeline"), with maximum annual transport volume of 3.35 million tonnes, suitable for oil products such as jet fuel, gasoline and gasoil. The Pipeline links Tianjin Tanggu Nanjing Port, Tianjin Airport and Beijing Airport and is the longest multi-products oil pipeline with the biggest diameter and highest transfer volume in the PRC civil aviation industry.

In 2018, the total jet fuel volume transferred by TSN-PEKCL was 2.94 million tonnes, an increase of 4.6% from 2017. CAO's share of profits from TSN-PEKCL was US$2.28 million after accounting adjustment, or a decrease of 12.7% from 2017

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

due mainly to adjustments related to amortization. Excluding the effects of amortization, TSN-PEKCL's net profit increased 4.7% year-on-year and achieved yet another zero accident record in 2018.

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

Engaged in the storage tank leasing and trading of oil products in Southern China, 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 bore a leasing utilisation rate of 95% in 2018, contributing US$0.174 million in share of profits from associates. There was no safety accident at Xinyuan throughout the year.

In consideration of the relatively low strategic synergy, CAO made an SGX announcement in June 2018 about its intention to divest its 39% stake in Xinyuan. CAO officially listed the 39% stake on Beijing Equity Exchange for sale on June 29, 2018 and has yet to receive any effective bids. The Group will continue to pursue exit from Xinyuan in 2019.

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. KNOC is the largest shareholder with 29% stake while CAO is OKYC's second largest shareholder with 26% shareholding interest.

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 meters, OKYC owns and operates a commercial storage tank with a total capacity of 1.3 million m^3, capable of storing crude oil and oil products including jet fuel. OKYC achieved 96% storage utilisation in 2018 and CAO's share of profits from OKYC was US$4.78 million. OKYC is committed to giving priority to safety, health and environment. It adheres to all governing regulations and complies with the operational standards of OHSAS 18001, KOSHA 18001, ISO 14001, ISO 9001 which meets the port operation requirements of oil majors.

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 a refuelling station that comes with an administration and scheduling office 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 issued shares of CNAF HKR, while the other three companies hold equity stakes of 37%, 14% and 10% respectively.

Handling an average of 138 flights daily, CNAF HKR fuelled over 50,000 flights in 2018, an increase of 27% year-on-year with total refuelling volumes increasing 28% year-on-year to reach 1.15 million tonnes in 2018. Through its continuous efforts to ensure high safety standards and high service levels through the year, CNAF HKR experienced zero safety lapses, zero flight delays and zero customer complaints lodged. In 2018, CNAF HKR received HKIA Airport Authority's commendation for its contribution to the 2013-2018 Carbon Reduction Programme as well as an Excellence award for Zero Loss Time and Safety for the period between 2017 to 2018.

As HKIA continues to grow its business, CNAF HKR will remain committed to deliver superior customer experience, focus on expanding its client base, further strengthen its position and grow its into-plane business at HKIA.

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

AFS is a company incorporated in the Netherlands, owned by several oil majors and airline companies, which holds the concession from the Schiphol Airport Authority to manage the distribution of jet fuel on behalf of its shareholders to airlines. CAO holds a 14.29% of AFS's issued ordinary shares.

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Jet fuel discharging from vessel at port
港口卸油

2018年对油品贸易来说是充满挑战的一年。随着贸易冲突、汇率战争、贸易制裁和英国退欧问题的不断升级，全球市场越来越动荡，影响了整体市场情绪并导致油价波动。

尽管油品市场和地缘政治存在不确定性，但是中航油在过去一年继续稳中求进，进一步拓展其全球供应和贸易价值链。公司多元化的全球业务战略继续支持增长，通过高度警惕的风险控制，CAO锐意进取，发展航油及其他油品供应与贸易的结构性优势，确保稳定且可持续的增长，以及业务的持续发展。

2018财年，中馏分和其它油品的供应与贸易总量为3,485万吨，其中，中馏分油供应与贸易量下降7.98%至1822万吨，其中航油供应与贸易量下降11.54%至1,426万吨，而柴油贸易量增加7.61%至396万吨，抵消了部分跌幅。2018财年，其他油品的供应与贸易量下降5.03%至1,663万吨，主要由于燃料油贸易量的缩减。

中馏分-航油和柴油

2018年上半年，北亚航油市场由于在2018年第一季度炼厂维修和寒冷的冬季而走强。航油和柴油价格差异一度达到历史纪录高位，韩国出口航油实货贴水一路标高，使得航油市场在上半年呈现货溢价结构，亚洲航油库存保持在低位。随着炼厂检修结束，欧洲和北美夏季假期季节结束后跨区贸易窗口关闭，整体经济放缓导致航油需求下降，从下半年开始航油市场进入到期货溢价结构。

这一年，中馏分团队继续扩展其全球航油业务，同时继续履行其作为航油主要进口商的角色，以支持中国航空业。公司继续进军欧美等主要国际航空市场，其中作为总部的欧洲子公司从2018年7月开始通过驳船、管线和机场储罐的罐罐转输等方式在法兰克福、斯图加特和布鲁塞尔机场供应。

航空市场营销

伴随着全球经济的稳步增长，全球航空客运与货运需求皆稳中有升。尽管英国脱欧和中美贸易战为国际航空业笼罩了层层的不确定性，但造成的影响和损失仅是暂时性的，或仅是放慢了行业的增长速度；这些事件并不会逆转全球航空业增长的大趋势。

CAO全球航空市场营销业务的全球网络建设已初具规模，覆盖了亚太、北美和欧洲。公司积极利用在全球的供应与贸易网络，重点开发"一带一路"沿线市场。2018年成功在11个"一带一路"机场开展供油业务，包括俄罗斯、印度、印度尼西亚等国的多个机场。同时公司也在继续夯实和拓展欧美重点市场的份额。CAO在美国西岸的供应与营销业务经过四年的经营，团队已成熟，业务也基本稳定，目前CAO已是洛杉矶机场前三大供应商。2018年下旬，CAO成功进入欧洲多个关键航空市场，通过参股机场供油联盟等方式，打通了包括法兰克福、阿姆斯特丹等多个机场的航油供应链，实现了欧洲市场的突破。展望未来，CAO航空营销团队将着重评估和优化现有全球供应网络，有侧重、分步骤地发展战略性市场，深化当地市场的供

应保障能力，发挥航空市场营销业务与航油供应与贸易业务的协同增效作用，实现业务的可持续发展。

除中国的航空客户之外，公司也在持续拓展外航客户，通过灵活的市场策略以及优质的供应保障服务，不断加深与外航客户的信任与合作。对外航客户的销售量正在逐渐接近对中国航空客户的销售量。2018年，CAO为商业航空客户整体的供应量从250万吨增至280万吨，增幅达10%，增长主要由欧洲法兰克福及周边机场的供应规模扩大拉动。截至2018年12月31日，CAO共在海外22个国家和地区的51个机场开展航油供应业务，而上年同期这个数字为24个国家的48个机场。2012至2018年间，中国大陆机场以外的航空市场营销业务量的年均复合增长率达25%，同时航油供应与贸易组继续关注航油供应安全，并通过货物、储罐和货运优化降低供应成本。

柴油

2018年，主要因为区域供应紧张，来自公海领域的强劲需求推动亚洲柴油市场升至多年高点。2018年下半年，由于供应紧张，亚洲柴油市场总体呈上升趋势， 其中2018年三季度，柴油和原油价格持续上涨，主要受到需求推动，因为区域炼厂大量维修，贸易员已经考虑了区域供应趋紧的因素。供应趋紧正好碰到需求偏强的第四季度。CAO的中馏分供应与贸易量同比增长7.61%至396万吨。

燃料油

国际海事组织（简称“IMO”）2020年新规对2018年燃料油市场产生了重大影响。新规定禁止船只使用硫含量在0.5%以上的燃料油，目前的标准是3.5%，除非船只配备排气“洗涤塔” 清理硫排放，在更严格的全球船用燃料油2020年新规实施之前，燃料油市场的高硫燃料油（简称“HSFO”）贸易量大幅下降。不过，由于伊朗制裁导致燃料油供应进一步减少，2018年大部分时间燃料油市场看涨。市场上也缺少符合规格的燃料油，因为伊朗燃料油还作为主要的调合成分来减小燃料油的高密度和高粘度。

在国际海事组织2020年新规实施之前，尽管燃料油贸易存在不确定性，但CAO燃料油贸易组在没有储罐租赁的情况下，通过短期的期租船积极参与新加坡市场燃料油和船燃贸易。在稳固中东现有贸易规模的同时，借助舟山开放自由贸易港的机会，首次向中国舟山市销售燃料油。尤其在美国宣布对伊朗制裁后，将贸易重点转移到新加坡市场，通过离罐，直接向船东销售等销售手段，增加贸易机会，全年完成698万吨贸易量。

原油

2018年10月初，由于担心美国再次实施制裁会收紧供应，原油价格跃升至四年高点，但是，美国在几周内取消制裁又令油价推入熊市，对原油短缺的担忧转变为了供应过剩的担忧，为自2015年以来最差的年度表现画上了句号。CAO的原油贸易组顺利完成阿曼原油的长约供应，通过从迪拜原油交易所（简称“DME”）直接采购有竞争力的阿曼现货机会，降低采购成本。公司借助与中国独立炼厂和韩国国家石油公司（简称“KNOC”）的良好合作关系，在韩国丽水租用原油储罐，以及通过散货原油船只来解决中国独立炼厂的港口码头瓶颈问题，从而优化了原油贸易物流。原油贸易量达到914万吨，比上年增加38.5%，成为公司主要的收入来源。

原油贸易组将专注于通过与中国炼厂合作的韩国储罐，探索和拓展原油业务，并参与中国新独立炼厂的原油采购链。

CAO trading floor
贸易员工作场景

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

联营公司

上海浦东国际机场航空油料有限责任公司（"浦东航油"）

浦东航油成立于1997年，是中国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。浦东航油拥有并经营浦东机场全部加油设施，包括一整套机坪管网、管线加油车队和罐式加油车队、航空加油站、机场内油库、连接浦东机场与外高桥码头的42公里专用航油管线以及总库容达20万立方米的储罐设施。CAO拥有浦东航油33%的股份，其余由上海国际机场股份有限公司持股40%，中国石化上海高桥石油化工有限公司持股27%。

浦东航油仍是CAO最重要的联营公司，经营状况良好，2018财年贡献并账利润6,521万美元，较前一年增长1.6%。得益于中国居民航空出行需求的稳步增长，2018年全年浦东航油完成加油24.83万架次，加注量达到456万吨，同比增长2.5%，浦东机场航油加注量继续居中国首位。

浦东机场2018年旅客年吞吐量已达到7,400万人次，货邮吞吐量378万吨。卫星厅将在2019年下半年建成启用，届时将成为世界上最大单体卫星厅。预计到2025年，浦东机场旅客年吞吐量将达到1.1亿人次，年客货机起降架次将达到70.7万架次，浦东航油未来航油供应量有望继续保持增长。

中国航油集团津京管道运输有限责任公司（"管输公司"）

中国航油集团津京管道运输有限责任公司（简称"管输公司"）成立于2008年，是保障北京首都国际机场（简称"北京机场"）和天津滨海国际机场（简称"天津机场"）飞机供油的专业化管道运输公司，中国航油集团物流有限公司和CAO为管输公司两大股东，分别持股51%和49%。

管输公司的主要资产是一条全长185公里的运输管道（简称"津京管道"），年最大输送量达335万吨，可输送航油、汽油、柴油等多种成品油。"津京管道"连接天津塘沽南疆码头、天津机场及北京机场，是中国民航市场中距离最长、管径最大和输油量最高的多油品输送管道。

2018年全年管输公司航油管输量为294万吨，较2017年增长了4.6%。2018年CAO经会计调整后来自管输公司的并账利润为228万美元，较2017年下降12.7%，主要是因摊销导致的会计调整。剔除摊销因素，2018年管输公司的净利润较前一年增长了4.7%。管输公司2018年全年继续保持着零安全事故的记录。

中国航油集团新源石化有限公司（"新源公司"）

新源公司主要在华南地区经营储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2018年出租率达到95%，贡献并账利润17.4万美元。新源公司全年无安全事故发生。

由于战略契合度较低，CAO于2018年6月在新加坡证券交易所发布公告拟出售所持新源公司39%的股权，目前尚未获得有效购买意向。2019年CAO仍将继续寻求出售所持新源公司39%

的股权。

韩国丽水枢纽油库有限公司（“OKYC”）

OKYC是韩国最大的独立储罐码头，它由CAO与包括韩国国家石油公司、加德士、SK仁川石化、三星物产、Seoul Line在内的其他六家公司合资成立。韩国国家石油公司是第一大股东，持股29%；CAO位列第二，持股26%。

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

OKYC在2018年实现了96%的储罐利用率，CAO来自OKYC的并账利润为478万美元。OKYC承诺将安全、健康、环境放在首位。它服从各种监管，运营符合OHSAS 18001、KOSHA 18001、ISO 14001、ISO 9001规范以及大型石油公司的码头许可。

中国航油香港供油有限公司（“香港供油公司”）

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

香港供油公司2018年全年累计加油逾5万架次，日均加油服务138架次，比去年增长27%；累积加油量突破百万吨，达到115万吨，比去年增长28%。香港供油公司经过不断努力，在2018年度安全运营表现良好，客户满意度高，全年未发生航班延误和有效的客户投诉。香港供油公司在去年获得香港机场管理局颁发的“2013-2018年减碳好计划”奖的表彰，还获得2017-2018年度“零工时损失及安全业绩表现”优异大奖。

随着香港国际机场的继续发展，香港供油公司仍将确保优质的客户服务，并努力拓展客户，进一步巩固和扩大在香港国际机场的加注业务。

阿姆斯特丹机场航油供应公司（“AFS”）

AFS为荷兰注册公司，股东包括几家大型石油公司和航空公司，持有史基浦机场管理局发出的特许权，代表其股东在阿姆斯特丹史基浦机场为航空公司航油供应服务。CAO持有AFS所发行普通股的14.29%。

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

CEO'S STRATEGIC REPORT - INVESTOR RELATIONS
首席执行官战略报告 — 投资者关系

At CAO, we place top priority on maintaining active, open and fair communication with our shareholders underpinned by a firm commitment to ensure high corporate governance and transparency standards. In 2018, 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. Such sustained efforts in investor relations underscore the Group's commitment to create long-term value for its stakeholders.

LONG-TERM SHAREHOLDER VALUE CREATION

2018 was a volatile year for global equity markets, marked by several macroeconomic and geopolitical factors. Trade wars, Brexit and political tensions plagued global stock markets while serious corporate governance lapses stumbled investors in Singapore. These factors collectively affected market sentiments throughout the year.

Against this backdrop, CAO's Senior Management and Investor Relations team continued to uphold open and regular conversations with the investment community. Various communication platforms were utilised to reach out to global potential institutional investors, financial analysts, the media as well as retail shareholders. These persistent efforts to engage globally brought forth a steady stream of analyst reports and media coverage which helped to profile the Group further afield.

In 2018, CAO's Senior Management and Investor Relations team held close to 100 investor meetings and conference calls with institutional investors and undertook several investor conferences in Asia Pacific, presenting CAO to shareholders and potential investors across various asset classes through one-on-one and group meetings, conference calls and investor forums. To further engage retail shareholders, Senior Management undertook to present the Group's FY2017 business performance to 240 attending retail shareholders at its 2018 Annual General Meeting, providing them insights into the Group's business, with a lively question-and-answer session where the Board of Directors and Senior Management addressed each and every investor query and concern. Alongside our interaction with the global investor community, we also heightened outreach efforts with the international investing and financial community through international media engagements, as a means to engage both retail as well as institutional investors globally. In 2018, 134 international media articles were written about the Group's development, financial performance and strategic initiatives, elevating its share of voice internationally.

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

January 2018
2018年1月

Credit Suisse 9th Annual ASEAN Conference, Singapore
瑞士信贷第九次年度东盟峰会，新加坡

February 2018
2018年2月

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

March 2018
2018年3月

Maybank Kim Eng InvestASEAN Conference, Singapore
马来亚金英证券《投资亚细安》推介会，新加坡

April 2018
2018年4月

24th Annual General Meeting - CEO's FY2017 Results Presentation to Shareholders
第24次常年股东大会－CEO向股东介绍2017财年业绩

Non-deal Equity Roadshow with DBS Vickers Securities, Hong Kong SAR
星展唯高达证券行非交易性推介会，香港行政特区

Such proactive investor relations outreach serves to deepen relationships with long-term shareholders over time, promoting greater transparency and trust with a better understanding of the Group's business even as it facilitates access to new shareholders. Importantly, these investor relations engagements sought to attain optimal valuation for the Group against its listed peers and creates long-term value for our shareholders.

GOING GLOBAL

As the Group's investor base broadened to include global and institutional fund managers over time, CAO adopted new media platforms to enhance communications globally, particularly through the use of the internet to extend its reach to investors worldwide. "Going Global" is the Group's overarching investor relations strategy to engage globally, underpinned by the use of various multi-media tools to reach out to the investor community globally through webcasts, videos, virtual roadshows and conference calls. This strategy has proven to be highly successful, for the international capital markets continued to respond positively to CAO's active engagement with improved liquidity of CAO shares.

To maintain high standards of corporate transparency and fair disclosures, the Group continued to enhance its mobile compatible corporate website to further improve the Group's engagements with investors. Designed as an easy-to-use tool, the use of this digital platform further reinforced CAO's global investor outreach strategy, supporting our efforts to provide useful information to investors on a timely manner.

All disclosures submitted to the Singapore Exchange ("SGX") 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 continuously improve its investor relations efforts. The Investor Relations team may be reached at ir@caosco.com for shareholders' enquiries or suggestions.

To provide deeper insights into CAO's business model, business performance and strategy as well as discuss the risks and opportunities it faces in a constantly changing macroenvironment, the Group has undertaken since FY2014 to structure its corporate reporting format, incorporating elements of the International Integrated Reporting Framework into its annual reports. To further advance transparency and corporate governance, this initiative was further improved since FY2017,

May 2018
2018年5月

Non-deal Equity Roadshow with RHB Research, Singapore
兴业证券研究行的非交易性推介会，新加坡

August 2018
2018年8月

1H2018 Post Results Investor Presentation with CGS-CIMB, Singapore
与银河-联昌国际证券的2018年上半年业绩介绍会，新加坡

SGX-SAC Small/Mid Cap Corporate Access Symposium, Singapore
金融机构SAC Capital与新交所联办的企业推介会，新加坡

September 2018
2018年9月

Maybank Kim Eng Securities Luncheon Presentation, Singapore
马来亚金英证券午餐推介会，新加坡

March 2019
2019年3月

FY2018 Post Results Investor Presentation with DBS Bank, Singapore
与星展银行的2018财年全年业绩介绍会，新加坡

CEO'S STRATEGIC REPORT - INVESTOR RELATIONS
首席执行官战略报告 — 投资者关系

with the development of a sustainability report based on the International Integrated Reporting Council's ("IIRC") Framework's approach as well as the Global Reporting Standards Initiative ("GRI") to provide a holistic view on how the interrelation between CAO's business operations and Environmental, Social and Governance ("ESG") performance indicators leads to value creation over time.

ACCOLADES

In 2018, the Group's best-in-class investor relations approach and commitment to corporate transparency was again recognised by the investment community. The IR team clinched its first global award when it was voted the winner of the 'Global People's Choice Award' at the IR Magazine Global Forum & Awards 2018 held in Amsterdam in October 2018. CAO is the only company listed on the SGX to be shortlisted alongside four global contenders which are listed on stock exchanges in Frankfurt, Hong Kong SAR and London.

The award recognises the Company's multi-pronged approach to investor relations, adopted over a period of four years, which included a holistic approach to investor relations, a proactive investor relations outreach program, and a retail and institutional investor relations strategy, which saw the IR team presented at nine SGX retail investor forums, and more than 400 investor engagements at CAO's self-organised corporate access day and annual general meetings during the four years. As a result of CAO's global investor relations strategy, the Company grew its institutional investor base and improved liquidity, leading its market capitalisation to reach S$1.4 billion in 2018, making it the largest energy company listed on the SGX. The Company has also been included into major benchmark indexes such as the FTSE and MSCI Indexes.

In Singapore, CAO was awarded the "Shareholder Communication Excellence" (Commendation Award) at the 19th Securities Investors Association (Singapore) ("SIAS") Investors' Choice Awards 2018 which was held on 25 September 2018. Recognised as the crème de la crème amongst peers, the award is meant to recognise SGX-listed companies that practises good investor relations and is affirmation of CAO's unwavering commitment to strong shareholder communication as well as proactive investor relations practices. SIAS, a non-profit organisation, is one of the largest investor lobby groups in Asia, with over 60,000 retail investors as members. It actively promotes investor education, corporate transparency and corporate governance, and is the watchdog for investor rights. In its 19th year, the SIAS Investors' Choice Award was first launched in 2000 to encourage public-listed companies to be more transparent so as to help investors make informed decisions.

In 2018, CAO was accorded "Best Investor Relations" (Gold Award, Big Cap Category) at the Singapore Corporate Awards 2018, further affirming its authority in the field of investor relations. Awarded only to listed companies with excellent investor relations practices, transparency and corporate governance, the "Best Investor Relations" award is the most prestigious award at the annual Singapore Corporate Awards, which serves to encourage listed companies to improve the quality of disclosure and improve the level of communication with shareholders and investors. Organised by the Institute of Singapore Chartered Accountants, the Singapore Institute of Directors and The Business Times and supported by the Accounting and Corporate Regulatory Authority and the SGX, the Singapore Corporate Awards consists of five key awards including Best Managed Board Award, Best CEO Award, Best CFO Award, Best Investor Relations Award and Best Annual Report Award, and serves to reward and affirm the best of corporate governance in the management of outstanding Singapore enterprises.

CAO won the Global People's Choice Award at IR Magazine Global Forum And Awards 2018
CAO获颁《投资者关系杂志》2018年投资者关系全球论坛与嘉奖的"最佳投资者关系企业-全球机构投资者选择奖"

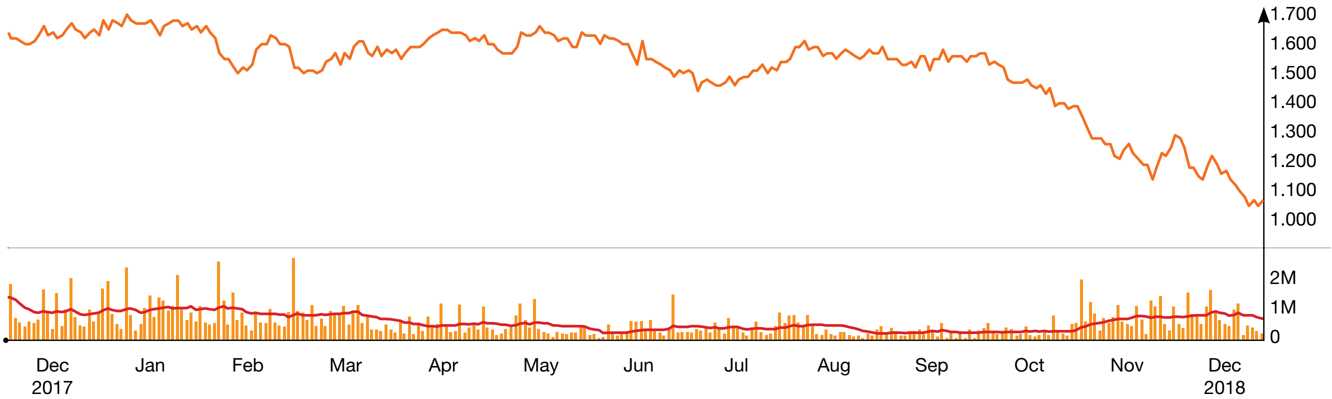
CAO致力于确保高水准的公司治理和信息透明，与股东保持积极开放的沟通。公司在2018年继续推进投资者关系工作，保持畅通的信息渠道，及时向投资界提供有关CAO经营状况和财务业绩的真实准确信息。这也体现了公司为相关方创造长期价值的决心。

创造股东价值

2018年是全球股市动荡的一年，市场受到多个宏观经济和地缘政治因素的影响一贸易战、英国退欧和政治紧张局势困扰着全球股市，而严重的公司治理失误打击了新加坡的投资者，这些因素都影响了全年的市场情绪。

在此背景下，CAO高层和投资者关系团队继续与投资界保持公开和定期的对话。利用各种交流平台，接触全球潜在机构投资者、金融分析师、媒体以及散户股东。这些与全球投资者和媒体的持续互动带来了数量稳定的分析报告和媒体报道，扩大了公司的知名度。

2018 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）	2014	2015	2016	2017	2018
As at last trading day of the year 截至当年的最后一个交易日	0.670	0.710	1.400	1.620	1.060
High 最高价	1.070	0.900	1.580	1.800	1.710
Low 最低价	0.655	0.500	0.580	1.390	1.040
Average 平均	0.840	0.730	1.123	1.605	1.498

Source: Bloomberg
资料来源：彭博社

CORPORATE CALENDAR 公司事务时间表

2019	
Announcement of 4Q 2018 and 2018 full-year financial results 2018年第四季度和全年业绩公告	28 February
25th Annual General Meeting 第25届常年股东大会	24 April
Proposed First and Final Dividend for FY2018 2018财年首次及年终股息 Books closure date 关账日 Payment date 付款日	 7 May 15 May
Announcement of 1Q 2019 results 2019年第一季度业绩公告	April
Announcement of 2Q 2019 results 2019年第二季度业绩公告	August
Announcement of 3Q 2019 results 2019年第三季度业绩公告	November
2020	
Announcement of 4Q 2019 and 2019 full-year financial results 2019年第四季度和全年业绩公告	February

CEO'S STRATEGIC REPORT - INVESTOR RELATIONS

首席执行官战略报告 — 投资者关系

2018年，CAO的高层和投资者关系团队与机构投资者召开近100次投资者会议和电话会议，并在亚太地区多次参与多个投资者推介会，通过一对一投资者会议、小组会议、电话会议和投资者论坛，将CAO介绍给各类股东和潜在投资者。为了进一步接洽散户投资者，高级管理层在2018年常年股东大会上，向将近240名到场散户股东介绍了公司全年业务表现。在投资者提问环节，董事会和高管仔细一一解答股东的疑问。除了与全球投资者互动，我们还通过国际媒体进一步接洽遍布全球的散户和机构投资者。2018年，全球媒体对CAO报道共有134篇，介绍公司的发展、财务业绩和战略举措的国际媒体文章，提高了公司在国际上的话语权。

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

走出去

随着投资者数量和类型的增加，如增加了全球投资者和机构投资者，CAO通过新的媒体渠道加强沟通，尤其是通过互联网接洽全球投资者。"走出去"是公司的投资者关系战略，并利用各种多媒体工具，通过网络广播、视频、虚拟路演和电话会议，吸引全球投资者。事实证明该战略非常成功，国际资本市场继续对CAO的积极参与作出正面回应，公司股票的流动性得到提高。

为保持高水平的公司透明度和公平披露，公司继续强化公司网站与移动设备的兼容性，增进与投资者的沟通，操作简单的数码平台进一步加强了CAO的全球投资者关系战略，使我们可以及时向投资者提供有用信息。

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找到有关公司的完整信息，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，加强投资者关系工作。如果有任何提问和建议，可以致信ir@caosco.com。

为了帮助投资者更好理解CAO业务模型、表现和战略，认识不断变化的宏观环境中存在的风险与机遇，公司从2014财年起就在年报中嵌入国际综合报告框架的元素。为了进一步提高透明度和公司治理，又在2017年按照国际综合报告学会（简称"IRC"）框架和全球报告倡议组织（简称"GRI"）的要求，完整呈现CAO业务运营与环境、社会和治理表现的关系，以持续创造价值。

投资者的认可

2018年，公司的良好投资者关系做法和对企业透明度的坚持再次得到投资界的认可，投资者关系团队于2018年10月在阿姆斯特丹举行的"投资者关系杂志全球论坛与嘉奖"中首次获颁"公众选择奖"。CAO是唯一获颁此奖的新交所上市公司，另外四家竞争者为法兰克福、香港行政特区和伦敦证券交易所的上市公司。

该奖项旨在表彰公司在过去四年所采取的多管齐下投资者关系管理方法，包括对投资者关系采取整体管理、积极主动的投资者关系拓展计划，以及散户和机构投资者关系的战略方案；过去四年来，投资者关系团队共出席了九个由新交所主办的散户投资者论坛会，并通过CAO投资者接待日及常年股东大会等活动吸引了逾400位投资者参与。通过CAO的国际投资者关系战略方案，公司的机构投资者增加，股票流动性有所改善，公司市值在 2018年也达到14亿新元，成为新交所上市的最大能源公司。同时公司被纳入主要基准指数，包括富时指数和摩根士丹利资本国际指数。

在新加坡，CAO在2018年9月25日举行的第19届新加坡证券投资者协会（简称"SIAS"）2018年投资者选择奖中获得"股东沟通卓越奖"（大市值组别，表彰奖）。该奖项是新加坡上市公司在投资者关系领域的最高殊荣，是对CAO坚定承诺与股东沟通和积极主动的投资者关系实践的肯定。该奖项旨在表彰在投资者关系领域中表现最佳的新加坡上市公司。SIAS是非营利机构，也是亚洲最大的投资者协会之一，有超过6万多名散户会员。协会积极推广投资者教育、呼吁公司信息透明和公司治理，保护投资者权益。SIAS投资者选择奖于2000年创立，19年来鼓励上市公司增加信息透明度，帮助投资者做出明智的投资决策。

2018年，在新加坡企业大奖中，CAO被授予最佳投资者关系（金奖、大型企业组别），进一步肯定公司在投资者关系领域的权威。"最佳投资者关系"奖是新加坡公司年度奖项中的最高殊荣，该奖项仅授予在投资者关系实践、透明度和公司治理上表现优异的上市公司，旨在鼓励上市公司提高信息披露的质量、提高与股东和投资者的交流水平。该年度颁奖活动由新加坡特许会计师协会、新加坡董事协会和《商业时报》联办，并获得会计与企业管制局和新交所的支持。新加坡企业奖共颁发五个关键奖项，包括最管理最佳董事会奖、最佳首席执行官奖、最佳财务总监奖、最佳投资者关系奖和最佳年报奖，奖励并肯定新加坡优秀企业的最佳公司治理。

SENIOR MANAGEMENT
高级管理层

FROM LEFT TO RIGHT 从左至右:
Zhang Xingbo 张兴波, Wang Yanjun 王延军, Xu Guohong 许国宏

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 is overall in charge of the management of the Group, with a particular focus on corporate development and investments, and oversees the 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 the profile of Mr Wang Yanjun under "Board of Directors" section for more information.

SENIOR MANAGEMENT
高级管理层

Xu Guohong
Chief Financial Officer

As the Chief Financial Officer, Mr Xu Guohong is responsible for CAO's financial management functions including financial reporting and accounting practices, financial planning and analysis, treasury and taxation. Mr Xu directs and manages the Group's day-to-day finance operations across all business units and heads the risk management as well as compliance and internal audit functions. Concurrently, he also assists the CEO to oversee investor relations and information technology (IT). Mr Xu is also 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 accounting, audit and financial assets management.

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 of CAO Group, Mr Zhang Xingbo leads the company's aviation fuel business as well as the trading of other oil products. Responsible for growing CAO's core aviation business worldwide, he oversees jet fuel supply and trading as well as aviation marketing across the Group's global operations in support of the Group's strategic objectives. His responsibilities also include assisting the CEO to oversee all aspects of operations management, which encompasses the efficiency and safety of the Group's operational 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 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, China Aviation Fuel (Europe) Limited 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.

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。王先生负责领导和指导公司业务,专注于企业管理和投资,也主管人力资源部、投资者关系与行政事务部、法律部和公司秘书。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"部分。

许国宏
财务总监

作为财务总监,许国宏先生负责公司的财务管理,包括公司财务报告、会计核算、财务规划与分析、资金运作和税收事宜。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,并监管风险管理部与合规内审计部。他也同时协助首席执行官监管公司的投资者关系以及信息技术工作。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,负责财务会计、审计、财务资产等管理工作。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学士学位。他还是注册会计师,国际注册内部审计师,以及高级国际财务管理师(SIFM)。

张兴波
CAO副总裁兼北美航油有限公司总裁

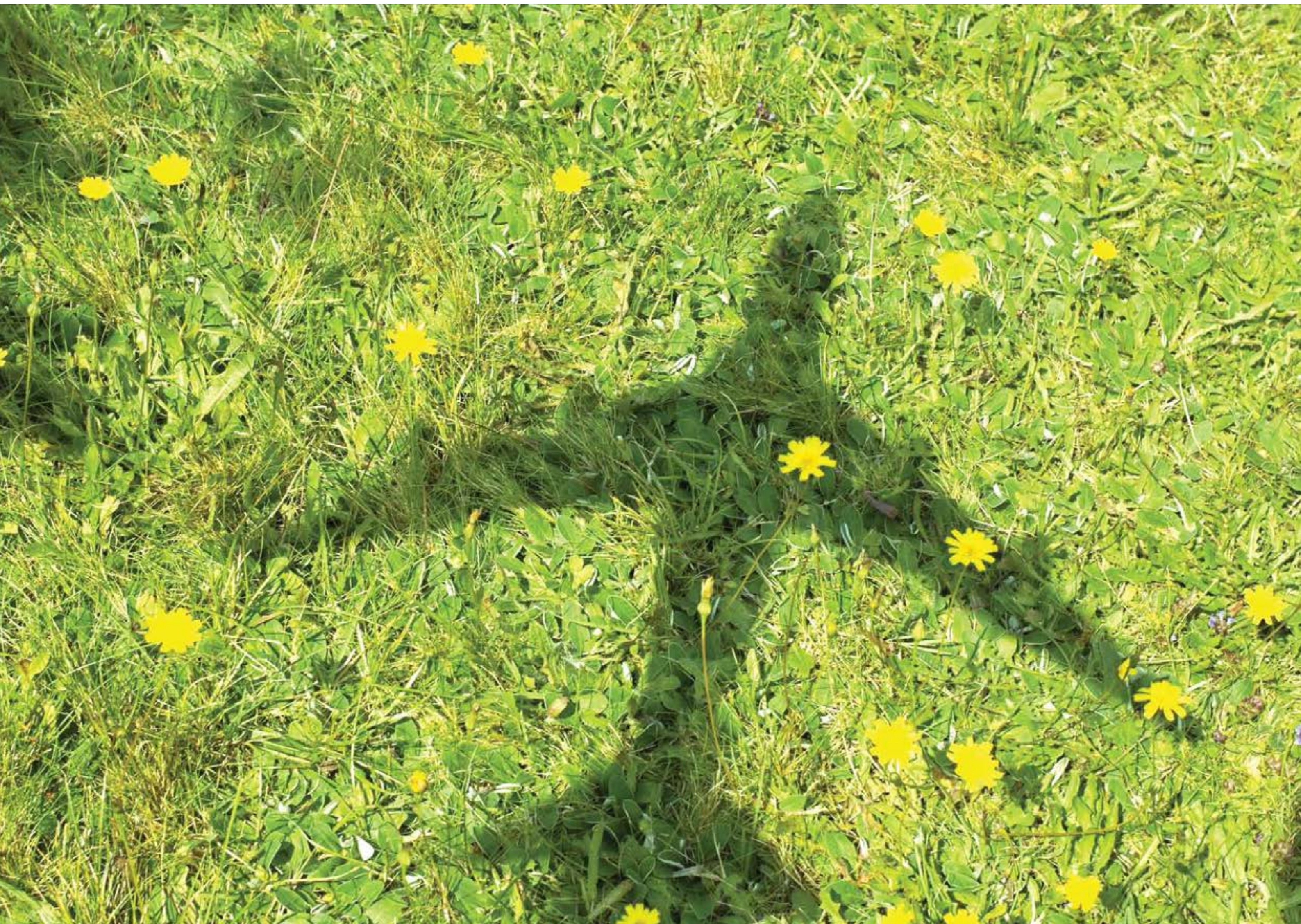
作为CAO副总裁,张兴波先生主管公司航油业务部和油品贸易部。张先生负责公司日益增长的全球核心航油业务,监管整个公司全球航油供应与贸易运作,以及航空市场营销,以支持公司的战略目标。张先生也协助首席执行官监管运营管理的各个层面,包括公司活动运营的效率和安全。他同时是北美航油有限公司(简称"北美公司")的总裁,负责整个北美的运营,监管财务汇报,以及北美公司的风险管理工作。他也是中国航油集团津京管道运输有限责任公司和中国航油集团新源石化有限公司的副董事长,北美航油有限公司、中国航油(欧洲)有限公司和韩国丽水枢纽油库有限公司的董事。

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。

CAO is committed to creating long-term value for the environment in the communities we operate. In our pursuit to be a socially responsible enterprise, we continue to uphold high standards of corporate governance and compliance to create sustainable value for greater growth.

BUILDING A SUSTAINABLE FUTURE



SUSTAINABILITY REPORT
可持续发展报告

BOARD STATEMENT

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

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

As a listed company on SGX, CAO is committed to the Singapore Code of Corporate Governance. The Group recognises the importance of good corporate governance and risk management processes that includes the management of ESG issues critical for a sustainable business. Sustainability across all aspects of the Group's operations plays a key role in its corporate agenda and strengthens the foundation upon which the Group builds the CAO brand. During the year, CAO has taken steps to enhance and improve its corporate governance through a comprehensive risk review exercise and conducted company-wide internal governance processes review. These measures aim to further strengthen CAO robust corporate governance framework.

The Group's efforts on the social front continue to focus on its people and customers. CAO is committed to provide its employees with a diverse, equal and safe working environment. In 2018, to drive employee engagement and business growth, CAO's Board of Directors has initiated a performance incentive scheme to reward employees who have made special contribution to CAO's business growth and corporate development.

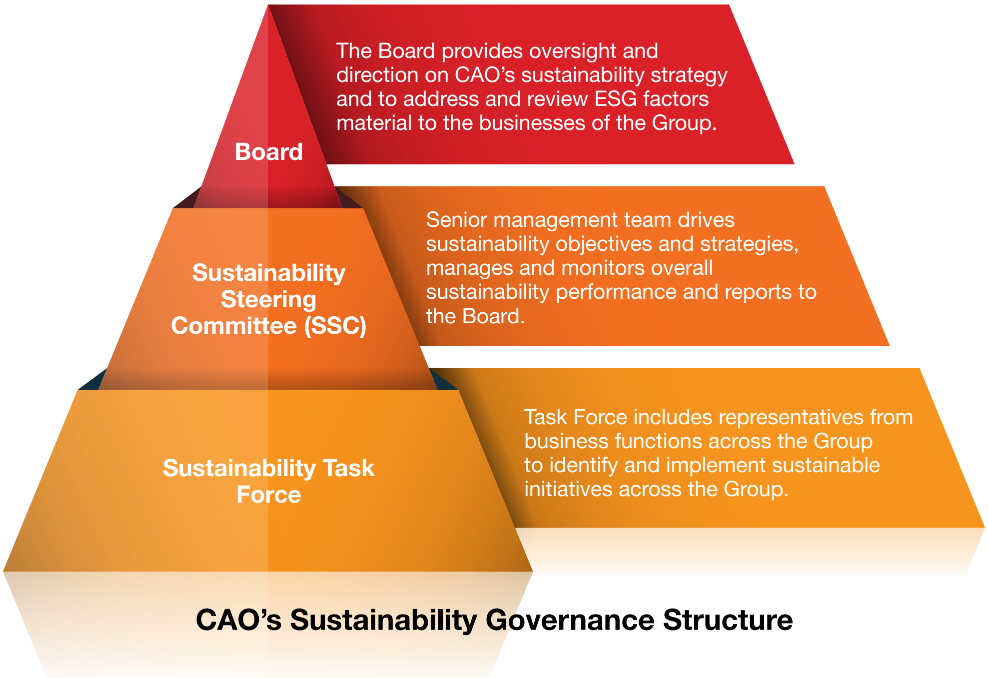
The Group stays relevant to its customers and considers their concerns around health and safety, and privacy in its business practices. Developing an integrated global supply chain remains a key strategic focus and having responsible procurement practices allows CAO to extend positive impacts along the global supply chain and contribute to creating a sustainable ecosystem. During the year, CAO has further improved on its procurement practices to further aligned with the Group's corporate values of Fairness, Integrity, Innovation and Transparency.

CAO's 2018 Sustainability Report ("the Report") continues to apply the key principles of the International Integrated Reporting Council's ("IIRC") Integrated Reporting <IR> approach to communicate how the Group drives long-term value creation.

SUSTAINABILITY AND VALUE CREATION

CAO is firmly committed to creating long-term sustainable value for itself, its stakeholders, the communities where it operates as well as the environment. As the Group continuously strives to build and create value, CAO will constantly uphold and ensure that high standards of corporate governance, compliance and internal audit as well as robust risk management are deeply entrenched within the organisation. It is CAO's fundamental belief that its growth and success must be anchored on key principles of integrity, transparency and accountability and this belief is embedded in the Group's corporate culture. With this in mind, CAO is keenly aware that success of the Group is measured not just by its financial performance but also the values it creates for its workforce, business partners, the environment and the community at large.

Within the Group, CAO strives to build a dynamic and engaged workforce that allows employees to reach their full potential and support the changing needs of its business landscape. The Group will continue to build on the trust of its customers and business partners through delivering value add and adopting responsible procurement and safe practices. CAO also enhances the well-being of the communities in which we operate through employee volunteerism and support of community organisations for a range of causes. Together, these form the essential building blocks of CAO's sustainability programme.



CAO's Sustainability Governance Structure

SUSTAINABILITY AND RISK MANAGEMENT

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

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

As part of the Group's risk management, CAO's trading activities encompassing its product portfolio are tracked. During the reporting period, there was no incident of trading limit breach according to the limits as set by the RMC. CAO will continue its commitment to maintain zero incident of trading limit breach in the coming year.

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

ABOUT THIS REPORT

This Report sets out CAO's commitments, governance, policies, performance and targets in respect of managing the environmental and social impacts of the Group during the financial year ended 31 December 2018.

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

SUSTAINABILITY REPORT
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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.

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

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

STAKEHOLDER ENGAGEMENT

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

Key Stakeholders	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 program for new employees
		Training and development programmes
		Regular e-mails and meetings
		Recreational and wellness activities
		Employee feedback channels
		Career development performance appraisals
Customers	CAO seeks to provide quality product and timely delivery on a sustainable basis and strive to exceed customers' expectations.	Regular meetings to communicate updates, including new policies and practices
		Site visits
Business Partners	CAO is committed to 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

MATERIALITY ASSESSMENT

Defined in 2017, the Group's material ESG factors with considerations to key stakeholders' concerns continue to be relevant in 2018. These material ESG factors and related risk identification, evaluation and mitigation continue to be assessed as part of CAO's robust strategic risk management model and considered in management decision-making.

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

SUSTAINABILITY REPORT
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Factor	Context	Policies and Practices to mitigate risks and pursue opportunities	Link to Strategy	Targets, Performance and Value created
Economic				
Economic Performance - Core competitive advantage in jet fuel supply and trading	Jet fuel supply and trading remains as the Group's core business. As the key importer of jet fuel to the Chinese civil aviation industry, the Group is susceptible to the constantly changing demand and supply dynamics in the PRC such as increased domestic oil production capacity.	CAO continues to expand its global jet supply and trading value chain and extend its geographical presence through developing new supply and trade routes and forming new strategic partnerships. CAO has also diversified into other oil products which contributed to the growth of the Group's total supply and trading volume.	CAO envisions to be a constantly innovating global top-tier integrated transportation fuels provider. To realise its long-term strategy, the Group continually fine-tunes its strategic initiatives with its development strategy of "Globalisation, Integration and Asset Investment". For more details about CAO's strategic transformation, outlook and key business plans, please refer to the CEO's Message and Operations Review.	CAO's business sustainability and long-term business strategy has been proactively developed to mitigate macroeconomic risks. CAO will 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. In 2018, CAO has successfully completed the acquisition of Navires Aviation Limited in Europe which provides access to North western aviation hubs, namely, Schiphol, Stuttgart, Frankfurt and Brussels. Please refer to the CEO's Message, the Financial Review Section and the Operations Review on how the Group's business expansion and growth plans sustains value created.
Economic Performance - Key importer of jet fuel to the PRC	CAO's import into the PRC is a key competitive advantage that contributes to its market share and financial performance. Regulatory changes such as market liberalisation as well as the dynamics of the Chinese economy could materially impact this advantage.	CAO has reinforced its portfolio strengths through both geographic expansion, product and customer base diversification. The Group continues to extend its jet fuel supply and trading activities as well as aviation marketing business outside the PRC. CAO will further develop and optimise its integrated business model and expand its global supply and trading network to penetrate new markets globally.		

Into-plane refuelling operations at Hong Kong International Airport
在香港国际机场为飞机加注

Factor	Context	Policies and Practices to mitigate risks and pursue opportunities	Link to Strategy	Targets, Performance and Value created
Environment				
Environmental Compliance	With rising global demand, the oil and gas sector is facing increasingly stringent environmental laws and regulations. As an active member of the oil and gas global value chain, the Group's expanding global supply and trading operations and investments across multiple jurisdictions faces risk of failure to comply with new regulatory requirements.	The Group continues to build on its Safety, Health and Environment ("SHE") Policy and Guidelines which covers environmental management guidelines with a focus to proactively and responsibly monitor and manage constantly changing environmental compliance requirements. The Group continually strive to foster a safe and environmentally friendly workplace for our stakeholders to ensure our business practices are in compliant with local and international environmental laws and regulations. Business units supported by various departments are required to check local environmental laws and regulations before new market entry as part of a thorough due diligence process. For the Group's operations in Alaska, CAO adopted an Oil Discharge Prevention and Contingency Plan ("ODPCP") that enhanced our policies and practices to reduce our environmental impact, and ensures the Group's compliance with the State of Alaska's oil spill contingency planning requirements.	Compliance is an integral part of the Group's corporate strategy. CAO will continuously uphold high levels of corporate governance and undertake strategic initiatives to further enhance compliance and governance across its businesses.	The Group continues to stay abreast on any changes of relevant environmental laws and regulations and comply with all relevant laws and regulations to avoid any potential non-compliance incidents and ensure smooth operational efficiency. In 2018, no identified incident of non-compliance with environmental laws and regulations in the regions where CAO conducts its business is reported.
Oil Spill Prevention	CAO's businesses and operational environment are subject to various risks including spillage of oil products during transportation and storage that may have immediate and/or long-term environmental impact on the environment.	As a responsible global oil products supplier and trader, CAO takes all reasonable steps to prevent pollution by minimising the occurrence of oil spills in its daily operations. Measures undertaken by CAO include a stringent ship vetting policy with the objective of minimising health, safety and environmental risks. The policy sets up procedures in sourcing data on the Group's chartered vessels and evaluating the potential risks from the ship's overall structural integrity and safety including incident track record to the age of the vessels, required certifications and appropriate procedures for handling and storing oil products. This is further supplemented by the Group's Operational Safety Incident Reporting Guidelines for the reporting of operational incidents. The guidelines cover operational incidents resulting in environmental damage and prescribe the timeline and format for reporting along with follow-up actions required. To limit the intensity or impact of a negative threat or event such as an oil spill, CAO has put in-place a Crisis Management Plan that includes establishment of an Emergency Response Team ("ERT") to proactively manage an emergency in a timely and effective manner.	CAO strives to minimise and mitigate the impact of potential oil spills to protect the surrounding environment. This aligns with the Group's corporate mission to maintain high SHE standards and to conduct businesses in a safe, reliable and efficient manner, with minimal impact on the environment.	CAO continually strives to maintain a clean record of no incidents relating to significant oil spill. During the reporting period, CAO conducted a desktop exercise at its disaster recovery site centred on a simulated oil spill incident scenario with the objective to strengthen ERT's crisis readiness.

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Factor	Context	Policies and Practices to mitigate risks and pursue opportunities	Link to Strategy	Targets, Performance and Value created
Social				
Health & Safety - Workplace Environment	CAO remains committed to provide a safe, secure and healthy environment for all its stakeholders with a continuous focus to achieve zero harm for safety performance which contributes to business profitability.	CAO instils in all employees a safety culture of being responsible and practise safe behaviour at work. The Group's Safety, Health and Environment ("SHE") Policy and Guidelines emphasises the importance of health and safety in the work environment. Beyond adhering to workplace safety guidelines requirements which ensures a safe working environment within the office premises, CAO also holds annual health screenings, pandemic illness updates, mandatory workplace health and safety briefings and fire drills regularly throughout the year to create awareness that keeping the workplace and surrounding environment safe is of paramount importance to CAO work culture and to inculcate a robust SHE culture. Medical and insurance coverage is also provided to all employees. As the travel frequency of the Group's workforce increases in tandem with growing global operations, travel related risks were identified and the Group has in place a monitoring system in accordance with procedures and processes implemented under CAO's Business Continuity Plan ("BCP") such as the tracking of travelling employees. CAO also strives to provide a safe and healthy work environment that is non-threatening, with no harassment, assaults and bullying. Proper grievance handling procedures are also in place to ensure all incidents are resolved in a timely and impartial manner.	Workplace health and safety is of paramount importance to CAO and continues to be the Group's highest sustainability priority in all aspects of its business which is in line with CAO's corporate mission to maintain high SHE standards and conduct businesses in a safe, reliable and efficient manner.	Safety remains as one of the key priority in CAO and the Group aims to maintain zero workplace related injuries for CAO's employees. During the reporting period, there has been zero workplace related fatality or injury for CAO's employees.
Health & Safety - Customer	CAO recognises the importance of its role in ensuring the products that the Group supplies meet the stringent safety and quality requirements of the industry as the safety and quality of the Group's products would affect the safety of the ultimate end customers i.e. the airplane passengers as well as the stakeholders along the jet fuel supply chain.	An important part of the quality requirements relates to the safety aspects of the products that the Group supplies and trades globally. As part of its quality assurance process that includes a set of standardised procedures for the reporting of health and safety incidents, CAO carefully and regularly monitors its facilities and products as well as conducts lab tests to ensure all relevant certifications or licenses are obtained and stringent safety standards are maintained.	To align with the Group's corporate mission to adhere to high SHE standards and to deliver and add value for customers, CAO proactively focuses on providing the best quality products and services.	Recognising customer satisfaction as an important element in value creation, CAO continuously seeks to improve its business practices to ensure that there are no significant incidents of non-compliant products impacting the end customers' health and safety.

Factor	Context	Policies and Practices to mitigate risks and pursue opportunities	Link to Strategy	Targets, Performance and Value created
Social				
Diversity and Equal Opportunity	The Group recognises that a fair, diversified and inclusive working environment is integral to the success of CAO and that a diverse workforce with specialised, complementary skillsets, ideas and experiences enriches the workplace and enhances business performance that not only helps to attract and retain talents in the competitive market but also helps to achieve the Group's mission in fostering a people-oriented corporate culture of Fairness, Integrity, Innovation and Transparency where its employees can grow and develop together.	CAO has developed Human Resource ("HR") practices for each location of operation that are aligned with local laws and regulations. In Singapore, the Group also follows the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP") that promotes fair and equitable employment practice. CAO upholds this through a variety of measures including non-discriminatory recruitment advertisements, performance appraisal for employees, instilling a code of ethics and establishing an appropriate avenue for employee grievances. CAO also supports the Fair Consideration Framework by the Ministry of Manpower, Singapore, with job openings at CAO made publicly accessible at the Jobs Bank administered by the Workforce Development Agency of Singapore. CAO deploys and promotes all employees in accordance with their competencies, abilities and performance and is committed to give equal opportunities to everyone irrespective of their gender, age, religion and ethnic origin. At the Board level, the Group follows its Corporate Governance Policy on Board composition and balance. More details can be found under the Statement of Corporate Governance.	Guided by the Group's vision, mission and core values, CAO has in place a multi-prong human resource strategy that is aligned to its business objectives to build the required workforce skills base to strengthen its competitive edge for sustainable growth.	To address the business demands of our increasingly global customers and markets, CAO strives to create a diverse and inclusive work environment which promotes and enhances the diversity, experience and abilities of the Group's workforce across all functions across the globe. As at December 2018, the group's total headcount was 105 employees worldwide. Group gender composition is a 42:58 split between men and women.74 employees are based in Singapore. For more details, please refer to the Human Capital Management section.
Procurement Practices	As a responsible corporate citizen in the global transportation fuels eco-system, CAO understands the importance of having open and fair procurement practices. Effective and responsible supply chain management is essential to address issues such as trade sanctions etc. to enhance operational efficiency and protect CAO's brand value and reputation.	CAO ensures its tendering and procurement process is conducted in an open, unbiased and just manner by following clear and standardised guidelines that are aligned with the Group's Corporate Values - Fairness, Integrity, Innovation and Transparency. A Procurement Committee comprising Heads of Departments across functions within the Group has been set up and acts as a decision-making body to oversee the tendering process and deliberate business decisions. Within the committee, individual members are assigned with specific roles and responsibilities relating to the tendering process. CAO has an internal counterparties credit on-boarding registration process that conducts checks on the counterparties prior to conducting business with them. As part of this process, anti-money laundering checks are made to ensure that there are no breaches to CAO's Trade Sanctions Policy which supports compliance to international laws on trade sanctions in jurisdictions where the Group operates.	In line with the vision of being a socially responsible company, CAO will proactively focus on minimising the potential negative reputational impact caused in the supply chain.	There is no reported breach of the Group's Trade Sanctions Policy in 2018. During the year, CAO has also enhanced its procurement practices to ensure greater transparency and fairness towards the selection of suppliers or service providers. CAO will continue to maintain zero breaches of the Group's internal tendering and procurement guidelines as well as the Trade Sanctions Policy.

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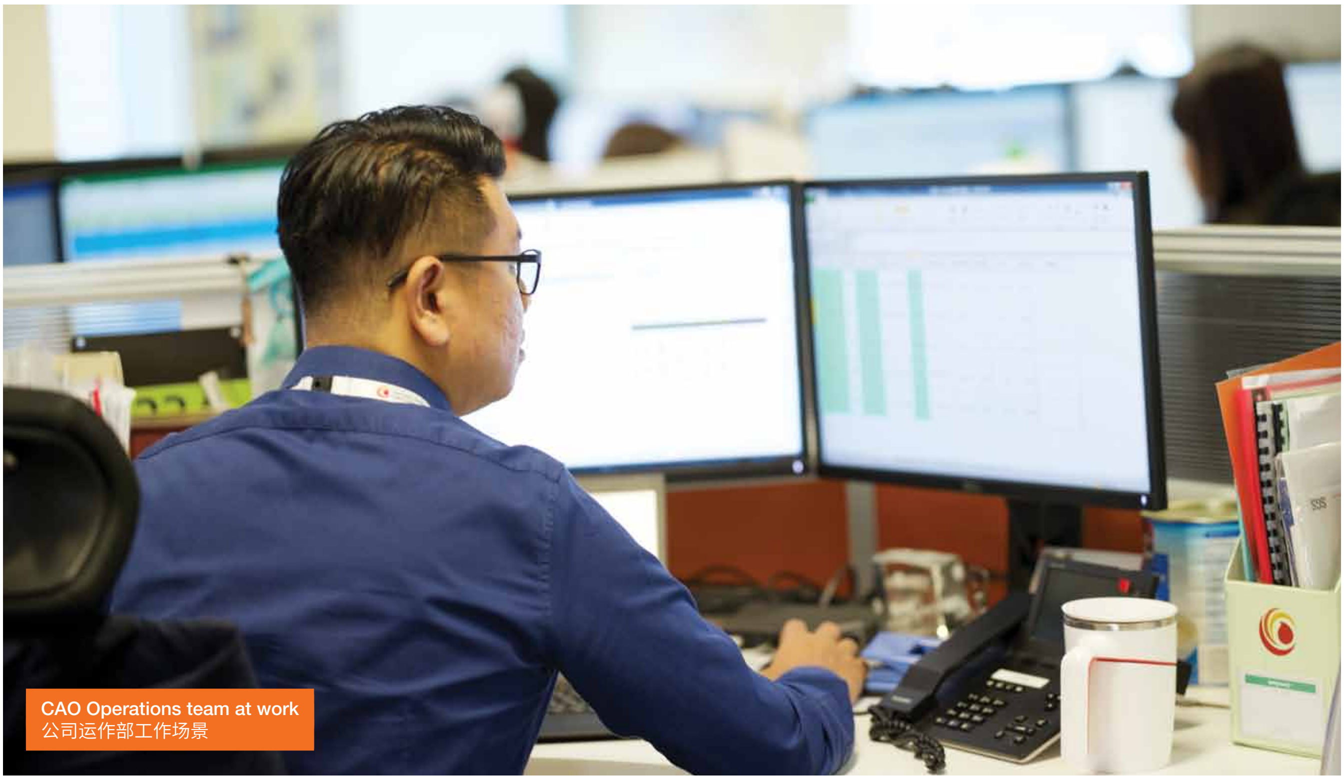
Factor	Context	Policies and Practices to mitigate risks and pursue opportunities	Link to Strategy	Targets, Performance and Value created
Social				
Protection of Sensitive Information	Managing of vast amount of sensitive information such as personal data, oil price and contractual terms etc. is part of CAO's daily business operations. CAO is conscientious about secured communication and data protection. CAO respects its stakeholders' legal rights to privacy and confidentiality.	CAO adopts a multi-pronged approach to mitigate the security threat faced by many businesses. The CAO Personal Data Protection Policy, developed in response to the Personal Data Protection Act in Singapore sets out the requirements to ensure compliance with the laws and regulations applicable to the CAO Group's collection, use, disclosure, transfer and/or processing of personal data. Further CAO's Code of Conduct and Ethics also specifically require information obtained in the course of conducting business to be treated with utmost care. Employees are required to safeguard confidential information and trade secrets. Unauthorised or unwarranted disclosures would result in disciplinary action and/or escalation to the relevant regulatory bodies. The Group's Data Classification Policy also defines the different classifications of data and the principles for their access, use and safeguarding based on their classification and sensitivity. This policy is based on a "need-to-know" basis in order to protect sensitive information from unauthorised disclosure, use modification and deletion. To the wider audience, CAO's User Privacy Statement Policy governs personal information which is collected through or in connection with its corporate website at www.caosco.com.	To 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. It is part of CAO's strategy to build long-term trust and relationships with its stakeholders and it is CAO's policy to comply with relevant laws and regulations to protect stakeholders' privacy and confidentiality.	CAO remains steadfast in safeguarding sensitive information, privacy and confidentiality with zero complaints concerning incidents of leaks, thefts, or losses of sensitive information. In 2018, the Group has not identified any substantiated complaints concerning such breaches. In addition, during the reporting period, to further strengthen ERT's crisis readiness, CAO conducted a desktop exercise at its disaster recovery site centred on a simulated IT hacking incident scenario.



CAO Operations team at work
公司运作部工作场景

Factor	Context	Policies and Practices to mitigate risks and pursue opportunities	Link to Strategy	Targets, Performance and Value created
Corporate Governance				
Compliance and Internal Audit	CAO faces increasing regulatory requirements at national, regional and international levels as the Group continues to diversify its operations and investments across multiple jurisdictions. Failure to mitigate compliance risks would pose reputational risks to the Group and hinder its sustainable growth and development.	CAO takes its corporate governance responsibilities seriously and believes that good governance requires not just a comprehensive set of policies and guidelines but also committed collaboration from members across the Group. CAO continually reviews and improves its global compliance strategy to ensure the Group's policies, practices, guidelines and internal control systems remain relevant and robust. For more details relating to the Compliance and Internal Audit's function and specific compliance related policies and practices, please refer to the Compliance and Internal Audit Section.	High corporate governance standards and robust internal audit processes serve to provide accountability across CAO's business activities to support the realisation of its long-term strategy. This also demonstrates how our corporate values of Fairness, Integrity, Innovation and Transparency are put into practice.	With CAO's ongoing commitment towards achieving zero incidents of non-compliance with relevant laws and regulations, in 2018, CAO has continued to provide compliance related trainings for the Group's workforce to maintain a constant level of awareness and vigilance. During the year, CAO has also embarked on a comprehensive Standard Operating Processes ("SOPs") review to identify and enhance its internal oversights measures to improve the Group's operational processes and internal controls.
Anti-corruption	As a foremost Singapore public listed entity, CAO embraces Singapore's stringent anti-corruption regime and places great focus on its social responsibilities to ensure utmost integrity throughout its business activities and to prevent any improper or illegal behaviour.	CAO adheres to the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") framework which covers compliance risks including anti-corruption and bribery, insider trading and fraud and put in place the necessary safeguards for the Group's business operations. To reinforce the compliance culture across the Group, CAO sets out a Code of Conduct and Ethics, a Gifts and Entertainment Policy as well as annual compliance related trainings to all employees. The Group also has a whistle-blowing channel for reporting and investigating suspicious cases.	CAO believes in creating a fair and transparent environment for its business to thrive. The Group does not tolerate any fraud, bribery or corruption.	The Group always strive to maintain zero incidents on corruption. There were no fraud, corruption and bribery incidents reported in 2018. For more details, please refer to Compliance and Internal Audit Section.


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

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LOOKING AHEAD

Recognising the increasing challenge that climate change has to CAO's business operations such as customer behaviour and regulatory requirements, CAO adopts a holistic approach in managing its ESG risks and opportunities beyond financial performance which is key to delivering long-term value to its stakeholders. The Group will continue to stay abreast of the latest sustainability trends through continuous training and engagements with industry practitioners and monitor these changing impacts on the business in order to stay resilient and remain competitive in the market.

Disclosure	Annual Report Section	
General Standard Disclosures		
Organisational Profile		
GRI 102-1	Name of the organisation	CAO at A Glance
GRI 102-2	Activities, brands, products, and services	CAO at A Glance
GRI 102-3	Location of headquarters	International Reach
GRI 102-4	Location of operations	International Reach
GRI 102-5	Ownership and legal form	Group Structure
GRI 102-6	Markets served	International Reach
GRI 102-7	Scale of the organisation	Financial Highlights CAO at A Glance International Reach CEO Strategic Report - Operations Review Financial Review Human Capital Management
GRI 102-8	Information on employees and other workers	Human Capital Management
GRI 102-9	Supply chain	Sustainability Report - Procurement Practices
GRI 102-10	Significant changes to the organisation and its supply chain	Chairman's Message CEO's Message
GRI 102-11	Precautionary principle or approach	CAO does not specifically address the precautionary principle
GRI 102-12	External initiatives	Chairman's Message CEO's Message CEO's Strategic Report - Investor Relations Community Engagement
GRI 102-13	Membership of associations	No membership with any industry association.
Strategy		
GRI 102-14	Statement from senior decision-maker	Chairman's Message CEO's Message
Ethics and Integrity		
GRI 102-16	Values, principles, standards, and norms of behaviour	Our Values
Governance		
GRI 102-18	Governance structure	Group Structure Sustainability Report - CAO's Sustainability Governance Structure Compliance and Internal Audit Statement of Corporate Governance
Stakeholder Engagement		
GRI 102-40	List of stakeholder groups	Sustainability Report - Stakeholder Engagement
GRI 102-41	Collective bargaining agreements	No collective bargaining agreement.

Disclosure	Annual Report Section	
GRI 102-42	Identifying and selecting stakeholders	The key stakeholder groups identified either have a significant impact on or are significantly impacted by CAO's sustainability performance.
GRI 102-43	Approach to stakeholder engagement	Sustainability Report - Stakeholder Engagement
GRI 102-44	Key topics and concerns raised	Sustainability Report - Materiality Assessment
Reporting Practice		
GRI 102-45	Entities included in the consolidated financial statements	Financial Review
GRI 102-46	Defining report content and topic boundaries	Sustainability Report - About this Report
GRI 102-47	List of material topics	Sustainability Report - Materiality Assessment
GRI 102-48	Restatements of information	No restatements of material information.
GRI 102-49	Changes in reporting	Sustainability Report - About this Report
GRI 102-50	Reporting period	1 January 2018 - 31 December 2018
GRI 102-51	Date of the most recent report	March 2017
GRI 102-52	Reporting cycle	Yearly
GRI 102-53	Contact point for questions regarding the report	Sustainability Report - About this Report
GRI 102-54	Claims of reporting in accordance with GRI Standards	Sustainability Report - Board Statement Sustainability Report - About this Report
GRI 102-55	GRI content index	Sustainability Report - GRI Index
GRI 102-56	External assurance	No external assurance for this year's sustainability report.
Management Approach		
GRI 103-1	Explanation of the material topic and its boundary	Sustainability Report: Economic Performance Environmental Compliance Oil Spill Prevention Health and Safety Diversity and Equal Opportunity Procurement Practices Protection of Sensitive Information Compliance and Internal Audit Anti-corruption
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of the management approach	
Specific Standard Disclosures		
Economic Performance		
Material Factor: Economic Performance		
GRI 201-1	Direct economic value generated and distributed	Financial Highlights Sustainability Report - Economic Performance CEO's Message Financial Review
Environment		
Material Factor: Environmental Compliance		
GRI 307-1	Non-compliance with environmental laws and regulations	Sustainability Report - Environmental Compliance
Material Factor: Oil Spill Prevention		
GRI 306-3	Significant spills	Sustainability Report - Oil Spill Prevention

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Disclosure	Annual Report Section	
Social		
Material Factor: Workplace Health and Safety		
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report - Health and Safety - Workplace Environment
Material Factor: Customer Health and Safety		
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report - Health and Safety - Customer
Material Factor: Diversity and Equal Opportunity		
GRI 405-1	Diversity of governance bodies and employees	Gender diversity of employees, refer to Sustainability Report Overview - Diversity and Equal Opportunity
Material Factor: Procurement Practices		
N/A	Reported breach of the Trade Sanctions Policy	Sustainability Report - Procurement Practices
Material Factor: Protection of Sensitive Information		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Report Overview - Protection of Sensitive Information
Governance		
Material Factor: Compliance and Internal Audit		
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	Sustainability Report - Compliance and Internal Audit Compliance and Internal Audit
Material Factor: Risk Management		
N/A	Incidents of trading limit breach according to the limits set by the Risk Management Committee (RMC)	Sustainability Report - Sustainability and Risk Management Risk Management
Material Factor: Anti-corruption		
GRI 205-3	Confirmed incidents of corruption and actions taken	Sustainability Report - Anti-corruption Compliance and Internal Audit

CAO employees putting their heads together for team-building exercises
CAO员工积极参与团建活动

董事会声明

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

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

作为新交所上市公司,CAO致力于遵守新加坡公司治理准则。CAO认识到良好的公司治理和风险管理流程的重要性,包括对可持续业务至关重要的ESG事项管理。可持续发展贯穿CAO业务的所有环节,在企业进程中扮演着关键角色,而且巩固了公司树立品牌的基础。在这一年中,CAO通过风险大排查和工作流程梳理,采取措施改善内部治理。这些措施有助于进一步加强CAO的公司治理机制。

CAO在社会方面的可持续发展以员工和客户为重心。公司致力于为员工提供多样化、平等和安全的工作环境。在2018财年,为了提高员工的参与度以及推动公司业务发展,CAO董事会推出了绩效奖励计划,奖励为公司业务和发展做出特殊贡献的员工。

CAO重视客户,关注客户对健康与安全,以及业务实践中隐私权的考虑。发展一体化的全球供应链仍是关键战略重点,而负责任的采购实践有助CAO将正面影响延伸至全球供应链,为建立可持续的生态系统做出贡献。过去一年,公司进一步完善采购制度,以符合公平、诚信、创新和透明的企业价值观。

2018年可持续发展报告(简称"报告")继续采纳国际综合报告理事会(简称"IIRC")综合报告法的主要原则来报告CAO推动创造长期价值的方式。

可持续发展和价值创造

CAO坚定承诺为自身、利益相关方、运营社区及环境创造长期可持续的价值。在公司不断努力建立和创造价值的过程中,CAO将高标准的公司治理、合规与内审及健全的风险管理文化深植于公司内部。CAO的信念是企业的增长和成功必须建基于诚信、透明和责任担当等基本原则,而且这种信念已体现在公司文化中。因此,CAO清除地意识到,衡量公司成功与否,不仅要看其财务业绩,还要看它为员工、商业伙伴、环境和整个社会创造的价值。

CAO致力于建立锐意进取的敬业团队,让员工充分发挥潜力,同时满足业务领域不断变化的要求。公司通过产品和服务的增值,采取负责任的采购和安全措施赢得客户和商业伙伴的信任。此外,CAO还通过员工志愿服务以及对社区组织的支持,增进社区的福祉。所有这些努力形成了公司未来可持续发展的基石。

可持续发展和风险管理

CAO团队具有完备全球战略风险管理模型,可以在商业决策中识别、评估重大的ESG风险,并制定风险缓解方案,调整商业决策,加强利益相关者价值,实现公司战略目标。为了在瞬息万变的市场中保持灵活并提高竞争力,公司需要采取主动和结构化的方法,有效识别并管理重大风险,以支持公司的战略绩效,这一点至关重要。CAO的主要业务风险包括市场风险、信用风险、运作风险、法律风险和财务风险。公司将战略风险管理融入商业战略、投资、运营的重大决策程序,因为ESG问题实际上是短期或长期的战略风险,反映了CAO的重大可持续发展事项。在识别这些重大事项的过程中,公司尽力确保有效管理相关法律法规变化产生的影响,并有效管理社会经济和声誉的驱动因素。CAO会在经营中考虑可持续发展,缓解风险,持续改进运营模式,为相关方创造价值。

CAO具备四层管控架构,来监督风险管理实践的执行。此外,公司的风险管理委员会(简称"RMC")不断完善风险管理政策、指导方针和程序,加强内部风险控制,以减轻影响CAO业务运作和战略绩效的不确定因素。

作为风险管理措施的一部分,CAO要跟踪贸易活动。在本报告期间,根据RMC设定的限额,没有发生违反贸易限额的情况。CAO承诺在未来一年将不出现贸易违约事件。

有关风险管理架构、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。

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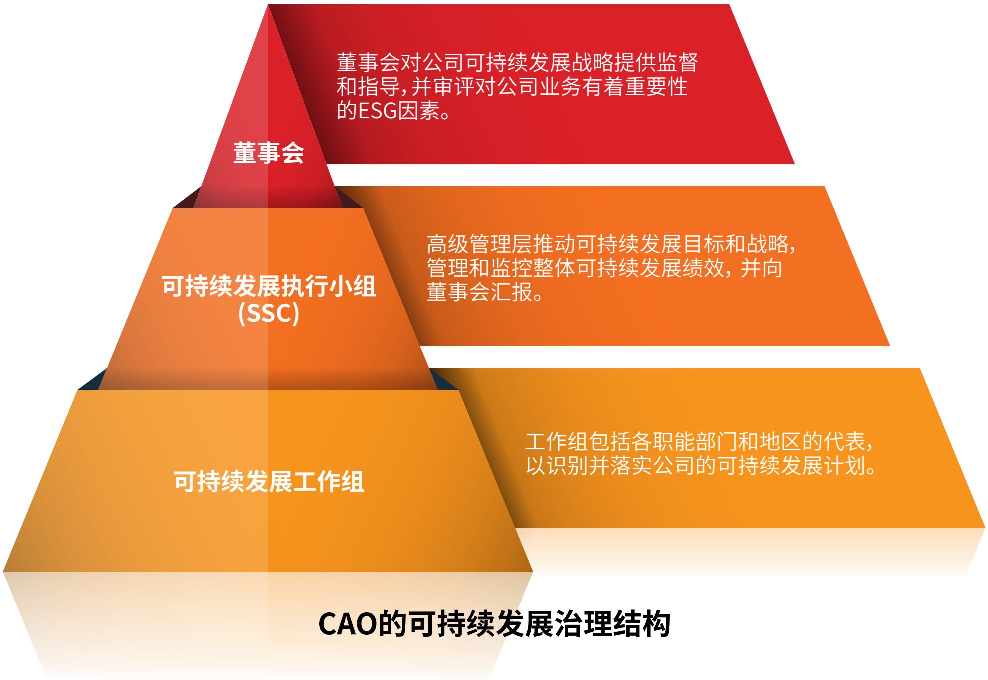

CAO的可持续发展治理结构

关于本报告

本报告阐述了CAO在截至2018年12月31日财政年度，管理环境及社会影响方面的承诺、治理、政策、表现和目标。

在确定本报告的范围时，管理层考虑了拥有权百分比和影响力水平，并将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)

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

本报告继续采纳IIRC综合报告法的主要原则，专注于CAO的战略和对主要ESG风险和机会的有效管理，向利益相关方全面呈现公司的长期价值创造。本报告还参考了GRI有关重要性评估原则及具体表现披露的标准。这种组合框架方法符合新加坡证券交易所对可持续发展报告的要求。

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。

利益相关方的参与

CAO相信，与各利益相关方展开合作对话并为他们创造价值，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，提高企业透明度。	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，有职能培育机会，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。	与业务伙伴定期会面以通报最新情况，包括最新政策和实践
		实地访问
商业伙伴	CAO致力于提高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通报最新情况，包括最新政策和实践
		实地访问

Into-plane refuelling operations at a Chinese airport
在中国机场的航油加注场景

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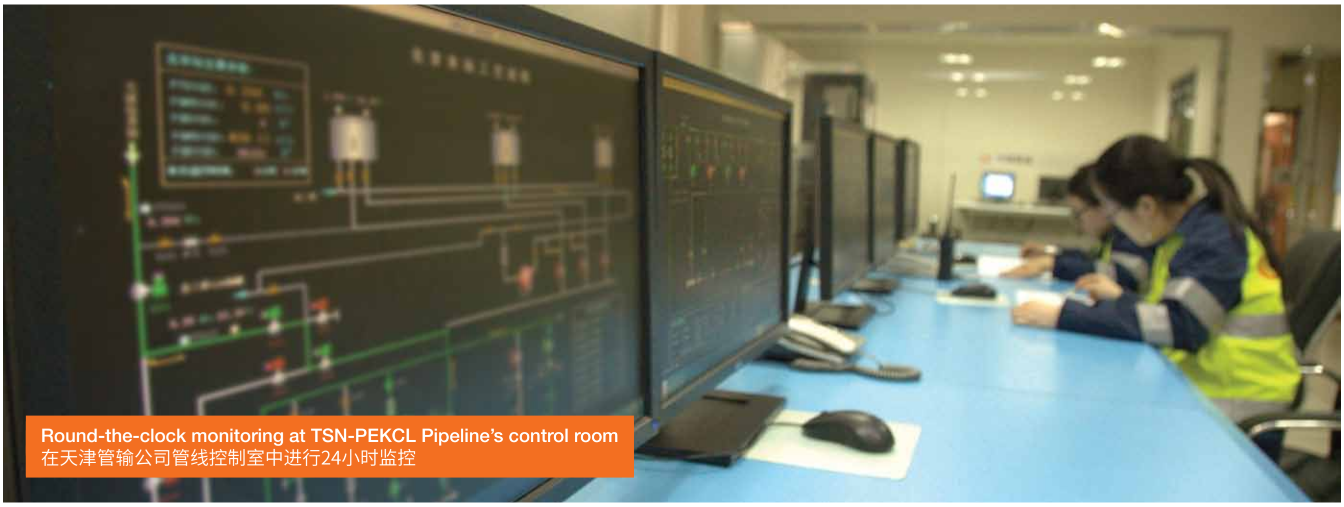
重要性评估

考虑了主要利益相关者的担忧，公司在2017年定义的重要ESG因素在2018年仍然相关。作为公司完善战略风险管理模型的一部分，这些重要ESG因素以及相关风险的确认、评估和减缓将被进行评估，并会在管理决策过程中加以考虑。

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

Transit storage
中转库

因素	说明	减缓风险及寻找机遇的政策与实践	和战略的联系	目标，表现，及价值创造
经济				
经济表现 - 航油供应与贸易的核心竞争力	航油供应与贸易业务仍占公司业务的主导地位。作为中国主要航油进口商，公司受到中国供需关系变化的影响，例如国内航油产能提升。	CAO继续扩充全球航油供应与贸易价值链，并通过发展新的供应与贸易路线及建立新战略伙伴关系。 公司还开展其它油品业务，促进整体供应与贸易量的增长。	CAO的愿景是成为富有创新精神的全球一流运输燃料一体化方案提供商。为实现长远战略，公司不断根据"全球化、一体化、实业化"的发展策略完善其战略措施。 有关公司战略转型、展望和主要业务计划的详情，请参阅首席执行官致辞和经营概况。	公司积极开展业务持续性和长期业务战略以减轻宏观经济所带来的各种挑战。 CAO继续发掘并渗透全球全球主要航空热点，以扩大客户基础，并将公司的全球价值链伸延至亚太和欧美地区。 在2018年，公司成功完成对欧洲Navires航空有限公司的收购，并开放进入西北航空枢纽的渠道，即史基浦，斯图加特，法兰克福和布鲁塞尔。 请参阅首席执行官致辞、财务业绩部分和经营概况。
经济表现 - 中国主要航油供应商	中国市场航油进口是公司保持较高市场份额和盈利能力的主要竞争优势。 如果国内市场开放或政策改变可严重影响该优势。	CAO已经通过地理拓展和产品多元化战略增强业务能力。在中国境外开展航油供应与贸易业务和航油营销业务。 公司将进一步发展和优化整合业务模式，将全球供应与贸易网络拓展到全球新市场。		
环境				
环境合规	随着全球需求的不断增长，油气行业面临着越来越严格的环境法律法规。作为全球油气行业供应链的成员之一，CAO在积极扩大其在多个司法管辖区的供应和贸易业务及投资，将面临不符合新环境法律法规的风险。	通过公司的安全、健康、环境(简称"SHE")政策，其中涵盖环境管理指引，积极负责地监测和管理不断变化的环境合规要求，为利益相关方创造舒适安全并符合当地的环保法律和法规的环境。各部门的不同业务单位在进入新市场之前，作为详尽的尽职调查，必须查核当地环保法律法规。对于CAO在阿拉斯加的业务，公司遵循石油泄漏预防和应急计划(简称"ODPCP")，加强了减少环境影响的公司政策和实践，并确保公司遵守阿拉斯加州的石油泄漏应急计划要求。	公司意识到合法合规是公司企业战略的重要环节。公司始终秉承高标准的公司治理，采取战略措施进一步加强合规和治理。	公司将继续跟进环保相关法律法规的最新变化，遵守所有相关法律法规，避免可能发生的不合规事件，确保顺利运营，提高效率。 在2018年，公司运作的区域没有发生任何违反环保法律法规的情况。
防止溢油	作为全球油品供应与贸易商，CAO的运营环境存在多种风险点，如运输和存储过程中的溢油风险可能对环境造成的即时和长期的破坏。	作为负责任的全球石油产品供应和贸易商，CAO采取一切合理措施将发生溢油事件减至最低以防止污染。 公司在日常运作制定了一系列的措施，如验船政策，该政策目的是将健康、安全和环境风险减至最低。该政策制定程序收集有关船舶的资料，从评估船舶结构完整性和安全和事故记录到船龄、必要的认证和处理及存储航油产品的适当程序等。这政策结合了公司的生产安全事故报告指引。指引涵盖造成环境破坏的运营事件，并规定了报告时间和格式以及需要采取的后续行动。 为面对突发事件如漏油事件对公司所可能带来的负面影响，公司制定了危机管理计划，其中包括成立应急反应小组。该小组负责及时有效地积极应对突发事件。	CAO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SHE高标准，以安全、可靠、高效的方式经营业务的使命一致。	CAO继续致力于保持有关重大溢油零事故的良好记录。 在报告期间，公司模拟溢油事故场景，在灾难恢复场所开展了桌面演习，目的是加强应急反应小组对响应此类事件的熟悉程度和准备状态。



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

SUSTAINABILITY REPORT
可持续发展报告

因素	说明	减缓风险及寻找机遇的政策与实践	和战略的联系	目标，表现，及价值创造
社会				
健康与安全 - 工作场所环境	CAO致力于为所有利益相关方打造安全、健康的运营环境，持续确保安全零意外，推动企业盈利表现。	公司向所有员工灌输对社会负责的文化，以及安全的工作习惯，以确保员工的健康和安全。 CAO的安全、健康、环境（简称"SHE"）政策强调工作场所的健康和安全。除了遵守工作场所安全准则要求以提供办公场所的安全工作条件外，公司还为员工提供定期组织体检、流行病通报、强制的工作场所健康和安全介绍、火灾演习，以培养工作场所和环境安全意识这是公司工作文化的重要组成部分，也是灌输强劲SHE文化的重要组成部分。公司也为所有员工提供医疗和保险福利。 随着公司全球化业务拓展，员工出差次数增加，公司识别了出行相关风险，并遵照业务持续计划(简称"BCP")的程序和流程制定监控系统，如跟踪每个员工的出差进程。 公司致力于杜绝威胁、骚扰、攻击和恃强凌弱现象，为员工提供一个安全健康的工作环境。CAO也有完善的疏导渠道，确保所有问题都得到及时公正的解决。	工作场所的安全、健康对公司至关重要，也是CAO所有业务层面可持续发展的首要任务。公司将继续以保持高标准SHE为使命，以安全、可靠、有效的方式开展业务。	公司继续致力于保持工作场所相关事故零记录。 在报告期内，CAO没有发生工作场所相关事故。
健康与安全 - 客户	公司认识到在确保供应的产品符合行业严格的安全和质量要求方面的重要性。公司产品的安全和质量将影响终端客户的安全，即飞行乘客以及航油供应链上利益相关者。	CAO供应和贸易的产品质量是产品安全的重要部分。 CAO定期严格监控设施和产品，并进行实验室测试，以确保获得所有相关认证或许可证，并保持严格的安全标准。	为符合公司坚持SHE高标准的承诺，为客户创造价值的企业使命，CAO力求提供高产品和服务的质量。	CAO对整体客户满意度视为价值创造，旨在保持其最佳实践，以确保没有不符合质量要求的产品的重大事故，从而对公司终端客户的健康和安全产生不利影响。
多元化与平等机会	CAO相信公平、多元化、有包容性的工作环境对公司的成功必不可少，多元化的团队可以实现技术、观念与经验的互补，也可以丰富工作场所文化，提升业务表现。这不仅有助在竞争激烈的市场中吸引并留住人才，还有助实现公司培育以公平、诚信、创新、透明为核心的以人为本企业文化，使员工与公司共同发展的使命。	CAO为各业务所在地制定人力资源实践，以配合当地法律法规。 公司遵守新加坡公平就业实践三方联盟(简称"TAFEP")提出的公平就业实践。雇主承诺，打造公允公平的工作环境。公司确保按照TAFEP制定的公平就业实践三方指南，并在各方面贯彻执行，例如刊登非歧视的招聘广告、定期进行员工绩效评估、灌输道德准则，并为员工负面情绪提供疏通渠道。公司还遵守新加坡人力部公平考量框架的要求，在新加坡劳动力发展局管理的职位信息库中公布职位空缺。 CAO支持任人唯贤的原理，促进全体员工按照他们的能力和表现，并致力于为大家给予平等的机会，不论其性别，年龄，宗教和种族。 在董事会层面，公司遵循董事会组成和平衡的公司治理政策。有关详情，见公司治理报告。	在CAO愿景，使命和核心价值观的指导下，公司制定了一项多管齐下的人力资源战略，该战略与其业务目标保持一致，以建立所需的劳动力技能基础，加强其可持续增长的竞争优势。	为了满足日益全球化的客户和市场的业务需求，公司努力创造多元化和包容的工作环境，促进和提高员工在全球所有职能部门的多样性、经验和能力。截至2018年12月，公司的全球员工总数为105名员工，男女员工的比例为42:58。新加坡本部有74名员工。 有关详情，请参考人力资源章节。
采购实践	作为全球运输燃料生态系统中负责任的企业，CAO明白开放和公平采购的重要性。 有效和负责任的供应链管理，有助提高运营效率，维护公司的品牌价值和声誉。	通过遵循公司公平、诚信、创新和透明的企业价值观，CAO确保按照明确、透明和标准化的指引，以公开、公平、公正的方式开展招标和采购。 公司成立了由各职能部门负责人组成的采购委员会，作为决策机构，监督投标过程和业务决策。在委员会内，个别成员被指派招标过程有关的具体职责。 公司拥有交易对家信用登记注册的内部流程，在与他们开展业务之前对交易对家进行检查。作为此过程的一部分，公司会进行反洗钱检查，以确保在开展业务的司法管辖区内，没有违反公司的贸易制裁政策，以支持遵守有关贸易制裁的国际法律。	具有社会责任感的公司的愿景，公司积极关注供应链中潜在的负面声誉影响并减至最低。	2018年度内，CAO没有关于违反贸易制裁政策的举报。 此外，在这一年中，公司加强了采购实践，以确保更加透明和公平地选择航油业务外的供应或服务商。 CAO将继续保持公司没有违反内部招标和采购指引及贸易制裁政策的记录。

因素	说明	减缓风险及寻找机遇的政策与实践	和战略的联系	目标，表现，及价值创造
社会				
保护敏感信息	CAO在业务运营中的日常事务处理大量敏感信息（如个人数据，油价和合同条款等）。 公司认真对待安全通信和数据保护，并尊重其利益相关方的隐私权和保密权。	CAO采取多管齐下的方法来缓解许多企业在信息保护方面面临的威胁。措施包括根据新加坡《个人信息保护法》制定个人信息保护政策，规定了确保遵守适用于公司收集、使用、披露、转让和/或处理个人资料的法律法规的要求。 公司的行为和道德准则，特别要求员工对在开展业务过程中获得的信息采取极其谨慎的态度。员工必须保护机密信息和商业秘密。未经授权或未经授权的披露将导致纪律处分和/或升级到相关监管机构。 信息分类政策，规定信息的不同分类，并根据信息的分类和敏感度确立接触、使用和保护原则。本政策是基于"需要知道"的原则，以保护敏感资料不受未经授权的披露、使用、修改及删除。 新加坡公司的用户隐私权声明政策管理通过公司网站或与网站相关途径收集的个人信息 (见www.caosco.com)。	为了维护公司的数据安全标准，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护保持警惕。 这是作为CAO与利益相关者建立长期信任和关系的战略的一部分，同时也是公司遵守相关法律法规以保护利益相关者的隐私和机密的职责。	公司继续致力于保持没有经证实的违反敏感信息隐私权和保密权的投诉，也没有敏感信息泄露、被盗或遗失事件的记录。 2018年度内，公司没有发现任何经证实的违反敏感信息隐私权和保密权的投诉事件。 此外，在本报告期间，为了进一步加强ERT的危机应对能力，CAO在灾难恢复场所进行了桌面演习，重点模拟了IT黑客事件场景。
公司治理				
合规与内审	随着公司在多个司法管辖区继续多元化经营和投资，也面临更多国家法律和地区法律法规的合规风险。 若不能减缓合规风险，可能使公司声誉受损，从而阻碍可持续发展。	CAO非常重视公司治理责任，相信良好的治理水平有赖于完善的政策和指引，以及公司上下所有成员的齐心协力。 CAO不断检讨并改善全球合规战略，确保公司政策、实践、准则和内部控制系统切合需要、健全完善。 有关合规与内审职能及合规相关具体政策和实践详情，请参阅合规与内审部分。	严格的公司治理标准和完善的内部审计程序为新加坡公司的所有商业活动提供责任担当，以支持新加坡公司实现长期战略。同时反映公司如何体现"公平、诚信、创新和透明"的核心价值。	随着公司不断致力于实现零违规关法律法规事件，在2018年，CAO继续为员工提供合规相关培训，以保持持续的意识和警惕。 在这一年中，CAO也开展了全面的工作流程梳理，以确定和加强改进流程和内部控制的制衡机制。
反贪污	作为一家上市公司，CAO采用新加坡严格的反腐败制度，并高度重视相关社会责任，以确保所有业务活动保持最高诚信，禁止任何不当或非法行为。	作为CAO内部控制的一部分，公司遵循Committee of Sponsoring Organisations of the Treadway Commission（简称"COSO"）的框架，其中涵盖反贪污、内部交易和欺诈等合规风险。 为强化公司内部的合规文化，公司订立了行为和道德准则、礼物和业务招待政策，以及每年向全体员工提供的年度合规培训。CAO还设有举报渠道，供举报及调差可疑案例。	公司相信创造公平和透明的环境可促进业务发展。CAO绝不容忍任何欺诈、贿赂或贪污行为。	CAO时刻努力保持贪污零记录，在2018年里，没有任何的贪污事件。 有关详情，请参阅合规与内审部分。

CAO employees brainstorming at work
CAO员工进行头脑风暴会议

SUSTAINABILITY REPORT
可持续发展报告

展望未来

意识到气候变化对CAO业务利益相关者的长期影响，如客户行为的改变和遵守不断增加的监管要求，公司相信，对ESG风险和机遇实施财务业绩以外的整体管理是为提供长期价值至关重要。CAO将继续通过持续培训及与行业从业员的合作，及时了解最新的可持续发展趋势，并监控这些对业务的不断变化的影响，以保持弹性和市场竞争力。

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

披露	年报相关部分	
利益相关者参与		
GRI 102-40	利益相关群列表	可持续报告概要 - 利益相关方的参与
GRI 102-41	集体谈判协议	没有任何集体谈判协议
GRI 102-42	利益相关方的识别和选择	所识别的主要利益相关方团体对新加坡公司的可持续表现有重大影响，或受到新加坡公司可持续表现重大影响
GRI 102-43	利益相关方的参与方法	可持续报告概要 - 利益相关方的参与
GRI 102-44	提出的主题和关心的问题	可持续报告概要 - 重要性评估
报告实践		
GRI 102-45	包含于合并财务报表中的实体	财务业绩
GRI 102-46	报告内容和主题界限的界定	可持续报告概要 - 关于本报告
GRI 102-47	重大主题列表	可持续报告概要 - 重要性评估
GRI 102-48	信息的重申	没有重要信息的重申
GRI 102-49	报告的变更	可持续报告概要 - 关于本报告
GRI 102-50	报告期间	2018年1月1日 - 2018年12月31日
GRI 102-51	最新报告发布日期	2017年3月
GRI 102-52	报告周期	每年
GRI 102-53	报告相关问题的联系方法	可持续报告概要 - 关于本报告
GRI 102-54	关于按照GRI标准出具报告的要求	可持续报告概要 - 董事会声明 可持续报告概要 - 关于本报告
GRI 102-55	GRI 内容索引	GRI 内容索引
GRI 102-56	外部鉴证	本年度可持续报告没有外部鉴证
管理方法		
GRI 103-1	关于重大主题及其界限的解释	可持续报告概要: 经济表现 环境合规 防止溢油 健康与安全 多元化与平等机会 采购实践 保护敏感信息 合规与内审 反贪污
GRI 103-2	管理方法及其组成部分	
GRI 103-3	管理方法的评估	
特定标准披露		
经济表现		
重大因素: 经济表现		
GRI 201-1	已产生和分配的直接经济价值	业绩亮点 可持续报告概要 - 经济表现 首席执行官致辞 财务业绩
环境		
重大因素: 环境合规		
GRI 307-1	违反环境法律法规的情况	可持续报告概要 - 环境合规

SUSTAINABILITY REPORT
可持续发展报告

披露	年报相关部分	
重大因素: 防止溢油		
GRI 306-3	严重溢油情况	可持续报告概要 - 防止溢油
社会		
重大因素: 工作场所健康与安全		
GRI 403-2	伤害类别,风险评估与事故调查	可持续报告概要 - 健康与安全 -工作场所环境
重大因素: 客户健康与安全		
GRI 416-2	有关产品和服务影响健康和安全的违规事件	可持续报告概要 - 健康与安全-客户
重大因素: 多元化与平等机会		
GRI 405-1	治理组织和雇员的多样化	可持续报告概要 - 多元化与平等机会
重大因素: 采购实践		
无	违法贸易制裁政策的举报	可持续报告概要 - 采购实践
重大因素: 保护敏感信息		
GRI 418-1	有关违反客户隐私权和遗失客户资料的实证投诉	可持续报告概要 - 保护敏感信息
治理		
重大因素: 合规与内审		
GRI 419-1	社会和经济领域中的违反法律法规的情况	可持续报告概要 - 合规与内审 合规与内审
重大因素: 风险管理		
无	根据风险管理委员会设定的限额,违反贸易限额的情况	可持续报告概要 - 可持续发展和风险管理 风险管理
重大因素: 反贪污		
GRI 205-3	经证实的贪污事件及采取的相应行动	可持续报告概要 - 反贪污 合规与内审

Handling of oil storage tank valves
开储油罐阀门

FINANCIAL REVIEW
财务业绩

EARNINGS ANALYSIS

The Group's revenue of US$20.61 billion for the financial year ended 31 December 2018 ("FY2018") was higher by 26.7% compared to US$16.27 billion for the financial year ended 31 December 2017 ("FY2017"), due mainly to the increase in oil prices which contributed 33.3% to the increase in revenue, partly offset by a 6.6% reduction in trading volume. Revenue from supply and trading of middle distillates increased 20.8% to US$12.36 billion on the back of higher oil prices.

Total supply and trading volumes was 34.85 million tonnes for FY2018, a decrease of 6.6% compared to 37.31 million tonnes for FY2017. Jet fuel supply and trading volume decreased 11.5% to 14.26 million tonnes for FY2018, compared to 16.12 million tonnes for FY2017, and accounted for 47.8% of the Group's total revenue in FY2018. Trading volume for other oil products, comprising mainly fuel oil and crude oil, decreased 0.88 million tonnes (5.0%) to 16.63 million tonnes in FY2018 and generated US$8.25 billion in revenue.

China remains the Group's largest market, accounting for 59.8% of the Group's revenue in FY2018, an increase of 12.4% compared to FY2017.

Gross profit increased by 29.2% to US$49.99 million for FY2018 compared to US$38.70 million for FY2017, mainly due to higher profits from the supply of jet fuel to China and higher gains from trading and optimisation activities. The comparatively higher year-on-year gross profit was also due to lower gains from trading and optimisation activities in FY2017 as markets reclined to backwardation in 3Q 2017 and further exacerbated by increase in supply and operational costs incurred due to various supply disruptions caused by weather and refineries outages.

Operating profit for the Group at US$28.43 million in FY2018 was higher than FY2017 by 40.2%, due largely to higher gross profit derived from jet supply and trading, partly offset by higher operating expenses. As a result of higher operating profit and share of results from associated companies, the group's profit before tax at US$100.54 million was higher by 9.5% compared to US$91.81 million for FY2017.

Total expenses increased 15.2% to US$25.54 million compared to US$22.18 million last year due mainly to higher interest expense, staff cost and rental expense.

The Group generated a net operating cashflow of US$150.84 million in FY2018, compared to net cash used in operating activities of US$27.24 million in FY2017. Cashflow from investing activities increased due mainly to higher dividend income from associated companies.

Whilst improving efficiency and operating under an acceptable risk level and vigilant risks control measures, the Group will persist in its global expansion in jet fuel supply and trading network, complemented with trading in other oil products as well as seek opportunities for expansion through investments.

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"), increased 0.8% to US$72.11 million for FY2018 compared to US$71.53 million for FY2017. Profit contribution from SPIA increased 1.6% to US$65.21 million compared to US$64.17 million last year as SPIA achieved higher operating profit as a result of higher oil price and higher refuelling volumes at Shanghai Pudong International Airport.

The share of profits from Oilhub Korea Yeosu Co., Ltd ("OKYC") was US$4.78 million in FY2018 compared to US$4.95 million in FY2017 due mainly to lower revenue from the impact of the reduction in tank storage fees.

Profit contribution from China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL") was US$2.28 million for FY2018 compared to US$2.61 million for FY2017 due mainly to fair value amortization adjustment on consolidation.

Share of profit from China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") decreased by 70.9% to US$0.17 million due mainly to the decrease in gross profit as a result of lower revenue vis-à-vis higher purchase cost.

FINANCIAL REVIEW
财务业绩

Contribution from the Group's interest in Aviation Fuel Supply B.V. ("AFS"), which was acquired in June 2018, was earnings accretive but immaterial.

The Group's share of loss in CNAF Hong Kong Refuelling Limited ("CNAF HKR") was lower at US$0.69 million for FY2018 compared to US$0.80 million for FY2017, an improvement of 13.1% due mainly to higher revenue generated from increased refuelling volumes.

NET PROFIT

The Group's profit before tax at US$100.54 million was higher by 9.5% compared to US$91.81 million for FY2017 due principally to the higher gross profit generated in FY2018.

Income tax expense decreased by 2.9% to US$6.68 million for FY2018 compared to US$6.88 million for FY2017 due mainly to the absence of one-off tax expenses incurred on the transfer of shareholding in OKYC in FY2017, partly offset by the increase in recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from the associates.

The Group's net profit in FY2018 was higher by US$8.93 million or 10.5% at US$93.86 million compared to US$84.93 million for FY2017. Earnings Per Share ("EPS") was higher at 10.91 US cents for FY2018 compared to 9.87 US cents for FY2017 and the Group's Return on Equity ("ROE") was higher at 12.6% compared to 12.4% in FY2017.

For FY2018, the Group is proposing a final dividend of 4.5 Singapore cents per share.

FINANCIAL POSITION

The Group continued to maintain a healthy balance sheet in FY2018. As at 31 December 2018, total assets amounted to US$1.65 billion, compared to US$1.91 billion in FY2017 due mainly to the decrease in accounts receivables and trade inventories.

CAO completed the acquisition of Navires Aviation Limited ("NAL") in June 2018. Through the acquisition, CAO is able to establish into-wing jet supply system at four European airports namely, Schiphol Airport, Brussels Airport, Frankfurt Airport and Stuttgart Airport. There was no material impact on the earnings per share or net tangible assets per share of the Group for FY2018. NAL was renamed China Aviation Fuel (Europe) Limited ("CAFEU") in July 2018.

The Group's liquidity and debt servicing ability remained strong. As at 31 December 2018, the Group's cash and cash equivalents were US$357.69 million, compared to US$300.04 million as at 31 December 2017. As at 31 December 2018, the Group's current ratio and quick ratio were 1.52 and 1.39 respectively (31 December 2017: 1.33 and 1.16 respectively). The Group's total trade and banking facilities amounted to US$2.94 billion as at end 31 December 2018.

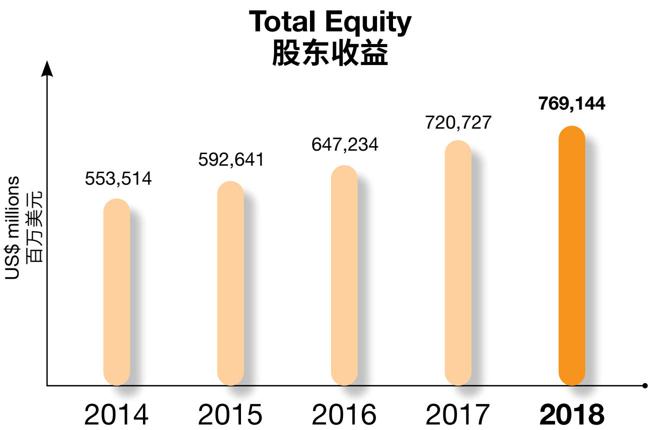
The Group's net assets stood at US$769.14 million or 89.42 US cents per share as at 31 December 2018, compared to US$720.73 million or 83.79 US cents per share as at 31 December 2017. The increase in net asset value per share was attributable mainly to the earnings generated in FY2018 less dividends paid in respect of FY2017. The Group continues to monitor its overall liquidity position to support its growing business. The Group's principal sources of cashflows are from its supply and trading business operations as well as dividends received from its investment in associates.

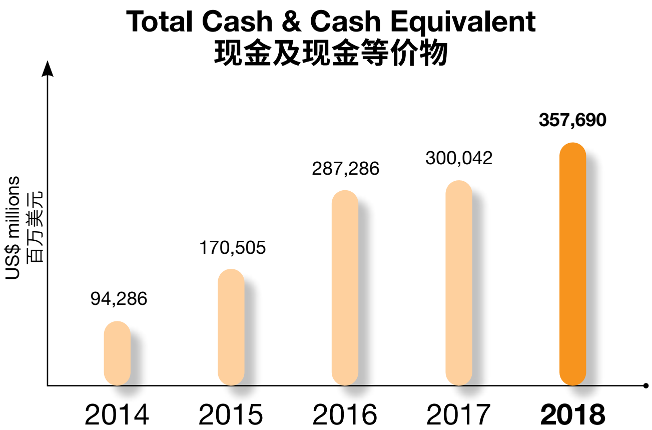
The Group continues to maintain a healthy bank balance, exercising stringent credit management even as it continues to focus and strengthen credit control, receivables as well as working capital management, while proactively seeking synergetic and strategic asset investment opportunities to diversify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

ECONOMIC VALUE ADDED

Economic Value Added ("EVA") profit for FY2018 was US$45.38 million, an increase of 8.9% or US$3.70 million from US$41.68 million for FY2017, mainly due to the increase in net earnings on the back of higher capital employed. Accounting net profits increased 10.5% year-on-year to US$93.86 million for FY2018, compared to US$84.93 million for FY2017. To reward shareholders, the Directors have proposed a first and final dividend in cash of 4.5 Singapore cents per share for FY2018 (FY2017: 4.5 Singapore cents). The Group will continue to focus on improving efficiency to create value for shareholders and remain prudent in financial management.

5-YEAR FINANCIAL SUMMARY 五年财务摘要	2014	2015	2016	2017	2018
INCOME STATEMENT (US$'000) 损益表（千美元）					
Revenue 营业额	17,061,031	8,987,487	11,703,191	16,267,606	20,611,954
Gross Profit 毛利	27,397	35,444	44,050	38,703	49,994
Associated Companies 联营公司	43,194	42,296	66,363	71,534	72,109
Net profit attributable to equity holders of the Company (PATMI) 可向股东分配净利润	49,160	61,281	86,457	84,927	93,858
BALANCE SHEET (US$'000) 资产负债表（千美元）					
Total assets 总资产	1,378,715	845,517	1,341,970	1,909,809	1,653,568
Total Equity 股东权益	553,514	592,641	647,234	720,727	769,144
Cash and Cash equivalent 现金及现金等价物	94,286	170,505	287,286	300,042	357,690
FINANCIAL RATIOS 财务比率					
Earnings per share (US cents) 每股收益（美分）	5.72	7.12	10.05	9.87	10.91
Net Asset Value per share (US cents) 每股净资产值（美分）	64.35	68.90	75.24	83.79	89.42
Return on Equity 净资产回报率	9.1%	10.7%	14.0%	12.4%	12.6%
Return on Assets 资产回报率	3.5%	5.7%	7.8%	5.7%	5.6%
Debt Equity Ratio 股本带息负债率	0.0%	0.0%	15.4%	16.6%	0.0%





FINANCIAL REVIEW
财务业绩

盈利分析

截至2018年12月31日（"2018财年"），公司总收入为206.1亿美元，相比2017年12月31日（"2017财年"）的162.7亿美元增涨26.7%，主要是因为油价上涨，收入增长33.3%，贸易量减少6.6%，抵消了部分涨幅。由于油价上涨，中馏分供应与贸易收入增长20.8%至123.6亿美元。

2018财年供应与贸易总量为3,485万吨，比2017财年的3,731万吨下降6.6%。航油供应与贸易量从2017财年的1,612万吨下降至2018财年的1,426万吨，降幅为11.5%，占公司2018财年总收入的47.8%。其他油品贸易量（主要来自于燃料油和原油）在2018财年下降88万吨（5.0%）至1,663万吨，贡献82.5亿美元收入。

中国依然是公司的最大市场，占公司2018财年收入的59.8%，同比增加12.4%。

2018财年毛利增长29.2%至4,999万美元，2017财年毛利为3,870万美元，主要是供应中国的航油业务利润和贸易优化业务收益增加。毛利较上年同期有所上升，也是由于2017财年贸易和优化业务的收益减少，市场在2017年第三季度转为现货溢价结构，以及由于天气因素和炼厂大火导致航油供应运作成本增加。

公司2018财年的营业利润为2,843万美元，比2017财年增加40.2%，主要是因为航油供应与贸易带来的毛利增加，部分抵消了较高的运营费用。由于营运利润和联营公司投资收益增加，公司税前利润比2017财年的9,181万美元增长9.5%至1.0054亿美元。

2018财年累计总费用为2,554万美元，相比上年同期的2,218万美元增涨15.2%，主要是利息费用、职工薪酬和租金费用增加。

2018财年经营活动产生的净现金流入为1.5084亿美元，2017财年的经营活动现金为净流出2,724万美元。投资活动的现金流入增加，主要是来自联营公司的股息收入增加。

公司将在可接受的风险水平和警惕的风险控制措施下，继续全球性扩展航油供应与贸易网络，并辅以其他油品，通过投资寻求扩张机会。

来自联营公司投资收益

2018财年联营公司投资收益为7,211万美元，相比上年同期的7,153万美元增涨0.8%，主要来自上海浦东国际机场航空油料有限公司（简称"浦东航油"）的投资收益增加。2018年来自浦东航油的投资收益为6,521万美元，相比上年同期的6,417万美元增涨1.6%，主要由于浦东航油量价齐涨增加公司经营利润。

2018财年来自Oilhub Korea Yeosu Co., Ltd（简称"OKYC"）的投资收益为478万美元，上年同期为495万美元，主要是因为储罐租赁费减少导致收入降低。

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228万美元，上年同期为261万美元，主要是因为公允价值摊销费用调整。

中国航油集团新源石化有限公司（简称"新源公司"）的投资收益减少70.9%至17万美元，主要因为采购成本升高，使得毛利降低。

公司于2018年6月收购AFS为公司贡献了利润，但没有实质性的影响。

中国航油香港供油有限公司（简称"香港供油公司"）的投资收益为亏损69万美元，2017财年为亏损80万美元，减亏13.1%，主要因为供油公司目前的加注量增加的收入尚不足以抵消其行政及财务费用。

净利润

2018年公司税前利润较2017财年的9,181万美元增长9.5%至1.0054亿美元，主要因为毛利增加。

2018财年所得税费用为668万美元，比上年同期的688万美元减少2.9%，主要是由于2017财年OKYC股权转让支付一次性税费支出，这部分被来自于联营公司未分配利润增加确认的递延所得税负债增加所抵消。

公司2018财年净利润为9,386万美元，比2017财年的8,493万美元增长了893万美元，增幅为10.5%。公司2018财年每股净利润（"EPS"）为10.91美分，高于2017财年的9.87美分，净资产收益率（"ROE"）为12.6%，高于去年的12.4%。

公司提议2018财年的最终股息为每股4.5分新元。

财务状况

2018财年公司资产负债状况健康。截至2018年12月31日，总资产为16.5亿美元，2017财年为19.1亿美元，主要是由于应收账款和贸易库存减少。

2018年6月，CAO完成对Navires Aviation Limited（简称"NAL"）的收购。通过此次收购，公司能够在欧洲史基浦机场、布鲁塞尔机场、法兰克福机场和斯图加特机场四个机场建立飞机加注供应系统。这对公司2018财年的每股收益或每股有形资产净额没有实质性影响。NAL于2018年7月更名为中国航油（欧洲）有限公司（简称"CAFEU"）。

公司的流动性和偿债能力依然稳健。截至2018年12月31日，公司现金和现金等价物为3.5769亿美元，截至2017年12月31日是3.0004亿美元。截至2018年12月31日，公司的流动比率和速动比率分别为1.52和1.39（截至2017年12月31日分别为1.33和1.16）。2018年末，公司的总贸易和银行授信额度为29.4亿美元。

截至2018年12月31日，公司净资产为7.6914亿美元，每股净资产为89.42美分，而截至2017年12月31日，公司净资产为7.2073亿美元，每股净资产为83.79美分。每股净资产的增加主要由于2018年盈利的增加，部分被支付的2017财年股息所抵销。

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

公司的信用情况依然稳健，严格管理信用风险，持续关注信用控制，加强应收账款和流动资金管理，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

2018财年经济增加值为4,538万美元，相比上年的4,168万美元增加370万美元，涨幅为8.9%。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。净利润相比2017财年的8,493万美元增长10.5%至9,386万美元。为了回报股东，董事会提议2018财年每股4.5分新元的股息（2017财年：4.5分新元）。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。

Oil storage facilities at CNAF
CNAF储罐设施

RISK MANAGEMENT
风险管理

The global oil market was beset by turbulence and volatility in 2018. Heightened uncertainty including the US-China trade conflict, US sanctions against Iran, increasing crude output from the United States, Russia and OPEC, as well as credit risks arising from geopolitical conflicts, natural disasters, OPEC negotiations and exchange rate fluctuations impacted the operating environment of CAO. Against a backdrop of volatile oil prices, the Brent Crude rose to US$85.45 per barrel in October 2018 from US$67.89 per barrel at the beginning of 2018 and thereafter, fell to US$53.06 per barrel at year end.

Despite persistent challenges from US-Iran sanctions, trade tariffs arising from US-China trade conflict, geopolitics and a stronger US dollar, the Group maintained a rigorous and proactive approach to risk management. With effective risk management bolstering the operational competitiveness of the Group, CAO once again demonstrated the resilience of its business model while continuing to expand the provision of services to end customers globally and lifted the Group's business performance to deliver a standout performance with record revenue and net profit for FY2018.

FOCUSED AND DISCIPLINED APPROACH

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

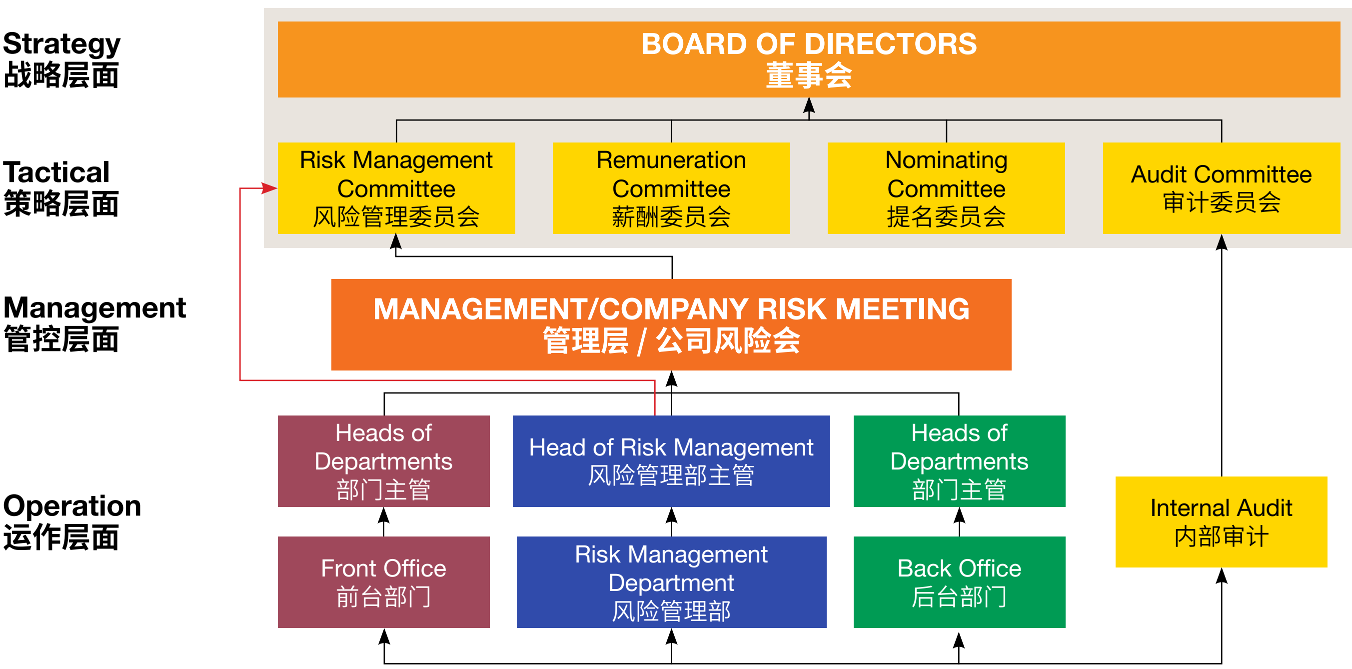
1. risk management framework, policies and processes;
2. risk management strategy;
3. five key risks and mitigation strategies;
4. comprehensive Enterprise Risk Management;
5. market risk management and sensitivity analysis; and
6. credit risk management and concentration analysis.

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

Our risk management foundation is built upon three pillars namely:

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

Robust Management Control Structure
严谨的管理控制架构



To manage the full range of risks to which it is exposed, CAO relies on its four-tier risk management framework and reporting structure to analyse, assess and identify various risks to effectively mitigate and manage the risk exposure faced by the Group's expanding globalised business operations and ensure continued healthy business growth. 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 has principal oversight and responsibility on the management of the various risks the Group faces. Ultimately, all risk management activities are reported to the Board of Directors ensuring high quality, compliance and effective risk management.

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

At the management level, the Company Risk Meeting ("CRM") plans and implements risk management activities to control risks such as market, credit, operational, enterprise, compliance and reputational risks. The CRM operates within the delegated authority set at the RMC level 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 operation 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 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

As the Group expands its global footprint, increasing global operations pose a wide range of risks spanning financial, political, operational, social or environmental. These include exposure stemming from changes to regulatory and operational conditions in certain regions, fluctuations in currencies and volatility in oil prices. Against a dynamic and ever-changing environment, CAO continued to strengthen the resilience of its businesses through focused risk management. To better manage the exposure of the Group's growing business portfolio, CAO has continually strengthened the credit risk management team as part of an enhanced global credit risk framework to manage growing uncertainties in the Group's key markets.

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

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

RISK MANAGEMENT
风险管理

In 2018, the Group continued to improve and strengthen its risk management and internal control processes to better support the global supply and trading activities of its multi-product portfolio, which included jet fuel, fuel oil and crude oil. During the year, the company has initiated and completed an in-depth comprehensive risk and mitigation review to assess company-wide risks and update the Group's enterprise risk register to eliminate possible blind spots and reduce its impact on CAO.

In addition to conducting regular market risk stress tests on positions held by the Group, the risk team conducted enterprise-wide stress tests in 2018 on the impact that an escalating US-China trade conflict and Iran sanctions scenarios may 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 of Directors and management team are regularly updated on the mitigation measures in place to manage the various risks and the implications and potential impact on the Group's business operations.

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, the Group also analysed and determined the top five risks in CAO's operating environment in 2018 from an internal assessment.

No.	Assessed Significant Risks	Mitigation Strategies	Impact
1	Trading counterparty credit risk	i. Set appropriate portfolio credit limit for all trading counterparties ii. Conduct annual review on active counterparties iii. Strengthen the credit risk management team iv. Implement credit mitigation measures, such as Letters of Credit, prepayments, credit insurance, etc v. Credit Committee assesses credit risk associated with the Group's counterparties, setting internal limits and monitoring exposures	High
2	Regulatory risk - such as liberalisation of the jet fuel import market in the PRC	i. To establish a diversified portfolio and leverage on the structural advantages of the supply and trading network ii. To improve logistics efficiencies and extend value chain to establish a comprehensive and systematic global jet fuel supply and trading network	Mid
3	Human resource risk	i. Implements a competitive compensation package ii. Provides competitive employee benefits iii. Implements a career progression & development plan for employees iv. Implements succession plan to address key personnel risks	Mid
4	Single product strategic risk	i. Adopts product diversification strategy to develop supply and trading capabilities in other oil products ii. Seeks to build structural advantages for other oil products through securing supply contracts and investing in synergetic assets to support trading activities	Mid
5	Investment strategy risk	i. 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 ii. Continuously refine the Group's investment portfolio through acquisitions and invest in synergistic, earnings accretive assets	Mid

COMPREHENSIVE ENTERPRISE RISK MANAGEMENT

Recognising that risk management plays a critical role in business sustainability, CAO has adopted Enterprise Risk Management ("ERM") practices to identify and manage the various types of risks the Group's globalised operations is exposed to. Building on the ERM practices, the risk management team is able to identify, analyse and prioritise key risk factors faced by the Group, and develop action plans to mitigate identified risks. On an ongoing basis, CAO risk team ensures that these mitigating action plans are executed as planned by respective risk owners from various business units and functions. This elaborate 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, which is reviewed semi-annually. During the review process, each risk entry is quantified based on impact and probability and ranked, so as to prioritise significant potential risks by order of importance.

Besides the Risk Register being a critical component of ERM, the Company Risk Management ("CRM") committee, comprised of senior management team and heads from various business functions, is an important channel for discussing risk-related topics and issues. Through monthly CRM meetings, as well as ad-hoc ones and e-mail circulation, potential risk factors identified in daily business operations are discussed and evaluated on a timely basis.

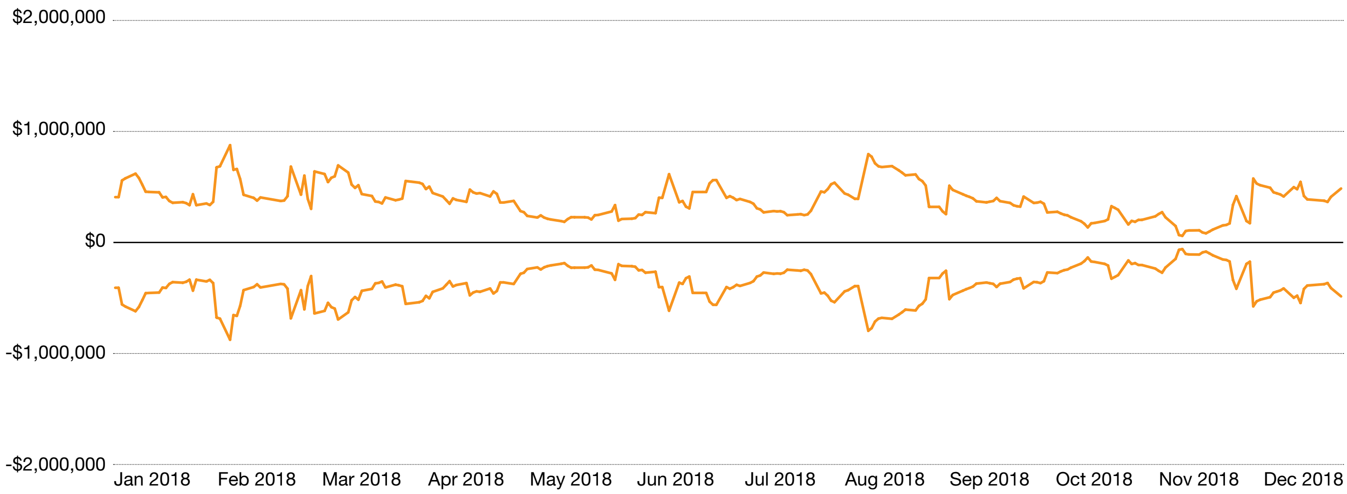
MARKET RISK MANAGEMENT AND SENSITIVITY ANALYSIS

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 on a daily basis to the management team.

The Market Value at Risk ("MVaR") is used as a basic tool to measure market risk. All physical and financial contracts are subject to MVaR limits and valuation of the holding portfolio is monitored on a daily basis. A set of market risk limits, which are delegated by the Board, include Volumetric limits, MVaR, Management Alert Triggers and Stop-Loss limits which are measured and monitored daily, with back-testing conducted regularly to ensure the suitability of CAO's MVaR model.

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

2018 MVaR UTILISATION
2018年全年公司市场风险值使用情况



RISK MANAGEMENT
风险管理

Our commitment to business excellence is driven by our unwavering focus on strong corporate governance and prudent risk management
我们始终践行稳健的公司治理与审慎的风险管理，致力于企业卓越经营

Notwithstanding the high volatility in the market environment, the Group's risk appetite remained cautious and measured. The daily MVaR utilisation rate, based on a 95% confidence interval, has remained stable, registering an average MVaR utilisation of US$383,000 in 2018.

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. It is thus, one of the most significant measurable risks faced by CAO.

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

i. credit default risk is the risk of losses arising from a counterparty being unable to pay its obligations in full;
ii. concentration risk is the risk posed to a company by any single or group of exposures which have the potential to produce losses large enough to threaten the ability of the company to continue operating as an going concern; and
iii. 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 credit risk, counterparties' credit worthiness is evaluated periodically based on their financial standings, operating and payment track record as well as stringent background checks. Actual credit terms and limits to be granted are derived based on information obtained.

Notwithstanding the volatile operating environment and global macroeconomic uncertainties, the Group has continued to maintain prudent credit risk management practices with tightened measures in place including:

i. conducting deep-dive reviews on high risk counterparties or industry segments, allowing the Group to adopt pre-emptive measures and actions to avert potential credit events;
ii. developing in-house accounts receivables monitoring and reporting system for aviation marketing customers to better support the growth of aviation marketing business within the Group; and
iii. enhancing the credit insurance coverage to better support the Group's expanding global business activities through mitigation of potential credit losses.

Our concentration risk profile of accounts receivables are as follows:

By Country

As of 31 December 2018, our geographical exposure was predominantly Singapore (69.4%), followed by China (23.6%), and Hong Kong SAR (1.9%), which made up more than 95% of the Group's total exposure.

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

By Internal Credit Rating

As of 31 December 2018, in terms of internal credit rating, the Group's exposure was mainly from Grade B1 (19.2%) and Grade B2 (39.2%) counterparties, which made up 58.4% of our exposure.

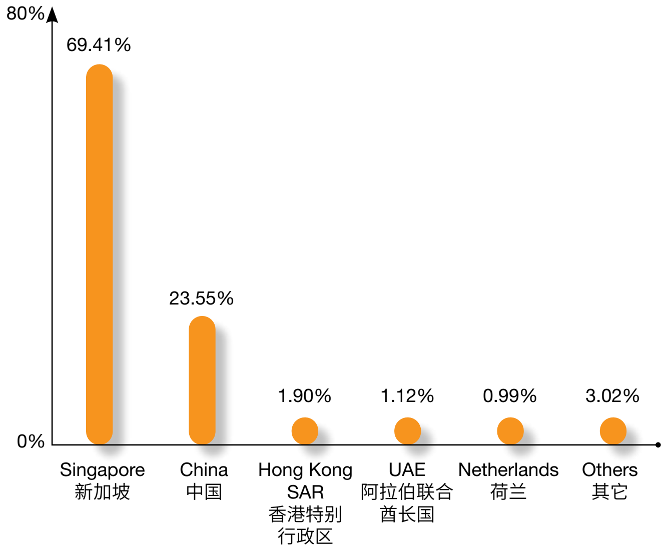
During the fiscal year, the exposure from these internal ratings of Grade A1 to B2 equivalent of investment-grade made up more than 58% of the Group's exposure. The overall portfolio was in good position.

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

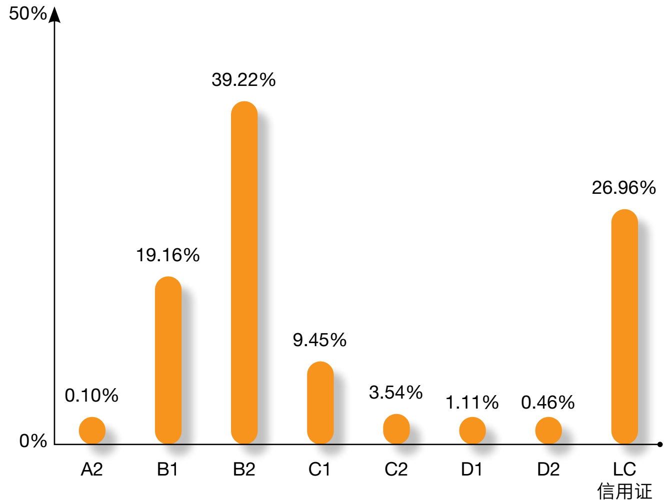
The Group also employed credit enhancement or mitigation tools where necessary. These included obtaining parental company guarantees, cash collateral, letter of credit from investment-rated banks and off-set clause in contracts. Such enhanced measures allowed the Group to be better equipped in managing risks in daily trading activities.

Risk management in CAO remains an integral part of the Group's strategic and operational management. The Group is committed to further inculcate a risk awareness culture, continuously enhance its risk management processes and capabilities, to ensure that the Group's organisational structure remains robust and efficient, in order that CAO remains well-positioned for profitable growth.

AR Exposure by Country
按国家和地区划分的应收帐款



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



RISK MANAGEMENT
风险管理

2018年，国际油品市场形势错综复杂，市场持续震荡波动。CAO的整体经营环境充满各种不确定因素，中美贸易摩擦，美国经济制裁伊朗，美国、俄罗斯及石油输出国组织原油增产，加上信用事件时有发生——地缘政治事件、自然灾害、石油输出国组织谈判和汇率变化，油价在2018年波动显著。2018年，布伦特原油价格从年初的每桶67.89美元升至10月每桶85.45美元的顶点后又大幅下跌至年末每桶53.06美元。

尽管面临各种外部事件的持续挑战，如美国制裁伊朗、中美关税贸易摩擦、地缘政治危机、美元走强等，但公司在风险管理方面继续贯彻严格与积极的态度。在风险管理对公司竞争力的有效支持下，CAO再次证明了其商业模式的韧性，继续扩大在全球的终端客户服务网络，并最终在2018年呈现强劲的业绩，营业收入和净利润创新高。

集中化管理

作为风险文化的一部分，CAO继续积极开展并改善集中化风险控制与支持网络，以支持公司在全球的业务拓展。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；以及
6. 信用风险管理及集中度分析。

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；以及
3. 系统、流程和人员。

对于公司所面对的各层风险，CAO依靠现有的四层风险管理构架和报告机制，及时分析、评估和报告各项风险，有效的管控了国际贸易和企业运营中的各项风险，确保了公司业务整体上平稳和健康发展。公司的四层管理与控制架构确保了公司的有效治理，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，确保风险管理工作高质量、合规范以及有效果。

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

在管控层面，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理活动的组织和实施。CRM主席由风险管理部主管担任，既向管理层汇报，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。多年来，风险管理团队设立了风险管控框架，包括识别、汇报和监控公司在新加坡、香港特别行政区、洛杉矶以及伦敦的油品供应与贸易业务。新壮大的风险管理团队拥有如全球风险管理专业人士协会（GARP）所认证的能源风险专业证书（ERP）和金融风险管理师（FRM）等专业资质，他们在信用、市场和企业风险的专业知识有效的帮助全球风险管理的日常运营与管理，协助管理层实施并实现战略业务目标。

风险管理策略

随着公司在全球范围内业务的增长，包括金融、政治、运营、社会或环境等方面的风险也不断增加。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。面对变幻莫测的市场环境，公司继续通过加强风险管理来巩固业务。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。

在2018年,公司持续优化风险管理架构,对多产品业务的全球供应与贸易提供了有力的支持,并通过风险管控流程的强化,推进航油、燃料油和原油的国际贸易业务。同时,公司完成了风险大排查工作,对公司整体风险状况进行了全面、细致的评估,进一步完善公司的风险列表,设立合理的应对策略,消除风险管控中的盲点。

除了对持仓进行定期的市场风险压力测试之外,公司在2018考虑到中美贸易摩擦不断升级和美国针对伊朗经济制裁的场景,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

CAO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2018年公司经营前五大风险。

企业全面风险管理

鉴于风险管理在企业可持续发展中的关键作用,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,并由各业务部门各自的风险负责人制定计划以降低风险,确保缓解措施到位,关键风险得到持续、积极、有效的监控和管理。

企业风险管理注册表通过自上而下和自下而上两种方法来收集信息、汇总成为公司风险注册表;该企业风险注册表每半年进行一次更新。注册表中每个注册项通过对影响力和可能性的量化进行估值和排序,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。

序号	评估的重大风险	采取的管理策略和解决方案	影响程度
1	贸易对家信用风险	i. 设立恰当的对家(全球)总信用限额 ii. 每年对活跃对家做复审 iii. 增强信用管理团队的人员 iv. 实施信用缓解措施,如信用证、预付款、信用保险等 v. 通过信用委员会统一管理信用风险相关事宜	高
2	政策风险—如中国航油市场开放	i. 利用供应与贸易网络的结构性优势,建立多元化业务 ii. 提高物流效率和拓展价值链,建立一个综合机制的全球航油供应与贸易网络	一般
3	人力资源风险	i. 制定具有竞争力的薪酬配套 ii. 有竞争力的员工福利 iii. 制定人员发展计划 iv. 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	i. 执行产品多元化战略,开发其它油品的供应与贸易能力 ii. 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	i. 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。 ii. 通过收购活动不断完善公司的投资组合,推进协同性资产投资,增加利润来源。	一般

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，并且每日向管理层进行汇报。

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

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

作为量化技术分析的有效方法，市场风险值（简称“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2018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，2018年公司整体的每日市场风险值平均使用率为38.3万美元。

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：

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

为了积极管理信用风险，我们通过观察其财务状况、运营和付款记录以及进行背景调查等方式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2018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，采取了以下措施：

i. 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；
ii. 由公司内部研发了航空营销客户的应收账款监控和汇报系统，以支持公司的航空营销业务的增长；以及
iii. 优化信用保险覆盖范围，通过减少潜在的信用损失，支持公司日益扩展的全球业务活动。

我们应收账款的集中度风险状况如下：

根据国家

截至2018年12月31日，根据对家公司的注册地，我公司的信用敞口仍主要来自新加坡(69.4%)，中国(23.6%)和香港特别行政区(1.9%)，占总敞口95%以上。

从整个财年来看，信用敞口主要来自中国、新加坡和香港特别行政区。公司会继续在这三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2018年12月31日，内部信用评级方面，信用敞口主要来自于评级B1(19.2%)和B2(39.2%)级别的贸易对家，占总敞口58.4%。

2018财年，公司对信用评级为A1，A2,B1和B2类似于投资级别的对家占总敞口的58%，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，必要时会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。这些强化措施使得公司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重要组成部分。公司仍致力于持续提升风险意识，并将不断加强风险管理过程和能力，以确保公司治理结构稳定有效，业绩稳步发展。

COMPLIANCE AND INTERNAL AUDIT

合规与内审

In a dynamic and increasingly complex business environment, safe, responsible and transparent business practices are essential to growing sustainably as an international enterprise. CAO recognises the growing expectations of shareholders, investors, customers and employees and is committed to maintain business operations and reputational resilience as we work to deliver sustainable business performance whilst ensuring integrity and compliance in everything we do.

LEADING THE WAY

CAO's Board of Directors recognises that good governance is instrumental in driving progress, and under the mandate of the Board of Directors and led by CAO management team, the Compliance and Internal Audit ("CIA") function supports the Group's business activities through increasing the effectiveness of internal controls to enhance the effectiveness of governance as well as its financial and business operations with suitably designed monitoring measures and sustainably responsible business practices to drive the Group's competitiveness and secure the long-term development of CAO.

The Sustainability Task Force ("STF"), comprised of representatives from business functions across the Group and CIA function have been and continue to be an important driver in promoting ethical behaviour and inculcating corporate values amongst CAO employees. The Group has established a sound system of compliance oversight based on the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") framework approach to develop and monitor the effectiveness of its internal controls, keeping pace with a complex and evolving regulatory environment as CAO's global business footprint grows. In parallel to our efforts to strengthen the fundamentals of our business, CAO constantly work to identify and comply with applicable local, and international trade legislations and regulations in regions where CAO operates, and at the same time, continually strengthen the management of compliance risks such as anti-trust and competition laws, anti-corruption, occupational safety, health and environmental regulations, data protection, insider-trading and fraudulent activities against the Group.

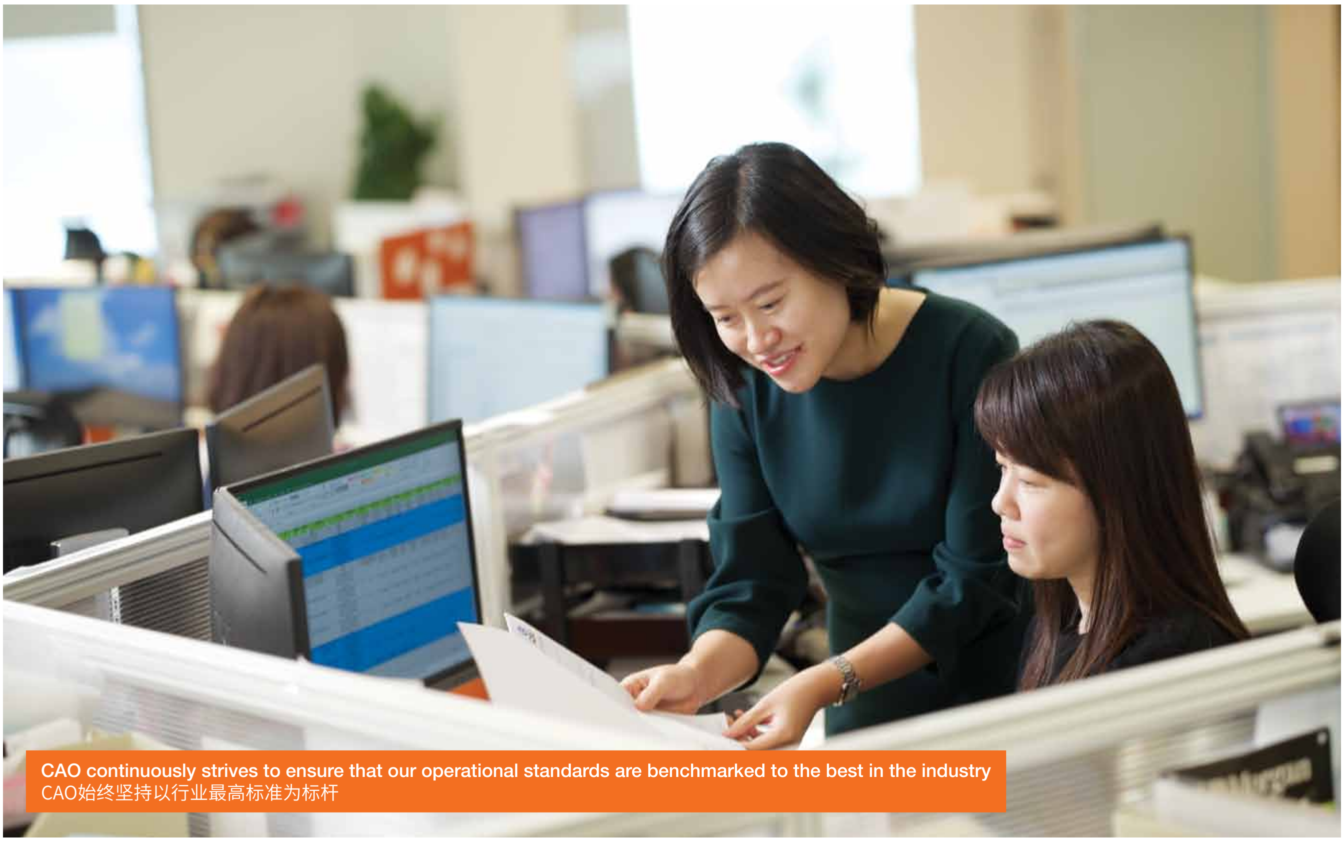
Through a comprehensive set of Standard Operating Procedures ("SOPs") that serves as a system of checks and balances on the Group's operational processes and business activities worldwide, these guidelines and established standards ensure responsible business practices through standardisation and consistent implementation of processes or procedures within the Group globally. The SOPs are periodically reviewed by auditors for compliance with organisational and business requirements. During the year, the CIA team has conducted an extensive SOPs review exercise spanning across business functions to further streamline the Group's internal processes and procedures for improved transparency, efficiency and effectiveness.

With the escalation of global trade tensions and increased regulatory uncertainty in 2018, the Group stepped up its compliance approach during the year. In particular, attention was focused on adherence to international trade sanctions regulations, leveraging on risk intelligence tools to enhance compliance strategy to address financial crime, bribery, and corruption. These tools allowed CAO to conduct in-depth screening of trade counterparties and provide real-time monitoring of politically exposed persons including heightened risk individuals and entities to facilitate timely response in a constantly changing regulatory landscape. In situations where the assessment of trade sanction risks for example require clarification, the CIA team works together with the legal and risk management teams to evaluate compliance requirements with a focus to integrate compliance actions into daily operations at the business level.

CAO's compliance culture permeates across the entire Group and is embedded in the Group's corporate values of Fairness, Integrity, Innovation and Transparency, which forms the basis on which its Code of Conduct and Ethics is built upon and applies to all CAO employees, irrespective of country and regional entities and business functions. The Code is supplemented by internal policies and measures which help to provide detailed guidelines on responsible and reliable business conduct.

As CAO enlarges its global presence, the Group faces a wider array of business and compliance risks, including those associated with bribery and corruption. Nonetheless, we stand by our corporate values of Fairness, Integrity, Innovation and Transparency, regardless of what might be seen as customary or acceptable in any given

COMPLIANCE AND INTERNAL AUDIT
合规与内审



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

market. In 2018, the Group further tightened both the administration and thresholds of its Corporate Gifts and Entertainment Policy so as to promote sustainable business engagements with the Group's stakeholders including employees, business partners, suppliers and shareholders appropriately. In addition, the Group has also increased focus and worked to improve areas such as general business procurement practices and enhanced due diligence processes on relevant service providers and agents to ensure a fair procurement process with the highest level of transparency in dealing with vendors and, at the same time, strengthen the Group's compliance requirements. CAO believed that these measures collectively support the Group's efforts against kickbacks, facilitation payments and any other forms of offer.

The Group's whistle-blowing channel is accessible through the corporate website - www.caosco.com to ensure that concerns may be reported, investigated and duly addressed. During the year, there have been no issues raised through the whistle-blowing channel.

To bolster CAO employees' awareness of the Group's compliance requirements, the CIA team has in place an interactive web-based training program to ensure that employees at all levels across the Group are and remain adequately knowledgeable and skilled to apply legal, regulatory and other compliance requirements in their daily work. Other information sharing sessions such as Lunch & Learn workshops are also organised to address common issues frequently encountered by CAO employees in their daily work. In total, over 80% of CAO global workforce participated in compliance related training in 2018.

In line with the Board of Directors' commitment to maintain high ethical standards which are integral to CAO's corporate identity and business, the Group has in place internal management directives, guidelines and policies, which crystallise CAO's business practices that are geared towards the accomplishment of the Group's strategic targets while ensuring a high level of compliance, governance and internal controls.

STAYING AHEAD

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 team aims to provide reasonable assurance to the Group's management team that appropriate control measures are in place to address significant concerns in its global business environment. In recognition of the central importance of the CIA function, the head of Compliance and Internal Audit reports directly to the management team as well as the Audit Committee directly on the implementation and progress of compliance and internal audit matters including compliance violations and audit findings.

The CIA function plans periodic internal audit reviews and the scheduled plan is submitted to the Audit Committee for approval annually. The approved audit reviews will be conducted by a team of qualified professionals from an international auditing firm covering 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 findings, internal control deficiencies and systems weaknesses, which might possibly impact Group operations, and are submitted to the Audit Committee as well as the Board of Directors on a quarterly basis. Corrective actions are subsequently implemented within a reasonable time frame.

STAYING VIGILANT

CAO believes that staying vigilant and being prepared for adverse business scenarios are the best safeguards against possible business disruptions. Also, maintaining vital capabilities to continue critical business functions operationally with minimum impact in the event of a crisis is imperative for the Group. To manage a level of operational readiness, CAO has in place a group-wide Business Continuity Plan ("BCP") that integrates with the IT Disaster Recovery Plan ("DRP"), establishing the guidelines, structure and support framework necessary to ensure appropriate emergency escalation response, resumption and recovery of key business functions and processing resources in a timely manner coupled with effective communication channels among the Group's key management team and employees globally.

Against a backdrop of ever-changing business environment, potential strategic, operational, financial and reputational impact from potential, direct and indirect incidents such as oil spills and cyber-security breaches that may affect CAO are considered and reviewed on a regular basis. During the year, CAO conducted a group-wide BCP and DRP drill with a desktop simulated crisis exercise at a pre-determined and identified disaster recovery site. CAO senior management team, together with key personnel from front office to back-end and support functions were involved in the simulated crisis scenario with concurrent participation from CAO subsidiaries worldwide. The exercises were successfully conducted with minimal downtime for ongoing business applications.

Following the improvements and enhancements to the compliance framework and processes in 2018, the Group is focused and committed to ensuring consistency in business practices application and effectiveness of internal controls processes wherever we operate. Guided by our corporate values and Code of Conduct, CAO will strive to ensure that compliance is a central pillar of our management and an integral part of our corporate culture whilst maintaining the highest level of ethical integrity as we work towards sustainable growth.

COMPLIANCE AND INTERNAL AUDIT
合规与内审

CAO encourages small group discussions amongst employees to facilitate exchange of ideas and best practices
公司积极鼓励员工小组讨论以促进最佳实践的交流

在不断变化且日益复杂的商业环境中，安全、负责任和透明的商业实践对国际企业的持续成长至关重要。鉴于股东、投资者、客户和员工对公司的期望越来越高，公司致力于保持良好的业务运营和声誉，同时确保公司所做的每件事都保持诚信和合规。

合规为导向

CAO董事会认识到良好的公司治理有助于推动进步，在董事会的授权和CAO管理层的领导下，合规与内审（简称“CIA”）部通过增加内部控制的有效性，提高治理以及财务和业务运作的效率，通过设计适当的监控措施和可持续、负责任的业务实践支持公司的业务活动，提升公司的竞争力并确保长期发展。

可持续发展工作组（简称“STF”）由公司各业务部门和合规与内审部的代表组成，工作组将一如既往地在促进员工道德行为和灌输企业价值方面发挥重要的推动作用。公司参照Committee of Sponsoring Organisations of the Treadway Commission（简称“COSO”）组织框架，制定了较为完善的合规监管体系，发展并监控内部控制的有效性，在CAO全球业务增长的情况下，也能跟上复杂多变的监管环境。CAO在努力加强业务基础管理，深入认识并遵守经营所在地适用的当地和国际贸易法律法规的同时，也不断加强合规风险管理，如反竞争法、反贪污、职场安全、健康和环境法规、数据保护、内幕交易以及对公司的欺诈活动。

公司通过实施一套完整的标准操作程序（简称“SOPs”），为其全球的运营程序和业务活动提供监管和制衡，通过在全球执行标准统一的操作程序，这些指导方针和已有标准能确保其业务实践对社会负责。审计师会对SOPs进行定期审阅，检查是否符合企业和业务的合规要求。本年度，合规与内审部全面回顾了多个业务部门的SOPs，进一步精简内部程序，以提高透明度和效率。

2018年，随着全球贸易紧张局势升级和监管不确定性增加，公司加大了合规力度。公司特别关注遵守国际贸易制裁法规，借助风险情报工具加强合规战略，以应对金融犯罪、贿赂和腐败。这些工具有助于CAO对贸易对家进行深入筛查，并对政治敏感人物，包括高风险个人和实体进行实时监测，以便在不断变化的监管环境中及时做出反应。在某些情况下，合规与内审部与法律部和风险管理部会一同评估贸易制裁风险，审阅相关的合规要求，并将合规操作融入到日常的业务运营。

CAO的合规文化深植于整个公司，渗透在企业价值，即公平、诚信、创新和透明当中，构成了行为和道德准则的基础，并适用于CAO在任何国家和地区的实体和业务部门的所有员工。内部政策及措施对负责任及可靠的业务行为提供详细的指引，进一步补充了准则。

随着CAO扩大其全球业务，公司面临着更大的业务和合规风险，包括贿赂和腐败的相关风险。尽管如此，公司坚持公平、诚信、创新和透明的企业价值观，无论市场将什么视为常规或惯例。2018年，公司进一步收紧了公司礼品和招待政策的管理和门槛，以促进与公司利益相关者的可持续业务合作，其中包括员工、业务伙伴、供应商和股东。此外，公司还加

强重点并努力改善一般业务采购实践、增强对相关服务商和代理的尽职调查流程等领域，以确保公平的采购流程以及最高水平的透明度，同时加强公司的合规要求。CAO相信这些措施都有助于公司杜绝回扣、促进支付以及任何其他形式的要约。

任何人可以通过公司外网www.caosco.com进行举报，公司将进行调查和处理。本年度，没有任何人通过举报渠道向公司提出问题。

为了提高CAO员工对合规要求的意识，合规与内审部设计并实施互动式网络培训项目，确保公司上下的各级员工在日常工作中，能充分了解并熟练运用法律、监管和其他合规要求。此外，公司也举办其他信息分享会，例如午餐学习会，探讨员工在日常工作中遇到的常见问题。2018年，超过80%的CAO全球员工参加了合规培训。

高道德标准是CAO企业形象和业务不可或缺的一部分，为了符合董事会保持高道德标准的承诺，公司制定了内部管理指令、指导方针和政策，确保在完成公司战略目标的同时，保持高水平的合规、治理和内部控制。

防范性合规理念

除了合规职责外，合规与内审部还要负责年度内部审计工作，独立评估公司控制措施和治理过程的有效性。部门旨在向公司管理层提供合理保证，确保已采取适当的控制措施，解决其全球业务环境中的重大问题。鉴于合规与内审职能的重要性，部门主管直接向公司管理层以及审计委员会报告，报告内容包括有关合规与内审工作的实施和进展、违规行为以及审计意见等。

合规与内审部计划定期进行内部审计，并每年将计划提交审计委员会批准。获批准的审计将由国际审计公司的合格专业人士开展，评估公司内部控制系统，包括两年一度的独立审核，以确保公司业务实践的整体有效性。内审报告会指出可能影响公司运营的重大问题发现、内部控制缺陷和制度弱点等，将按季度提交审计委员会和董事会。公司将在合理的时间范围内实施纠正措施。

保持警惕

CAO坚信，保持警惕并对不利的业务情况做好防范工作是防止出现业务中断的最佳保障。此外，公司的当务之急是，在发生危机的情况下，保持关键业务运作的重要能力，将影响降到最低。为了保持业务运作的风险应对水平，CAO制定了包含IT灾难恢复计划（简称“DRP”）在内的全公司范围业务持续性计划（简称“BCP”），建立了指引、结构和支持框架，包括事故上报程序、关键业务部门的重启和恢复、对资源的使用，以及公司全球范围内管理团队和员工的紧急沟通渠道。
在不断变化的业务背景下，对于潜在、直接和间接事件，例如可能影响CAO的漏油和网络安全漏洞，公司将定期考虑和回顾对策略、运作、财务和声誉方面的潜在影响。本年度，CAO在预先确定的灾难恢复地点，开展了全公司范围内的业务持续性计划和灾难恢复计划的模拟桌面危机演习。CAO高管、前台、后台和支持部门的关键人员以及全球子公司同时参与了模拟危机演习。这些演习的成功开展，使危机事件对业务的干扰时间缩短到最小。

在2018年改进并增强合规框架和流程之后，公司致力于确保业务实践应用的一致性和内部控制流程的有效性。在公司价值观和行为准则的指引下，CAO将致力于确保合规是公司管理的核心支柱以及企业文化的重要组成部分，并在公司迈向可持续发展的过程中保持最高水平的道德操守。

Oil storage facilities at CNAF
CNAF储罐设施

HUMAN CAPITAL MANAGEMENT
人才资源管理

We are committed to a corporate culture of Fairness, Integrity, Innovation and Transparency where our people can grow and develop together with the company
我们致力于建设以公平、诚信、创新和透明为核心的企业文化，使员工与公司一同成长

At CAO, we see our people and culture as critical and valuable assets. At the core of the Group's human capital management is a people-focused strategy to develop and strengthen the Group's talent pool as well as to cultivate a safe and inclusive corporate culture where employees can positively contribute to the sustained growth of the Group. We firmly believe that the Group's long-term growth and success is fundamentally based on our employees' integrity, commitment, professionalism and their unwavering resolve to deliver strong and sustainable performance.

OPTIMISING ORGANISATIONAL STRUCTURE FOR STRATEGIC TRANSFORMATION

CAO aims to establish and position itself as a high performance organisation to enable the Group to be successful in an increasingly competitive business environment. In 2018, to improve the efficiency of the Group's corporate structure, the organisation was realigned and the business portfolio was repositioned to enhance the competitiveness of CAO. The Jet Fuel Supply, Jet Fuel Trading and Aviation Marketing business units were merged to form the Aviation Fuel Business unit. This decision was made to pivot the Group's strategic focus clearly on its core jet fuel business, combining the procurement, supply, trading as well as sales and marketing functions to form an integrated centralised value chain, ensuring a unified approach to better derive competitive regional advantage spanning Singapore, Hong Kong SAR, North America and Europe, maximising value creation. Other oil products segment including gasoil, fuel oil and crude oil now comprise the Other Oil Products Trading business unit, leveraging on market synergies to improve access to new markets and customers to achieve profitable growth. Concurrently, we have also streamlined the administration of the Group through consolidation of middle and back office functions. The Business Development function is now Corporate Development and Investments and covers strategic planning, investments and operations to drive the Group's operational competitiveness and corporate transformation efforts. Investor Relations and Administration functions have been merged to form Corporate Affairs to improve administrative efficiency and facilitate back office management. Through the extensive optimisation of the Group's organisational, business and operation structures, CAO seeks to enhance and strengthen its business competitiveness for further growth.

MOTIVATING OUR PEOPLE

For CAO's corporate sustainability, the motivation, talent, experience and performance of our employees is an essential element for the Group's continued growth and competitiveness. Engaged employees are what will make CAO successful, and to foster a diverse, collaborative and mutually supportive workplace, we strive to provide various activities and initiatives to engage CAO employees throughout the year.

Against the backdrop of increasing business demands and to support the wide-ranging processes at CAO across all business units and functions globally, the Office Automation ("OA") implementation project was initiated in mid 2018. The centralised OA platform is rolled out to facilitate global employee communication and engagement, cultivate peer to peer collaboration and enhance administration efficiency. An OA mobile app was also introduced to provide employees work flexibility and at the same, enhance overall productivity of the workforce. The Group also utilises multiple channels and platforms to communicate and provide regular updates on the Group's business performance to employees at quarterly town hall meetings, conduct regular surveys to obtain feedback and suggestions from employees, share and disseminate latest corporate development information through the OA intranet.

To ensure that CAO's corporate values of Fairness, Integrity, Innovation and Transparency are tangible and feasible in our everyday business operations, all new employees are required to undergo a comprehensive orientation programme to get acquainted with the Group's businesses and operations as well as the Group's vision and corporate culture. Led by HR, the corporate culture committee comprising representatives across business functions develop an active social calendar for CAO workforce, with a variety of employee activities, such as weekly physical exercise, sports or marathon participations, calligraphy and team-building workshops, festive gatherings such as dragon boating, to encourage cross-departmental interaction and communication, instil a sense of belonging and foster cohesiveness amongst employees. Recognising only healthy and motivated employees can ensure the continued success of the Group and to create a positive and inclusive workplace culture, CAO work-life initiatives in 2018 included setting up a staff canteen for the Singapore office to promote healthy eating at work.

DEVELOPING & MANAGING A GLOBAL TALENT POOL

In view of constantly changing business needs, continuing professional development forms an integral part of the Group's HR approach aimed at developing skilled employees. CAO supports our employees through a wide range of training and skills upgrading opportunities made available in many forms, including technical-based, soft skills learning and development workshops, seminars and external job specific as well as professional programmes, ensuring that the internal talent bench remains strong and is continually strengthened so as to sustain business performance.

Training is a key pillar of the Group's HR policy and is the foundation of CAO's strategy to develop CAO employees, enabling the Group to establish a right balance of core competencies and capabilities for the sustainability of the Group. Talented individuals are also encouraged to take responsibility for their own career development and to challenge themselves in their everyday work. In 2018, CAO continued to invest in the training of our employees and Singapore based employees received a total of 546 hours of training for the year.

RECOGNISING AND REWARDING PERFORMANCE

CAO has established a fair and transparent remuneration policy that is tied to a set of business performance indicators outlined by the Board of Directors to ensure the long term success of the Group. To maintain the Group's competitive advantage globally, we constantly seek to attract, motivate and reward talents based on their performance and contribution to the Group's business performance. An external consultancy firm was engaged during the year for salary benchmarking against industry as well as the overall market. In 2018, CAO's compensation strategy was reviewed with CAO employees' remuneration aligned with internal parity and market benchmarks to ensure appropriate incentives for high achievers.

HUMAN CAPITAL MANAGEMENT
人才资源管理

CAO employees dragon boat rowing at Marina Bay
公司员工在滨海湾划龙舟

Beyond competitive remuneration, CAO strives to develop and nurture the skill base of our employees, both for their own personal career progression as well as for the Group's continued success. A performance appraisal system has been in place and is constantly enhanced to identify and ensure that the core competencies of employees are aligned with the Group's strategic targets. Employees and their immediate superiors are encouraged to discuss and review their annual work objectives and job performance periodically, and are required to formally review employees' performance bi-annually. During these performance appraisals, competence gaps are noted and appropriate training needs are identified and discussed openly with employees to support employee development, reinforcing a shared understanding of performance expectations and business demands. In 2018, to reward outstanding employee performance, the Group initiated a Board Incentive award for CAO employees whose efforts and contribution impact the performance of the company, and whose exceptional performance creates value for the Group, or whose exceptional achievement is of strategic value to CAO, ensuring that employees are continually motivated and engaged to contribute to the growth of the Group.

DIVERSITY & EQUAL OPPORTUNITIES

A fair, diversified and inclusive workplace is integral to CAO's success and the Group constantly strives to develop a diverse workforce with specialised, complementary skillsets, ideas and experiences that not only enriches the workplace and enhances business performance but also creates an inclusive working environment where all employees feel valued, have opportunities to advance and are driven to succeed.

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

CAO is committed to equal opportunity and treatment for all employees. The Group deploys and promotes all employees in accordance with their competencies, talent and performance, irrespective of race, gender, age, religion and any other characteristics protected under the law. As at end December 2018, the group has a total headcount of 105 employees worldwide, out of which 74 employees are based in Singapore. Employees based outside Singapore accounted for 29.5% of the workforce. In Singapore, the gender composition is approximately a 41:59 split between men and women, out of which 53% of the workforce fell within the 30 to 40 age group, 13% of the employees were below the age of 30, 26% in the 41 to 54 age group and 8% were above 55 years old.

BUILDING A SUSTAINABLE WORKFORCE

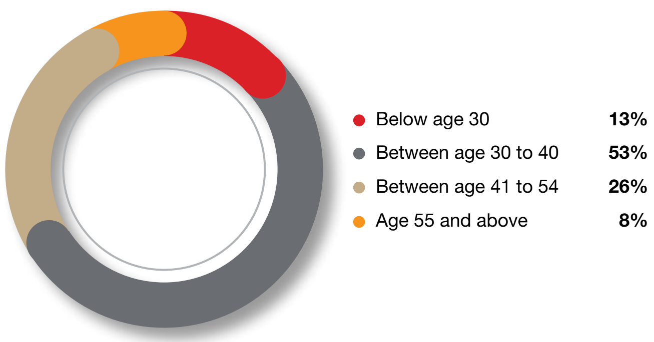
CAO attaches the highest priority to provide an optimal workplace environment for our global workforce.

Protecting the health and safety of our employees and business partners at work is of central importance at CAO. We believe that accidents and injuries are preventable and we are determined to prevent them by promoting a culture where safety is an integral part of every business decision across the Group. Our Safety, Health & Environment ("SHE") Policy & Guidelines emphasises the importance of occupational health and workplace safety in the workplace environment and serves to instil in all employees a shared responsibility and accountability for safe behaviour and workplace practices. Annual health screenings, pandemic illness updates, mandatory workplace health and safety briefings and fire drills are held regularly throughout the year to create awareness that keeping the workplace and environment safe is of paramount importance to the CAO work culture and to reinforce a robust SHE culture. In 2018, there were zero fatalities and occupational diseases involving CAO employees in our corporate office. Additionally, CAO also strives to provide a safe and healthy work environment that is non-threatening, with no harassment, assaults and bullying. Proper grievance handling procedures are also in place to ensure all incidents are resolved in a timely and impartial manner.

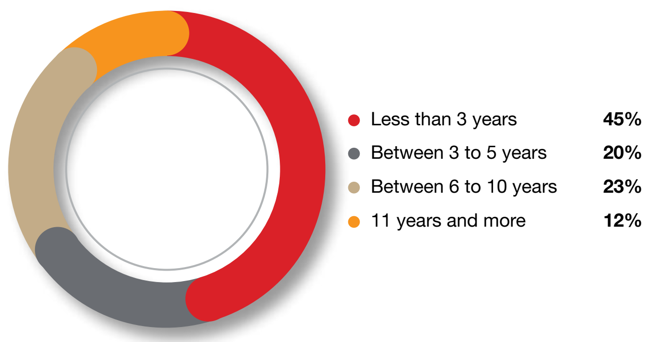
In line with corporate sustainability, all employees are expected to upkeep a high standard of integrity in matters of conduct at all times in accordance with CAO's Code of Ethics. We believe that conducting our business dealings in an upright manner is instrumental to the continued growth and success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

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

CAOSG EMPLOYEE AGE STRUCTURE
CAOSG员工年龄结构



CAOSG EMPLOYEE BY YEARS OF SERVICE
CAOSG 员工服务年限



HUMAN CAPITAL MANAGEMENT
人才资源管理

CAO employees at a team-building event
CAO员工参与团队建设活动

在CAO，我们视员工和企业文化为宝贵的资源和财富。以人为本是公司人力资源管理的核心策略，员工成长是公司发展的基础，公司致力于为员工营造包容和谐的企业文化，让员工能够持续为公司的发展作出积极贡献。我们坚信，一支拥有诚信、高度敬业、专业且富有决心的团队能帮助公司走的更远。

优化组织架构，推动公司战略转型升级

CAO旨在成为一个高绩效的企业，使公司能够在一个竞争与日俱增的商业环境中不断获得成功。2018年，为了优化公司的管理结构从而提高运行效率，公司进行了业务部门重组，以产品划分部门。航油供应、航油贸易和航空市场销售部合并为航油业务部，目的是将公司的战略重点放在其核心的航油业务上，同时将采购、供应、贸易、销售和营销职能结合起来，形成一个集中价值链体系，从而更好地获得跨新加坡、香港行政特区、北美和欧洲地区的竞争优势，最大限度地创造价值。其它油品部门包括柴油、燃料油和原油，通过借助市场协同效应，增加进入新市场、获得新客户的可能，从而实现利润增长。此外，我们还通过合并中、后台部门，降低了管理成本。业务发展部更名为企业管理与投资发展部，其职能涵盖战略规划、投资和运营，以推动公司的运营竞争力和企业转型为目的。投资者关系和行政部也合并为投资者关系与行政事务部，主要职能是提高行政效率，强化后台管理。公司通过全面优化组织、业务及营运架构，不断加强其业务竞争力。

激发员工活力

CAO要可持续发展，重视员工的动力、才能、经验和表现是公司价值增长和保持竞争力的必备要素。敬业的员工是公司成功的关键，为营造多元化、协同互助的工作环境，在过去的一年中，公司通过组织各类活动，提高员工的参与度。

在业务量不断增长的背景下，CAO在全球子公司及本部各部门推行标准化工作流程，并于2018年年中启动办公自动化(简称“OA”)项目。为加强全球员工的业务沟通和活动参与度，我们推出了OA平台，解决了协同办公和管理能效不足的问题。公司还推出了一款OA移动应用，实现了员工远程即时办公的目标，提高了员工外出时的工作效率。此外，公司亦透过多个渠道和平台，增强信息流通性，定期向员工公布公司业绩报告，同时进行回访，及时获取员工的反馈和建议，并通过OA内部网络分享和传播最新的企业发展信息。

为确保CAO公平、诚信、创新和透明的企业理念渗入到日常工作中去，新员工均须接受全面的入职培训，以熟悉公司的业务和运营体系，了解公司的愿景和

企业文化。由人力资源部门牵头，与不同业务部门代表组成的企业文化委员会为公司员工组织丰富的业余文化生活和多元化的活动，例如每周的体育锻炼、马拉松竞赛、书法学习、团队建设工作坊、节庆聚会、划龙舟等，鼓励跨部门的互动及沟通，增强员工归属感，提高凝聚力。我们意识到只有健康和积极的员工才能确保公司的持续发展，因此，公司在2018年发起了工作与生活计划，包括为新加坡公司设立员工食堂，提倡工作时的健康饮食。

发展全球化的人才队伍

鉴于不断变化的业务需求，人才专业化是公司人力资源策略的一个重要部分，旨在培养技能精专的员工。CAO为员工提供多项专业培训和技能提升机会，包括以技术、软技能学习及发展为本的工作坊、研讨会、外部专题讲座和课程，以确保公司有充足的人才队伍储备，以此维持公司长久发展的需要。

培训是公司人力资源政策的重要支柱，也是CAO人才战略的基础。公司倡导员工对自己的职业发展负责，并鼓励在日常工作中不断挑战自我。2018年，CAO持续对员工培训进行投入，新加坡公司员工全年共接受培训546小时。

绩效奖励

CAO制定了公平、透明的薪酬政策，并与董事会制定的一系列经营业绩指标挂钩，以确保公司的长久发展。为了保持公司在全球的竞争优势，我们积极吸纳人才，根据年度表现和对公司业绩的贡献实施激励。此外，公司还雇用了外部顾问将CAO的薪酬水平与业界及整体市场水平进行对标。2018年，公司对员工薪酬战略进行评估，将公司内部薪酬水平和市场基准水平挂钩，以确保对高绩效员工给予应有的激励。

除了具有竞争力的薪酬，CAO还致力于为员工搭建能力培训和潜力开发的平台，不仅提升员工的职业技能也推动公司的整体成功。公司鼓励员工和直属上司定期回顾年度工作表现，直属上司每半年回顾员工表现，总结取得的成绩和需要改进的地方。在绩效评估过程中指出有待改进之处，并与员工坦率探讨需要的培训，以支持员工的职业发展，加强对业绩预期和业务需求的共同理解。2018年，为奖励优秀员工，公司设立了董事会奖励金，奖励对公司绩效有所努力和贡献的员工，确保员工不断受到激励并愿为公司的发展做出更多贡献。

多元化和平等机会

一个公平、多元化和包容性的工作环境对CAO的成功必不可少，公司不断努力建设一支多元化、具备专业、拥有经验的员工队伍，不仅提高了企业绩效，还创造了一个包容的工作环境，让所有员工都感到被重视，有晋升的机会和成功的动力。

公司总部位于新加坡，其人力资源实践遵循“公平与进步就业实践三方联盟”（简称“TAFEP”），促进公允公平的工作环境。我们坚定于对竞争性工作实践的承诺，并拥有与TAFEP制定的指导方针一致的人力资源政策。公司也在各方面进行努力，如刊登非歧视的招聘广告、定期进行员工绩效评估、灌输道德准则并及时疏导员工负面情绪。CAO支持新加坡人力部的公平考量框架，同时在新加坡劳动力发展局的职业库公开了CAO空缺职位信息。

CAO致力于为所有员工提供平等的机会和待遇。公司根据员工的能力、才干和工作表现，不分种族、性别、年龄、宗教信仰和其他受法律保护的特征，对所有员工进行调配和提拔。截至2018年12月底，公司在全球拥有105名员工，其中新加坡团队有74名员工。在新加坡境外工作的员工占员工总数的29.5%。在新加坡公司，男女的性别比例约为41:59，其中30岁以下占13%，30 - 40岁年龄段占53%，41 - 54岁年龄段占26%，55岁以上占8%。

建设可持续发展的队伍

CAO为全球员工提供了一个优良的工作环境。

在CAO，我们密切关注员工和业务伙伴的安全与健康。安全是公司每个商业决策的重要部分，我们相信通过提倡这种文化可以预防事故和伤害。公司的安全、健康、环境（简称“SHE”）政策强调工作和场所的安全，并号召所有员工培养安全的工作习惯，对自己的行为负责。公司每年会定期组织体检，进行流行病通报，举行火灾演习，以此培养员工安全意识。在2018年，公司办公场所未发生职业病危害或安全事故。此外，CAO还致力于杜绝威胁、骚扰和侵害现象，为员工提供一个健康安全的工作环境。CAO也有完善的疏导渠道，确保所有的问题都得到及时公正的解决。

为满足公司的可持续发展要求，所有员工必须遵守CAO的行为道德准则，在任何时候都要保持高水准的操守。我们相信，诚信可靠地进行商业交易，有助于公司的持续成长和成功。因此，我们要求公司员工时刻保持警觉，避免任何不当行为影响自己、同事或公司的声誉。

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

COMMUNITY ENGAGEMENT

投身社会公益

Committed to responsible corporate citizenship and doing good for the communities where we do business, CAO is dedicated to responsible social actions as we believe that profitable and responsible operations enhance the well-being of the communities in which we operate. By embarking on social initiatives that ensure the vitality and sustainability of our Corporate Social Responsibility ("CSR") outreach programme, the Group strives to contribute meaningfully and create positive impact on the communities and environment where we live and work.

COMMUNITY IMPACT

Over the past nine years, the Group has actively driven its CSR outreach programme by collaborating with government bodies, non-government organisations and community groups with sound track record in respective fields to foster positive engagement through supporting charitable and social causes we believe in.

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 estates since 2010. In 2018, CAO volunteers together with 51 HSCDC pre-schoolers, went on a field trip to the S.E.A. Aquarium at the Marine Life Park on Sentosa island where the pre-schoolers had fun learning about marine life and the underwater world.

To boost the impact of its societal initiatives, the Group is also committed to educational programmes that contribute to the sustainable development of the oil trading industry. For 2018, CAO supported the International Trading Programme at Nanyang Technological University of Singapore and its range of initiatives that include the continued development of a talent pipeline for the sector, sharing of knowledge through dialogues, seminars as well as providing internships for students in the programme.

SUSTAINABLE ENVIRONMENT

In the face of growing and significant environmental challenges, CAO is resolute and committed to grow its business sustainably and be a responsible energy company through creating and raising environmental consciousness in the communities.

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

CAO actively supports green initiatives that drive environmental conservation and sustainability in eco-outreach and carbon reduction initiatives, including partnering with National Parks Board ("NParks") of Singapore to organise biodiversity preservation activities such as tree-planting at Sungei Buloh Wetland Reserve and weeding and removing of wild creepers in the forested areas at Admiralty Park in urban Singapore over the years. Additionally, through collaboration with airline industry partners, the Group also supports the advancement of green aviation to provide cleaner and more efficient biofuel to airline customers.

To bolster environmental protection and conservation awareness amongst CAO employees, in December 2018, CAO collaborated with Paper Carpenter, a cardboard design carpentry agency, and organised a workshop to promote and encourage environmentally sustainable lifestyle practices. A total of 21 CAO employees participated in the green workshop.

SUSTAINABILITY COMMITMENT

As the Group continues to enlarge its global footprint, CAO is committed to operate our businesses responsibly and seek sustainable ways to create synergistic value by supporting vibrant volunteer opportunities, social improvement efforts and charitable causes; for ours is a commitment toward a sustainable future in the communities where we operate.

CAO在开展业务的过程中，不忘履行企业公民责任，努力在公司运营所在社区回馈社会。公司致力于负责任的社会行为，并坚信创效益和负责任的业务活动能够促进所处区域经济社会的和谐发展。通过开展丰富多彩以及可持续的企业社会责任（简称“CSR”）活动，公司力求为社区与环境作出贡献，创造积极的影响。

社区的影响

过去九年，公司积极推进企业社会责任活动，通过与政府机构、非政府组织以及在各自领域具良好信誉的社会团体的合作，积极参与和推行公益活动，回馈社会。

自2010年起，CAO与彼岸社会服务中心合作，为该中心的学前儿童中心——通过健康起点儿童发展中心（简称“HSCDC”）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。2018年，CAO的志愿者带领51名HSCDC的小朋友赴圣淘沙海底世界的水族馆郊游，通过参观水族馆，培养小朋友对海底世界的兴趣，增长他们的海洋生物知识。

为了加强其社会责任倡议的影响，公司也十分重视促进油品贸易领域可持续发展的教育事业。2018年，CAO支持新加坡南洋理工大学全球贸易项目及一系列活动，包括为行业培养储备人才，通过交流、研讨会分享行业知识，同时在项目运行期间为学生提供实习机会。

打造可持续发展的环境

面对日益严重的环境挑战，CAO坚持持续推进可持续的业务发展，通过开展形式多样的环保实践活动在业务所在社区促进和提高环境意识，履行环境保护义务，树立负责任的能源企业形象。

多年来，CAO积极支持绿色环保倡议，推动环境保护、生态持续性和低碳计划，包括与新加坡国家公园局（简称“NParks”）合作组织生物多样性保护活动，比如双溪布洛湿地保护区的植树活动、新加坡海军部公园的除草活动。此外，通过与航空公司伙伴合作，支持绿色航空的发展，为航空公司客户提供更清洁有效的生物燃料。

为提高公司员工的环保意识，2018年12月，CAO与纸板设计木工公司纸匠合作举办纸艺环保讲座，提倡环保，鼓励可持续的绿色生活方式。共有21名CAO员工参与环保讲座。

坚持可持续发展

随着公司继续扩大其全球足迹，CAO将一如继往秉持责任发展理念，推进志愿服务、践行环保实线、参与社会公益活动，寻求可持续渠道创造协同价值，为我们开展业务的各个地区，营造可持续发展的未来。

At CAO, we believe that cultivating a green mindset among our employees will spur them to adopt a sustainable lifestyle
我们相信，CAO推行绿色环保理念，有利于员工养成可持续的生活方式

CORPORATE GOVERNANCE AT A GLANCE

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes. Refer to page 106
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Not Applicable
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Refer to page 107
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	Refer to pages 106 and 107
	(b) Please state whether the current composition of the Board provides diversity on each of the following - skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Refer to "Board of Directors" Section of the Annual Report
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	Refer to pages 106 to 114
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Refer to pages 112 and 113
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Refer to pages 108 and 109
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Refer to pages 108 and 109
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Refer to page 112
	(b) If a maximum number has not been determined, what are the reasons?	Not Applicable
	(c) What are the specific considerations in deciding on the capacity of directors?	Refer to page 112
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Refer to pages 113 and 114
	(b) Has the Board met its performance objectives?	Yes

Guideline	Questions	How has the Company complied?
Independence of Director		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Refer to pages 109 and 110
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	None
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not Applicable
Guideline 2.4	Has any independent director served on the Board for more than nine (9) years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes. Two (2) independent directors, Dr Wang Kai Yuen and Mr Ang Swee Tian have served for more than nine (9) years from the date of their first appointment. Refer to page 110
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long- term incentives? If not, what are the reasons for not disclosing so?	Yes. Refer to page 117
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Refer to pages 117 and 118
	(b) Please disclose the aggregate remuneration paid to the top five (5) key management personnel (who are not directors or the CEO).	Refer to page 117
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	None. Refer to page 118

CORPORATE GOVERNANCE AT A GLANCE

Guideline	Questions	How has the Company complied?
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Refer to page 118
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Refer to page 118
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Refer to pages 114 and 115
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Internal audit function is outsourced. Refer to page 124
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Refer to page 122
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Refer to page 122
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Refer to page 189 of the Annual Report

Guideline	Questions	How has the Company complied?
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	The Audit Committee undertook the review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit services provided by them and the fees paid to them. The non-audit fees which represented less than fifty per cent. (50%) of the total annual audit fees, mainly comprised limited financial review on associates and tax advisory services. The external auditors had evaluated the scope of the non-audit services prior to the commencement of the engagement for the provision of non-audit services and had concluded that the non-audit services were permissible under the independence requirements set out in the Code of Professional Conduct and Ethics of Accountants (Public Accountants) Rules. In addition, additional safeguards were put in place by the external auditors to reduce the threat of independence to an acceptable level. Having considered the foregoing, the Audit Committee is satisfied with the independence of the external auditors.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. Refer to page 125
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes. Refer to page 125
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Refer to pages 125 and 126
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not Applicable

STATEMENT OF CORPORATE GOVERNANCE

In the midst of geopolitical and global economic uncertainties and the fast-changing business landscape which continues to present new and ongoing 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 recommendations of the Code of Corporate Governance (the "**2012 Code**"). Good corporate governance has become a fundamental part of our corporate culture and business practices of the CAO group (the "**CAO Group**") and in ensuring the continued strong performance of our businesses and maintaining investor confidence which underpin the sustainable, long-term growth of our businesses and shareholder value.

Since the adoption of the CAO Corporate Governance Policy in August 2012 which corporate governance principles and guidelines are devised in line with the principles and guidelines set out in the 2012 Code (the "**CAO Corporate Governance Policy**"), 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 the light of changing legal and regulatory requirements and volatilities of the trading business and operating environment. In the light of the Code of Corporate Governance of 2018 (the "**2018 Code**") which took effect from 1 January 2019, the Company has initiated the internal process of reviewing and amending the CAO Corporate Governance Policy to align the same with the 2018 Code.

We confirm that throughout the financial year ended 31 December 2018 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 2012 Code.

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

This report primarily describes the Company's corporate governance practices for the financial year ended 31 December 2018 with specific reference to the 2012 Code and details how we apply the principles and comply with the provisions of the 2012 Code.

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1

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

Commentary

Composition of the Board: At the date of issue of this Statement of Corporate Governance, the Board comprises 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.

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

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

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

Some of the businesses that the Board transacts include:

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

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

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

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

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

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

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

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

An annual review and assessment on the adequacy of existing terms of reference of each of the Board Committees had been carried out by the respective Board Committees, taking into consideration the recommendations of the 2018 Code.

STATEMENT OF CORPORATE GOVERNANCE

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 2018. At the scheduled quarterly Board meetings for the financial year 2018, 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 2018 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.
Wang Kai Yuen	4	4	2	4	N.A.	1
Wang Yanjun[1]	4	N.A.	N.A.	N.A.	N.A.	N.A.
Li Yongji	4	4	2	4	4	N.A.
Li Runsheng	4	4	2	4	N.A.	1
Ang Swee Tian	4	4	2	4	4	1
Bella Young Pit Lai	4	N.A.	2	4	N.A.	N.A.
Meng Fanqiu[1]	3	N.A.	N.A.	N.A.	N.A.	N.A.
David Windle[2]	4	4	N.A.	N.A.	4	N.A.
Feng Hai[3]	-	N.A.	-	N.A.	-	N.A.
Chan Yat Chung[4]	-	-	N.A.	N.A.	-	N.A.
Number of Meetings Held	**4**	**4**	**2**	**4**	**4**	**1**

Notes:

1 *Mr Wang Yanjun, an Executive Director and a CNAF-nominee Director, was appointed as the Chief Executive Officer on 12 September 2018 in place of Mr Meng Fanqiu .*

2 *Mr David Windle, a BP-nominee Director, resigned as a Non-Executive, Non-Independent Director on 1 November 2018 and had concurrently relinquished his office as Chairman of the Risk Management Committee and as a member of the Audit Committee.*

3 *Mr Feng Hai, a CNAF-nominee Director, was appointed as a Non-Executive, Non-Independent Director on 1 November 2018. He was concurrently appointed as Vice Chairman of the Nominating Committee and as a member of the Risk Management Committee.*

4 *Mr Chan Yat Chung, a BP-nominee Director, was appointed as a Non-Executive, Non-Independent Director on 1 November 2018 in place of Mr David Windle. Mr Chan 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.

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 Li Yongji and Mr Wang Yanjun who joined the Board in February 2018 and for Mr Feng Hai and Mr Chan Yat Chung who joined the Board in November 2018.The purpose of the familiarisation sessions was to familiarise them with the business activities, strategic direction, policies and corporate governance practices of the CAO Group. Areas covered included 2020 Corporate Strategy 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, 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.

Continuing Professional Development of Directors: In line with CAO's Policy on Director Orientation and Professional Development adopted by the Board since November 2012, continuing professional development programmes were organised for Directors to ensure that all Directors are updated on important market developments in the energy industry and issues which may have a significant impact on the businesses, financial and operational matters of the CAO Group. These programmes are conducted by external advisers, experts or senior management and these included: (i) a Board Information Session relating to (a) "Enterprise Risk Management" conducted by KPMG Consulting Pte Ltd; (b) "Recent Changes in International Financial Reporting Standards and its Implications on CAO's Financial Performance" conducted by Deloitte & Touche LLP; and (iii) a Board Inforamtion Session relating to "Recent Key Changes to the Singapore Code of Corporate Governance and SGX-ST Listing Rules" conducted by Allen & Gledhill LLP.

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.

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

Principle 2

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

Commentary

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

STATEMENT OF CORPORATE GOVERNANCE

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

The Nominating Committee carried out the review on the independence of each non-executive Director in September 2018 by taking into consideration the Directors' Test of Independence Policy and the information collected from each Director through the completion by each Director of a confirmation of independence checklist. The Director is required to declare any circumstances in which he or she may be considered non-independent. The Nominating Committee will then review the confirmation of independence checklist by applying the Directors' Test of Independence Policy before affirming the independence of a Director.

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

In the Form of Director's Declaration for 2018, both Dr Wang Kai Yuen and Mr Ang Swee Tian had confirmed that there were neither any circumstances that could have materially interfered with their exercise of unfettered and independent judgment nor were there any occurrence of any circumstances where the interests of CAO might not be best served by the interests of the major shareholders of CAO. This is evident from the minutes of the proceedings of the Board and relevant Board Committees over the past years, where each of Dr Wang Kai Yuen and Mr Ang Swee Tian had expressed his individual viewpoints and objectively scrutinised and sought clarifications from the Management, employees, external auditors and internal auditors of CAO as he considered necessary.

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

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

All Singapore-listed companies are required to comply with Guideline 2.2 of the 2012 Code and make the necessary Board composition changes at the annual general meeting following the end of financial years commencing on or after 1 May 2016. In this regard, considering the rationale of Guideline 2.2 of the 2012 Code is basically intended to prevent any one (1) major shareholder from dominating the decision-making process of the Board where the Chairman of the Board and the Chief Executive Officer are both nominated by the same major shareholder 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. In addition, the Company had appointed the Lead Independent Director, who is also concurrently the Deputy Chairman of the Board.

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

Chairman and Chief Executive Officer

Principle 3

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

Commentary

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

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

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

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

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

Regular Meetings of Independent Directors: In accordance with the CAO Corporate Governance Policy, the Independent Directors of CAO meet at least once a year, without the presence of the other Directors, to discuss any matters relevant to the CAO Group, such as its investment criteria, risk management and internal controls, risk appetite and risk tolerance, performance of management, Board communication and performance, and strategic issues. Led by the Deputy Chairman/ Lead Independent Director, the Independent Directors of CAO held their meeting on 1 November 2018 without the presence of the other Directors. The Independent Directors of CAO discussed the key changes in the 2012 Code, consequential amendments to the SGX-ST listing rules and implications on CAO. The Independent Directors also discussed issues relating to Board renewal and the recommended tenure for Independent Directors as well as the localisation and internationalisation of employees of the CAO Group.

Board Membership

Principle 4

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

Commentary

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

Nominating Committee

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

Note:

1 *Mr Feng Hai was appointed as Vice Chairman on 1 November 2018 in place of Mr Li Yongji.*

STATEMENT OF CORPORATE GOVERNANCE

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

The Nominating Committee held two (2) meetings in 2018 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 (including the skills, qualification, experience and other aspects of diversity such as gender and age) of the Board and the Board Committees;

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

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

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

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

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

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

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

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

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

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

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

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 25th AGM to be held on 24 April 2019, Dr Wang Kai Yuen and Mr Ang Swee Tian are due for retirement by rotation and would be eligible for re-election.

To support Board renewal and to uphold the highest standards of corporate governance, Dr Wang Kai Yuen and Mr Ang Swee Tian, who have each served the Board beyond nine (9) years from the date of their respective first appointments, have expressed their intention not to seek re-election as Directors at the 25th AGM. Accordingly, upon Dr Wang Kai Yuen's retirement as a Director of the Company, he would concurrently relinquish his office as Deputy Chairman and Lead Independent Director, Chairman of the Remuneration Committee, Member of the Audit Committee and Member of the Nominating Committee. Upon Mr Ang Swee Tian's retirement as a Director of the Company, he would concurrently relinquish his office as Chairman of the Audit Committee, Member of the Risk Management Committee, Member of the Remuneration Committee and Member of the Nominating Committee. Having considered the current Board composition of the Company against the desired capabilities of the Board taking into account the Company's current circumstances and future expectations, and based on the review and the general selection and evaluation criteria set out in the Internal Guidelines, the Nominating Committee had commenced the search for prospective candidates identified from a number of sources, including but not limited to director or management contacts or shareholder recommendations.

In line with the Internal Guidelines, Nominating Committee and the Chairman of the Board would be conducting interviews with the selected candidates to ascertain their suitability and the Board would be updated on the selection process. When the Nominating Committee had identified and selected suitable candidates, recommendations would be made to the Board on the appointment of the same as soon as possible.

In accordance with Regulation 100 of the Company's Constitution, Mr Feng Hai and Mr Chan Yat Chung, who were appointed as Non-Executive, Non-Independent Directors of the Company on 1 November 2018, each will 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 25th AGM.

Board Performance

Principle 5

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

Commentary

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

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

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

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

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

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

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

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

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

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

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

Access to Information

Principle 6

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

Commentary

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

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

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

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

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

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

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

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7

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

Level and Mix of Remuneration

Principle 8

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

Disclosure on Remuneration

Principle 9

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

Commentary

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

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

Remuneration Committee

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

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

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

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

Broadly, remuneration for the CEO/EO and five (5) key management personnel for the financial year ended 31 December 2018 is based on the Company's and individual performances and the remuneration for Non-Executive Directors in the form of fees is based on responsibilities and memberships in the Board and its committees.

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

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

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

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

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

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

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

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

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

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

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

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

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

The remuneration of Directors payable for the financial year ended 31 December 2018 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 Directors						
Wang Yanjun[1] (CEO/ED)	0	225,600	0	35,330	0	260,930
Meng Fanqiu[2] (CEO/ED)	0	188,000	155,842	25,030	0	368,872
Non-Executive Directors						
Xi Zhengping (Chairman)	0	N.A.	N.A.	N.A.	N.A.	0
Wang Kai Yuen (Deputy Chairman/ Lead Independent Director)	145,134	N.A.	N.A.	N.A.	N.A.	145,134
Li Yongji[3]	0	N.A.	N.A.	N.A.	N.A.	0
Zhao Shousen[3]	0	N.A.	N.A.	N.A.	N.A.	0
Luo Qun[4]	0	N.A.	N.A.	N.A.	N.A.	0
Feng Hai[5]	0	N.A.	N.A.	N.A.	N.A.	0
Li Runsheng	79,824	N.A.	N.A.	N.A.	N.A.	79,824
Ang Swee Tian	101,595	N.A.	N.A.	N.A.	N.A.	101,595
Bella Young Pit Lai	0	N.A.	N.A.	N.A.	N.A.	0
Chan Yat Chung[6]	0	N.A.	N.A.	N.A.	N.A.	0
David Windle[6]	0	N.A.	N.A.	N.A.	N.A.	0

1 *Mr Wang Yanjun was appointed as Executive Director/Vice President on 5 February 2018. He was appointed as Chief Executive Officer in place of Mr Meng Fanqiu on 12 September 2018. The total remuneration of Mr Wang Yanjun shown above excludes the 2018 variable bonus payable for the financial year 2018. The quantum of the said 2018 variable bonus is being considered by the Remuneration Committee and will be decided and recommended for the Board's endorsement during the financial year 2019.*
2 *Mr Meng Fanqiu resigned as Chief Executive Officer/Executive Director on 12 September 2018. His total remuneration includes the 2017 variable bonus paid during the financial year 2018.*
3 *Mr Li Yongji, a CNAF-nominee Director, was appointed as Non-Executive, Non-Independent Director in place of Dr Zhao Shousen on 5 February 2018.*
4 *Dr Luo Qun, a CNAF-nominee Director, resigned as a Non-Executive, Non-Independent Director on 5 February 2018.*
5 *Mr Feng Hai, a CNAF-nominee Director, was appointed as Non-Executive, Non-Independent Director on 1 November 2018.*
6 *Mr Chan Yat Chung, a BP-nominee Director, was appointed as a Non-Executive Director, Non-Independent Director in place of Mr David Windle on 1 November 2018.*

Remuneration Bands	Name of Key Management Personnel	Base/Fixed Salary (%)	Variable Bonus (%)	Allowances & Other Benefits (%)	Long-Term Incentives (%)	Total (%)
S$300,000 - S$550,000	Owen Wong[1]	88	12	0	0	100
	Elizza Ding[2]	73	25	2	0	100
S$250,000 and below	Xu Guohong	88	0	12	0	100
	Zhang Xingbo	70	18	12	0	100
	Doreen Nah[3]	60	38	2	0	100
Total Remuneration of five (5) key management personnel[4]	S$1,474,423					

1 *The remuneration disclosed comprises secondment fees paid to BP Singapore Pte Ltd ("**BPS**") pursuant to a secondment agreement between CAO and BPS.*
2 *Ms Elizza Ding ceased to be a BP secondee since 1 March 2018.*
3 *The remuneration disclosed for Ms Doreen Nah is prorated from the date of her inclusion as a key management personnel.*
4 *The remuneration disclosed for key management personnel (other than Mr Owen Wong who is a BP secondee) includes the 2017 variable bonus paid during the financial year 2018 and excludes the 2018 variable bonus payable during the financial year 2019. The quantum of the said 2018 variable bonus is being considered by the Remuneration Committee and will be decided and recommended for the Board's endorsement during the financial year 2019.*

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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 2018. "immediate family member" means the spouse, child, adopted child, step child, brother, sister and parent.

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

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 key management personnel were approved by the Remuneration Committee and endorsed by the Board, taking into account the performance of the individual for the financial year 2018, the inflation price index and information from independent sources on the pay scale for similar jobs in a selected group of comparable organisations.

Variable/Performance - The CAO Group operates a bonus scheme for all employees including the CEO/ED. The criteria for the bonus scheme are the level of profit achieved from certain aspects of the CAO Group's business activities against targets, together with an assessment of the Company's and individual's performance during the year. The remuneration disclosed above for the CEO/ ED and the five (5) key executives included the 2017 variable bonuses payable in relation to profit targets achieved for the Company's oil trading activities during the financial year 2017.

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

(C) ACCOUNTABILITY AND AUDIT ACCOUNTABILITY

Principle 10

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

Commentary

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

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

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

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

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

During the financial year 2018, 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

Principle 11

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

Commentary

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

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

Risk Management Committee

Chan Yat Chung[1]	Chairman
Feng Hai[2]	Member
Ang Swee Tian	Member

Notes:
1 *Mr Chan Yat Chung was appointed as Chairman of the Risk Management Committee in place of Mr David Windle on 1 November 2018.*
2 *Mr Feng Hai was appointed a member of the Risk Management Committee in place of Mr Li Yongji on 1 November 2018.*

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

(i) ensuring that risk management activities have been executed daily; and

(ii) all risk-related policies, processes and limits are implemented and adhered to.

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

The Risk Management Report is found on page 80 of the Annual Report.

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

(1) review and evaluation of compliance issues across the CAO Group;

(2) monitoring of new and existing laws and regulations as well as keeping abreast of the status of all relevant compliance activities;

(3) acting as a channel of communication between compliance investigators and concerned parties;

(4) setting policies and periodic checks to prevent any unethical or illegal conduct within the CAO Group;

(5) responding to violation of regulations, policies, rules and standards of conduct within the CAO Group;

(6) coordination of compliance activities such as providing training to staff of the CAO Group;

(7) overseeing the annual internal audit for the CAO Group which includes preparation of internal audit schedules including short/long-term audit plans, reviewing the annual/quarterly internal audit reports to the Management and the Audit Committee;

(8) integration and establishment of the CAO Group's internal control framework, policies, processes and systems across the Company, its subsidiaries and associates;

(9) facilitating and assisting the CAO Group functional heads in formulating policies, operational processes and systems. Ensure that the policies, processes and systems are efficient in implementation and aligned with regulatory requirement;

(10) establishing and maintaining the CAO Group's Business Continuity Plan (the "**BCP**");

(11) establishing and ongoing review of the CAO Group's SOP's templates to ensure proper departmental ownership of each processes and changes; and

(12) evaluating the system of internal controls for new projects and business activities and analysis on the impact of such activities on the CAO Group and where necessary, provide recommendations and develop programmes for improvement.

The Head of Compliance and Internal Audit reports directly to the Chief Financial Officer ("**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 September 2018, the Company conducted a desktop emergency response team ("**ERT**") exercise at its off-site disaster recovery site involving participants from cross-functional departments. The ERT exercise centred on two (2) business scenarios: (i) a simulated oil spill incident; and (ii) an IT hacking incident with the objective of strengthening ERT's crisis readiness.

As part of the CAO Group's ongoing efforts to improve and heighten risk awareness, a comprehensive risk review exercise was conducted during the financial year by a dedicated team comprising representatives from various departments namely, Risk Management, Compliance and Internal Audit, Legal, IT and Administration. The purposes of the aforesaid comprehensive risk review exercise included (i) strengthening the internal procedures and processes and bringing its risk mitigating capabilities to new heights to enhance its foresight to embedded risks in the businesses of the CAO Group; and (ii) minimising the possibilities of any major incidents.

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

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

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

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 2018 (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 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 3.13 and 17 to the financial statements.	The AC 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. AC has considered the audit procedures performed by the external auditors and noted that no misstatements were uncovered by the external auditors.
Valuation of derivatives, trading inventories and open physical contracts	
The valuation of derivatives, trading inventories and open physical contracts requires significant management judgement in applying the appropriate valuation methodology and incorporating of any contract specific terms including the use of valid and appropriate price index. The valuation techniques and the inputs used in the fair value measurements of the financial instruments are disclosed in Note 27.	The AC received regular briefings on the 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 AC 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.

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

The CEO/ED and CFO at the financial year-end have provided a written assurance to the Board that:

(i) the financial records have been properly maintained and the financial statements give a true and fair view of the CAO Group's operations and finances;

(ii) the 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, information technology controls and risk management systems, were adequate as at 31 December 2018 to provide reasonable assurance for achieving the following objectives:

(a) effectiveness and efficiency of operations;

(b) reliability of financial reporting; and

(c) compliance with applicable laws and regulations.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the CAO Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives and goals. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Audit Committee

Principle 12

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Commentary

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

Audit Committee

Ang Swee Tian	Chairman
Li Yongji[1]	Vice-Chairman
Wang Kai Yuen	Member
Li Runsheng	Member
Chan Yat Chung[2]	Member

Notes:
(1) Mr Li Yongji was appointed as Vice Chairman of the Audit Committee in place of Dr Zhao Shousen on 5 February 2018.
(2) Mr Chan Yat Chung was appointed as a member of the Audit Committee in place of Mr David Windle on 1 November 2018.

Roles of the Audit Committee: The Audit Committee held four (4) meetings in 2018 where it met with external and internal auditors to review both the Company and the CAO Group's financials and audit reports. A key issue for discussion is the financial statements and announcements made by the Company to shareholders. The members of the Audit Committee, collectively, have expertise or experience in financial management and are qualified to discharge the Audit Committee's responsibilities.

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

The Audit Committee reviewed the quarterly and annual financial statements for the financial year 2018 and the integrity of financial reporting of the Company, including the accounting principles, for recommendation to the Board for approval. The Audit Committee also reviewed and approved the plans of the internal auditor and external auditor' to ensure that such plans adequately cover, in particular, significant internal controls of the Company relating to financial, operational and compliance-related matters. Significant issues are discussed at Audit Committee meetings.

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

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

The Audit Committee monitors all interested person transactions, including transactions under the general mandate on Interested Person Transactions approved by shareholders at the AGM held in April 2018, 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 2019.

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

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

The Company had established and implemented the Crisis Management and Business Continuity Plan, Fraud Control Plan and an Enterprise Risk Management Framework and Process. The Crisis Management and Business Continuity Plan provides the CAO Group with a structured process for limiting the intensity or impact of negative threat or event to its employees, products, services, investments, financial stability and reputation.

The Fraud Control Plan comprises periodic fraud risk assessments on the Company which is subject to review from time to time.

STATEMENT OF CORPORATE GOVERNANCE

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

Principle 13

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

Commentary

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

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 for 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.

(E) COMMUNICATION WITH SHAREHOLDERS

Principle 14

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Commentary

The Board is careful to observe regulations of the SGX-ST governing the requirements to make appropriate announcements on a timely basis. Transparency and integrity of information is also important to the Board. All material announcements are vetted by the CEO/ED, in consultation with the Chairman and/or the Deputy Chairman, as may be required, before release by the Company via SGXnet.

Principle 15

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Commentary

Investor Relations and Shareholder Communication

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

During the financial year and in line with the CAO Investor Relations Policy, the Company, through the Investor Relations team and senior management maintained active working relationships with domestic and international brokerage firms, investment banks and the media, regardless of their views or recommendations on the CAO Group.

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

The Company reviews an analyst's report for factual accuracy of information that is within the public domain but does not provide 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 relations 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

Principle 16

ompanies should encourage greater shareholder participation at general meetings of shareholders and allow shareholders the opportunity to communicate their views on various matters affecting the company

Commentary

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

At each AGM, shareholders are encouraged to participate in the question and answer session. The Board of Directors, senior management, the external auditors, internal auditors and the Company Secretary are present to respond to shareholders' questions.

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

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

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

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

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

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 (30) percent of the Company's annual consolidated net profits attributable to shareholders commencing from financial year 2016.

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

(a) the expected future capital requirements and growth opportunities available to the CAO Group;

(b) net earnings of the CAO Group; and

(c) any regulatory approvals and/or where applicable, approvals required from third parties (e.g. banks and other financial institutions) as appropriate.

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

DEALINGS IN THE COMPANY'S SECURITIES

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

INTERESTED PERSON TRANSACTIONS

Shareholders have approved the renewal of the general mandate for interested person transactions of the CAO Group on 25 April 2018 (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 2018 is found under "Supplementary Information" on page [ ].

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 2012 Code.

Purpose

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

Duties and Responsibilities

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

Function as Principal Liaison with the Chairman and Senior Management

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

Call Meetings of Independent Directors

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

Preside at Meetings

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

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

- Review the quality, quantity and timeliness of the information submitted to the Board and Board Committees.

- Advise and assist the Chairman on the meeting agenda items.

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

Initiate Actions to Address any Concerns on Corporate Compliance Matters

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

Function as Principal Liaison in Shareholder Communication

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

FINANCIAL STATEMENTS

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Sydney, Australia

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 2018.

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 137 to 208 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 2018, 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
Wang Kai Yuen	Deputy Chairman/Lead Independent Director
Wang Yanjun	Chief Executive Officer/Executive Director (Appointed on 5 February 2018)
Li Yongji	(Appointed on 5 February 2018)
Feng Hai	(Appointed on 1 November 2018)
Li Runsheng	
Ang Swee Tian	
Bella Young Pit Lai	
Chan Yat Chung	(Appointed on 1 November 2018)

- Dr Zhao Shousen and Dr Luo Qun resigned as Directors of the Company on 5 February 2018
- Mr David Windle resigned as Director of the Company on 1 November 2018
- Mr Meng Fanqiu resigned as Director of the Company on 12 September 2018

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS

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

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 1 January 2018	At 31 December 2018	At 1 January 2018	At 31 December 2018
The Company				
Wang Kai Yuen				
– Ordinary shares	57,600	57,600	120,000[(1)]	120,000[(1)]
Ang Swee Tian				
– Ordinary shares	110,000	110,000	–	–

(1) Held through spouse.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2019.

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

AUDIT COMMITTEE

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

- Ang Swee Tian (Chairman), non-executive, independent director
- Li Yongji (Vice-Chairman), non-executive, non-independent director (Appointed on 5 February 2018)
- Wang Kai Yuen, non-executive, independent director
- Li Runsheng, non-executive, independent director
- Chan Yat Chung, non-executive, non-independent director (Appointed on 1 November 2018)
- David Windle who served during the financial year stepped down as a member of the Audit Committee on 1 November 2018

The Audit Committee performed its functions specified in Section 201B(5) of the Companies Act, Chapter 50, the SGX Listing Manual, the 2012 Code of Corporate Governance and the Corporate Governance Policy of the Company.

The Audit Committee has held four meetings since the last 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.

DIRECTORS' STATEMENT

AUDIT COMMITTEE (CONT'D)

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.

INDEPENDENT AUDITORS

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

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

On behalf of the Board of Directors

Wang Kai Yuen
Deputy Chairman & Lead Independent Director

Wang Yanjun
Chief Executive Officer/Executive Director

21 March 2019

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of China Aviation Oil (Singapore) Corporation Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, 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 137 to 208.

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 2018 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 3.13 and 17** to the financial statements.	Our audit approach included both controls testing and substantive procedures as follows: • We evaluated the design and tested the operating effectiveness of the Group's controls over the recording of revenue and costs as well as the completeness and accuracy of recording trades; • On a sample basis, we ensured that the recording of the revenue and cost for deliveries occurring on or around year end are in accordance with the shipping terms; • On a sample basis, we obtained third party confirmations to confirm the validity and completeness of open trades as at year end; and • We profiled the manual journal entries posted to revenue accounts and reviewed supporting evidence to identify any unusual items. We have not noted any significant deficiency in the design and operating effectiveness of the controls over revenue recognition and completeness and accuracy of trade capture. No exceptions were noted in the samples tested and manual journal entries related to revenue recognition.
Valuation of derivatives, trading inventories and open physical contracts The valuation of derivatives, trading inventories and open physical contracts requires significant management judgement in applying the appropriate valuation methodology and incorporating of any contract specific terms including the use of valid and appropriate price index. The valuation techniques and the inputs used in the fair value measurements of the financial instruments are disclosed in **Note 27**.	Our audit approach included substantive procedures as follows: • We evaluated the design and implementation of the Group's controls over the valuation of derivatives, trading inventories and open physical contracts; and • On a sample basis, we tested the valuation of derivatives, trading inventories and open physical contracts and evaluated the appropriateness of the valuation methodology and inputs used in the valuation. We have not noted any significant deficiency in the design of the controls over valuation of derivatives, trading inventories and open physical contracts. Based on our samples tested, we noted that the valuation methodology is appropriate. We are satisfied that the price index used in the valuation of derivatives, trading inventories and open physical contracts is within a reasonable range of our audit expectations.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

- 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

21 March 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		Group			Company		
	Note	31 December 2018 US$'000	31 December 2017 US$'000 (Restated)	1 January 2017 US$'000 (Restated)	31 December 2018 US$'000	31 December 2017 US$'000 (Restated)	1 January 2017 US$'000 (Restated)
Non-current assets							
Property, plant and equipment	4	5,246	5,194	5,654	4,964	5,101	5,555
Intangible assets	5	1,662	1,525	1,580	481	344	399
Subsidiaries	6	–	–	–	66,411	43,318	37,975
Associates	7	311,449	321,171	281,010	304,076	318,898	243,704
Trade and other receivables	10	–	–	–	5,035	5,035	35,480
Deferred tax assets	8	4,504	6,004	7,604	4,500	6,000	7,600
		322,861	333,894	295,848	385,467	378,696	330,713
Current assets							
Inventories	9	110,768	209,613	170,733	92,536	181,587	164,809
Trade and other receivables	10	862,249	1,066,260	588,103	842,999	1,031,046	566,086
Cash and cash equivalents	11	357,690	300,042	287,286	334,747	276,781	244,164
		1,330,707	1,575,915	1,046,122	1,270,282	1,489,414	975,059
Total assets		1,653,568	1,909,809	1,341,970	1,655,749	1,868,110	1,305,772
Equity attributable to owners of the Company							
Share capital	12	215,573	215,573	215,573	215,573	215,573	215,573
Reserves	13	553,571	505,154	431,661	570,362	508,615	429,955
Total equity		769,144	720,727	647,234	785,935	724,188	645,528
Non-current liability							
Deferred tax liabilities	8	8,051	7,919	6,311	8,051	7,919	6,311
Current liabilities							
Trade and other payables	14	875,540	1,060,213	587,810	861,554	1,016,003	553,933
Loans and borrowings	15	–	120,000	100,000	209	120,000	100,000
Current tax liabilities		833	950	615	–	–	–
		876,373	1,181,163	688,425	861,763	1,136,003	653,933
Total liabilities		884,424	1,189,082	694,736	869,814	1,143,922	660,244
Total equity and liabilities		1,653,568	1,909,809	1,341,970	1,655,749	1,868,110	1,305,772

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Note	2018 US$'000	2017 US$'000 (Restated)
Revenue	17	20,611,954	16,267,606
Cost of sales		(20,561,960)	(16,228,903)
Gross profit		49,994	38,703
Other income	18	3,978	3,748
Administrative expenses		(19,076)	(16,219)
Other operating expenses		(1,841)	(3,181)
Results from operating activities		33,055	23,051
Finance costs	19	(4,625)	(2,779)
Share of profit of associates (net of tax)	7	72,109	71,534
Profit before tax		100,539	91,806
Tax expense	20	(6,681)	(6,879)
Profit for the year	18	93,858	84,927
Attributable to:			
Owners of the Company		93,858	84,927
Earnings per share:			
Basic earnings per share (cents)	21	10.91	9.87
Diluted earnings per share (cents)	21	10.91	9.87

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	2018 US$'000	2017 US$'000 (Restated)
Profit for the year	93,858	84,927
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)	16,243
Other comprehensive income for the year, net of tax	(16,293)	16,243
Total comprehensive income for the year	77,565	101,170
Attributable to:		
Owners of the Company	77,565	101,170

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Note	Share capital US$'000	Foreign currency translation reserve US$'000	Statutory reserves US$'000	Reserve for own shares US$'000	Accumulated profits US$'000	Total equity US$'000
At 1 January 2017 – previously reported		215,573	4,625	35,391	(5,482)	399,578	649,685
Effect of adopting SFRS(I) 9 – Note 24		–	–	–	–	(2,451)	(2,451)
At 1 January 2017 – restated		**215,573**	**4,625**	**35,391**	**(5,482)**	**397,127**	**647,234**
Total comprehensive income for the year:							
Profit for the year		–	–	–	–	84,927	84,927
Other comprehensive income:							
Items that are or may be reclassified subsequently to profit or loss:							
Translation differences relating to financial statements of foreign associates		–	16,243	–	–	–	16,243
Total other comprehensive income		–	16,243	–	–	–	16,243
Total comprehensive income for the year		–	16,243	–	–	84,927	101,170
Contributions by and distributions to owners:							
Share of associates' accumulated profits transferred to statutory reserve	13	–	–	66	–	(66)	–
Dividends to equity holders	13	–	–	–	–	(27,677)	(27,677)
Total transactions with owners		–	–	66	–	(27,743)	(27,677)
At 31 December 2017 – restated		215,573	20,868	35,457	(5,482)	454,311	720,727
At 1 January 2018 – restated		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	13	–	–	355	–	(355)	–
Dividends to equity holders	13	–	–	–	–	(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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 US$'000	2017 US$'000 (Restated)
Cash flows from operating activities			
Profit for the year		93,858	84,927
Adjustments for:			
Depreciation of property, plant and equipment		696	670
Amortisation of intangible assets		230	267
Property, plant and equipment written off		4	–
Allowance of/(reversal of) impairment loss on doubtful debts – net		387	(219)
Fair value (gain)/loss on derivative instruments		(23,351)	1,175
Share of profit of associates (net of tax)		(72,109)	(71,534)
Tax expense		6,681	6,879
Interest income		(4,558)	(3,727)
Interest expense		3,145	1,617
Unrealised exchange differences		(241)	(621)
		4,742	19,434
Change in inventories		105,119	(38,880)
Change in trade and other receivables		186,259	(457,029)
Change in trade and other payables		(143,789)	449,911
Cash generate from/(used in) operations		152,331	(26,564)
Tax paid		(1,490)	(674)
Net cash from/(used in) operating activities		150,841	(27,238)
Cash flows from investing activities			
Interest received		4,579	3,596
Acquisition of property, plant and equipment		(752)	(210)
Acquisition of intangible assets		(367)	(212)
Acquisition of subsidiary, net of cash acquired	23	(11,965)	–
Dividends from associates (net of withholding tax paid)		67,364	45,493
Net cash from investing activities		58,859	48,667
Cash flows from financing activities (Note 1)			
Interest paid		(3,145)	(1,617)
Proceeds from loans and borrowings		25,000	192,000
Repayment of loans and borrowings		(145,000)	(172,000)
Dividends paid		(29,148)	(27,677)
Net cash used in financing activities		(152,293)	(9,294)
Net increase in cash and cash equivalents		57,407	12,135
Cash and cash equivalents at 1 January		300,042	287,286
Effect of exchange rate fluctuations on cash held		241	621
Cash and cash equivalents at 31 December	11	357,690	300,042

Note 1: The cash flows make up the interest and dividends paid, and net amount of proceeds from borrowings and repayments of loans and borrowings in the consolidated statement of cash flows. There are no non-cash changes in the cash flows used in financing activities.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 21 March 2019.

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 2018 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").

For all periods up to and including the year ended 31 December 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended 31 December 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 24.

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*.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONT'D)

2.2 Basis of accounting (cont'd)

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.

2.3 Functional and presentation currency

These financial statements are presented in United States (US) dollars, which is the Company's functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with 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 30.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition-date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Associates (cont'd)

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3.4 Foreign currency

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Foreign currency (cont'd)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.5 Property, plant and equipment

Recognition and measurement

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

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

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

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

Subsequent costs

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

Depreciation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (cont'd)

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 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.2.

Subsequent measurement

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

Other intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

Software	3 years
Customer contracts	1 year

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

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other income" line item.

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).

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "revenue" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 27.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports and financial analysts, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the commodities market in jet fuel and petroleum products.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments from outside parties are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

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 (CONT'D)

3.7 Financial instruments (cont'd)

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 (CONT'D)

3.7 Financial instruments (cont'd)

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 (CONT'D)

3.7 Financial instruments (cont'd)

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 27.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination, (2) held-for-trading, or (3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income" line item for financial liabilities that are not part of a designated hedging relationship.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

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.

3.8 Leases

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.

<u>The Group as lessee</u>

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 (CONT'D)

3.9 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.

3.10 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 (CONT'D)

3.11 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.

3.12 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.

3.13 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 (CONT'D)

3.13 Revenue (cont'd)

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.

3.14 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.

3.15 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Tax (cont'd)

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.

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.

3.16 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.

3.17 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.

3.18 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 2017	9,205	285	78	596	940	1,139	12,243
Additions	–	10	7	25	–	168	210
At 31 December 2017	9,205	295	85	621	940	1,307	12,453
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
Accumulated depreciation							
At 1 January 2017	4,185	230	30	426	843	875	6,589
Depreciation for the year	449	39	8	59	12	103	670
At 31 December 2017	4,634	269	38	485	855	978	7,259
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
Carrying amounts							
At 1 January 2017	5,020	55	48	170	97	264	5,654
At 31 December 2017	4,571	26	47	136	85	329	5,194
At 31 December 2018	4,122	52	72	341	242	417	5,246
Company							
Cost							
At 1 January 2017	9,205	232	21	598	939	1,085	12,080
Additions	–	–	–	25	–	165	190
At 31 December 2017	9,205	232	21	623	939	1,250	12,270
Additions	–	–	–	185	167	150	502
At 31 December 2018	9,205	232	21	808	1,106	1,400	12,772
Accumulated depreciation							
At 1 January 2017	4,185	190	17	429	842	862	6,525
Depreciation for the year	449	29	1	59	12	94	644
At 31 December 2017	4,634	219	18	488	854	956	7,169
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
Carrying amounts							
At 1 January 2017	5,020	42	4	169	97	223	5,555
At 31 December 2017	4,571	13	3	135	85	294	5,101
At 31 December 2018	4,122	11	2	266	229	334	4,964

NOTES TO THE FINANCIAL STATEMENTS

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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 INTANGIBLE ASSETS

	Goodwill on consolidation US$'000	Customer contracts US$'000	Software US$'000	Total US$'000
Group				
Cost				
At 1 January 2017	1,181	634	3,207	5,022
Additions	–	–	212	212
At 31 December 2017	1,181	634	3,419	5,234
Additions	–	–	367	367
At 31 December 2018	1,181	634	3,786	5,601
Accumulated amortisation				
At 1 January 2017	–	634	2,808	3,442
Amortisation for the year	–	–	267	267
At 31 December 2017	–	634	3,075	3,709
Amortisation for the year	–	–	230	230
At 31 December 2018	–	634	3,305	3,939
Carrying amounts				
At 1 January 2017	1,181	–	399	1,580
At 31 December 2017	1,181	–	344	1,525
At 31 December 2018	1,181	–	481	1,662

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:

	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Group			
China Aviation Oil (Hong Kong) Company Limited ("CAOHK")	268	268	268
North American Fuel Corporation ("NAFCO")	913	913	913
	1,181	1,181	1,181

NOTES TO THE FINANCIAL STATEMENTS

5 INTANGIBLE ASSETS (CONT'D)

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

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

	31 December 2018		31 December 2017		1 January 2017	
	CAOHK %	NAFCO %	CAOHK %	NAFCO %	CAOHK %	NAFCO %
Discount rate (pre-tax)	8	8	7	7	7	7
Long-term growth rate	1	2	1	2	1	2
Forecasted earnings before interest, tax, depreciation and amortisation ("EBITDA") growth rate (average of next five years)	1	13	1	36	1	26

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

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

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

As at 31 December 2018, 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 2017	3,207
Additions	212
At 31 December 2017	3,419
Additions	367
At 31 December 2018	3,786
Accumulated amortisation	
At 1 January 2017	2,808
Amortisation for the year	267
At 31 December 2017	3,075
Amortisation for the year	230
At 31 December 2018	3,305
Carrying amounts	
At 1 January 2017	399
At 31 December 2017	344
At 31 December 2018	481

NOTES TO THE FINANCIAL STATEMENTS

6 SUBSIDIARIES

	Company 31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Unquoted equity investment, at cost	66,411	43,318	37,975

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership 31 December 2018 %	31 December 2017 %	1 January 2017 %
CAOT Pte. Ltd. ("CAOT")*	Singapore	–	100	100
China Aviation Oil (Hong Kong) Company Limited ("CAOHK")	Hong Kong SAR	100	100	100
North American Fuel Corporation ("NAFCO")	United States of America	100	100	100
China Aviation Oil (Europe) Limited ("CAO Europe")	United Kingdom	100	100	100
China Aviation Fuel (Europe) Limited ("CAFEU")^	United Kingdom	100	–	–

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

^ During the year, CAFEU was acquired pursuant to a cash offer (Note 23).

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$23,993,000 (31 December 2017: US$5,343,000, 1 January 2017: US$327,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

7 ASSOCIATES

	Group			Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	31 December 2018 US$'000	31 December 2017 US$'000 (Restated)	1 January 2017 US$'000 (Restated)
Investments in associates	311,449	321,171	281,010	304,076	318,898	243,704

Associates

The Group has two (2017: two) associates that are material and four (2017: three) 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% (2017: 33%)	49% (2017: 49%)
Fair value of ownership interest (if listed)	Not applicable	Not applicable

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

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

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

7 ASSOCIATES (CONT'D)

	SPIA US$'000	TSN-PEKCL US$'000	Immaterial associates US$'000	Total US$'000
31 December 2018				
Revenue	3,473,376	19,802		3,493,178
Profit from continuing operations/ Total comprehensive income	197,611	4,646		202,257
Non-current assets	41,805	11,185		52,990
Current assets	828,715	32,291		861,006
Non-current liabilities	–	–		–
Current liabilities	(288,326)	(2,143)		(290,469)
Net assets	582,194	41,333		623,527
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
31 December 2017				
Revenue	2,665,471	18,409		2,683,880
Profit from continuing operations/ Total comprehensive income	194,458	5,322		199,780
Non-current assets	46,617	12,980		59,597
Current assets	822,047	32,170		854,217
Non-current liabilities	–	–		–
Current liabilities	(245,378)	(3,201)		(248,579)
Net assets	623,286	41,949		665,235
Group's interest in net assets of investee at beginning of the year	175,249	20,235	43,073	238,557
Group's share of profit from continuing operations/Total comprehensive income	64,171	2,608	4,755	71,534
Dividend received during the year	(44,836)	(3,051)	–	(47,887)
Translation differences for the year	10,441	1,263	4,539	16,243
Goodwill	21,709	984	182	22,875
Fair value adjustment	–	19,849	–	19,849
Carrying amount of interest in investee at end of the year	226,734	41,888	52,549	321,171

NOTES TO THE FINANCIAL STATEMENTS

7 ASSOCIATES (CONT'D)

1 January 2017	SPIA US$'000	TSN-PEKCL US$'000	Immaterial associates US$'000	Total US$'000
Non-current assets	38,635	14,890		53,525
Current assets	740,320	26,369		766,689
Non-current liabilities	–	–		–
Current liabilities	(258,997)	(2,544)		(261,541)
Net assets	519,958	38,715		558,673
Group's interest in net assets of investee at beginning of the year	159,743	21,580	40,811	222,134
Group's share of profit from continuing operations/Total comprehensive income	60,638	2,178	3,547	66,363
Dividend received during the year	(34,848)	(2,986)	(251)	(38,085)
Translation differences for the year	(10,285)	(1,300)	(1,238)	(12,823)
Goodwill	21,709	918	182	22,809
Fair value adjustment	–	20,612	–	20,612
Carrying amount of interest in investee at end of the year	196,957	41,002	43,051	281,010

In 2018, dividends declared by associates amounting to US$71,040,000 (31 December 2017: US$47,887,000, 1 January 2017: US$38,085,000) were received during the financial year.

Details of immaterial associates of the Group are as follows:

Name of associate	Country of incorporation	Ownership 31 December 2018 %	31 December 2017 %	1 January 2017 %
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	People's Republic of China	39	39	39
Oilhub Korea Yeosu Co., Ltd. ("OKYC")	Republic of Korea	26	26	26
CNAF Hong Kong Refuelling Limited ("CNAF HKR") #	Hong Kong SAR	39	39	39
Aircraft Fuel Supply B.V. ("AFS") #	Netherlands	14.29	–	–

These associates are held by the subsidiaries of the Company.

NOTES TO THE FINANCIAL STATEMENTS

8 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Group			Company		
	31 December 2018 US$'000	31 December 2017 US$'000 (Restated)	1 January 2017 US$'000 (Restated)	31 December 2018 US$'000	31 December 2017 US$'000 (Restated)	1 January 2017 US$'000 (Restated)
Deferred tax assets						
Tax losses carry-forward	4,504	6,004	7,604	4,500	6,000	7,600
Deferred tax liabilities						
Investments in associates	(8,051)	(7,919)	(6,311)	(8,051)	(7,919)	(6,311)

Movements in temporary differences during the year are as follows:

	At 1 January 2017 US$'000 (Restated)	Recognised in profit or loss US$'000	At 31 December 2017 US$'000 (Restated)	Recognised in profit or loss US$'000	At 31 December 2018 US$'000
Group					
Tax losses carry-forward	7,604	(1,600)	6,004	(1,500)	4,504
Investments in associates	(6,311)	(1,608)	(7,919)	(132)	(8,051)
	1,293	(3,208)	(1,915)	(1,632)	(3,547)
Company					
Tax losses carry-forward	7,600	(1,600)	6,000	(1,500)	4,500

Unrecognised deferred tax assets

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

	Group			Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Deductible temporary differences	7,037	6,783	3,046	7,037	6,783	3,046

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.

NOTES TO THE FINANCIAL STATEMENTS

9 INVENTORIES

	Group			Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Trading inventories at fair value less costs to sell	92,536	181,587	164,809	92,536	181,587	164,809
Inventories at the lower of cost and net realisable value	18,232	28,026	5,924	–	–	–
	110,768	209,613	170,733	92,536	181,587	164,809

Trading inventories recognised in cost of sales amounted to US$20,440,561,000 (31 December 2017: US$15,933,656,000, 1 January 2017: US$11,540,923,000) for the Group and the Company.

10 TRADE AND OTHER RECEIVABLES

	Group			Company		
	31 December 2018 US$'000	31 December 2017 US$'000 (Restated)	1 January 2017 US$'000 (Restated)	31 December 2018 US$'000	31 December 2017 US$'000 (Restated)	1 January 2017 US$'000 (Restated)
Trade receivables	499,423	608,470	318,026	410,914	544,553	251,557
Other receivables	32,434	31,664	51,266	17,429	28,583	46,648
Amounts due from:						
– subsidiary (trade)	–	–	–	89,471	79,185	21,696
– related corporations (trade)	290,935	370,736	175,814	246,013	316,355	168,788
– holding company (non-trade)	6,625	215	–	6,625	215	–
– subsidiaries (non-trade)	–	–	–	55,699	22,424	80,633
	297,560	370,951	175,814	397,808	418,179	271,117
Loan to subsidiaries	–	–	–	5,035	5,035	5,035
	829,417	1,011,085	545,106	831,186	996,350	574,357
Allowance for impairment loss on doubtful debts – trade receivables	(7,492)	(7,105)	(7,324)	(6,959)	(6,664)	(6,397)
Loans and receivables	821,925	1,003,980	537,782	824,227	989,686	567,960
Derivative financial assets – oil commodity derivatives	27,155	45,005	24,227	23,807	44,579	24,110
	849,080	1,048,985	562,009	848,034	1,034,265	592,070
Prepayments	13,169	17,275	26,094	–	1,816	9,496
	862,249	1,066,260	588,103	848,034	1,036,081	601,566
Current	862,249	1,066,260	588,103	842,999	1,031,046	566,086
Non-current	–	–	–	5,035	5,035	35,480
	862,249	1,066,260	588,103	848,034	1,036,081	601,566

NOTES TO THE FINANCIAL STATEMENTS

10 TRADE AND OTHER RECEIVABLES (CONT'D)

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.

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 2018	Average expected credit loss rate*		Estimated total gross carrying amount at default		Lifetime ECL (i)	
	Group	Company	Group	Company	Group	Company
Customer ratings	%	%	$'000	$'000	$'000	$'000
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

(i) Lifetime ECL has excluded the individually credit impaired customers of US$4,332,000, respectively for year ended 31 December 2018 of the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS

10 TRADE AND OTHER RECEIVABLES (CONT'D)

31 December 2017	Average expected credit loss rate*		Estimated total gross carrying amount at default		Lifetime ECL (ii)	
Customer ratings	Group %	Company %	Group $'000	Company $'000	Group $'000	Company $'000
Grade A1	0.000	0.000	311,155	412,589	–	–
Grade A2	0.119	0.119	73,689	73,689	87	87
Grade B1	0.251	0.255	45,952	45,110	115	115
Grade B2	0.413	0.434	431,570	371,661	1,782	1,614
Grade C1	0.511	0.631	116,241	88,462	594	558
Grade C2	0.224	0.225	19,092	1,849	43	4
Grade D1	0.354	0.360	6,989	2,298	25	8
Grade D2	3.227	3.594	6,397	692	206	25
Total			1,011,085	996,350	2,852	2,411

(ii) Lifetime ECL has excluded the individually credit impaired customers of US$4,253,000, respectively for year ended 31 December 2017 of the Group and Company.

1 January 2017	Average expected credit loss rate*		Estimated total gross carrying amount at default		Lifetime ECL (iii)	
Customer ratings	Group %	Company %	Group $'000	Company $'000	Group $'000	Company $'000
Grade A1	0.000	0.000	50,895	142,516	–	–
Grade A2	0.119	0.119	8,037	8,037	10	10
Grade B1	0.255	0.255	81,691	81,691	208	208
Grade B2	0.413	0.420	283,750	254,694	1,172	1,069
Grade C1	0.667	0.790	72,671	58,597	484	463
Grade C2	0.922	1.208	39,653	24,212	365	292
Grade D1	1.896	2.205	6,063	4,610	114	102
Grade D2	4.174	0.000	2,346	–	98	–
Total			545,106	574,357	2,451	2,144

(iii) Lifetime ECL has excluded the individually credit impaired customers of US$4,873,000 and US$4,253,000 of the Group and Company respectively for year ended 31 December 2016.

* Average expected credit loss rate includes debtors with and without credit insurance

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:

Group	Lifetime ECL – not credit-impaired Individually assessed		Lifetime ECL – credit-impaired		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
At beginning of financial year	2,852	2,451	4,253	4,873	7,105	7,324
Change in loss allowance	308	401	79	(620)	387	(219)
At end of financial year	3,160	2,852	4,332	4,253	7,492	7,105

NOTES TO THE FINANCIAL STATEMENTS

10 TRADE AND OTHER RECEIVABLES (CONT'D)

Company	Lifetime ECL – not credit-impaired Individually assessed		Lifetime ECL – credit-impaired		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
At beginning of financial year	2,411	2,144	4,253	4,253	6,664	6,397
Change in loss allowance	216	267	79	–	295	267
At end of financial year	2,627	2,411	4,332	4,253	6,959	6,664

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.

31 December 2018	Group Increase (Decrease) in lifetime ECL		Company Increase (Decrease) in lifetime ECL	
	Not credit-impaired $'000	Credit-impaired $'000	Not credit-impaired $'000	Credit-impaired $'000
Customer declared bankruptcy	–	79	–	79
Probable default by the customer	308	–	216	–

31 December 2017	Group Increase (Decrease) in lifetime ECL		Company Increase (Decrease) in lifetime ECL	
	Not credit-impaired $'000	Credit-impaired $'000	Not credit-impaired $'000	Credit-impaired $'000
Customer declared bankruptcy	–	(620)	–	–
Probable default by the customer	401	–	267	–

The Group's and the Company's exposure to credit and currency risks, and impairment loss related to trade and other receivables, are disclosed in Note 16.

<u>Other receivables, trade amounts due from related corporations and amounts due from subsidiaries (trade and non-trade)</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

11 CASH AND CASH EQUIVALENTS

	Group			Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Cash at bank and in hand						
– Interest-bearing	10,482	22,756	18,040	10,265	22,756	18,040
– Non-interest bearing	22,890	24,001	32,246	14,782	16,980	14,124
Interest-bearing fixed deposits with financial institutions	324,318	253,285	237,000	309,700	237,045	212,000
Cash and cash equivalents in the statement of cash flows	357,690	300,042	287,286	334,747	276,781	244,164

As at 31 December 2018, interest-bearing fixed deposits of US$319,811,000 (31 December 2017: US$247,152,000, 1 January 2017: US$230,000,000) were placed with a related corporation, China National Fuel Finance Co., Ltd. The related corporation is a financial institution approved by the China Banking Regulatory Commission and is based in People's Republic of China ("PRC").

The weighted average effective interest rates per annum relating to interest-bearing deposits with banks and financial institutions at the reporting date are as disclosed below (interest rates reprice at intervals of one, three or six months):

	31 December 2018 Interest rate %	31 December 2018 Carrying amount US$'000	31 December 2017 Interest rate %	31 December 2017 Carrying amount US$'000	1 January 2017 Interest rate %	1 January 2017 Carrying amount US$'000
Group						
Cash at bank	0.3	10,482	0.2	22,756	0.2	18,040
US$ fixed deposits	3.1	324,318	2.3	252,152	1.7	237,000
RMB fixed deposits	–	–	1.1	1,133	–	–
		334,800		276,041		255,040
Company						
Cash at bank	0.3	10,265	0.2	22,756	0.2	18,040
US$ fixed deposits	3.2	309,700	2.5	237,045	1.7	212,000
		319,965		259,801		230,040

The Group's and the Company's exposure to foreign currency and interest rate risks are disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS

12 SHARE CAPITAL

	Company 31 December 2018 Number of shares ('000)	31 December 2017 Number of shares ('000)	1 January 2017 Number of shares ('000)
Fully paid ordinary shares, with no par value:			
In issue at 1 January and 31 December	866,184	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$769,144,000 (31 December 2017: US$720,727,000, 1 January 2017: US$ 647,234,000). The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends declared to ordinary shareholders.

From time to time, the Group may purchase its own shares in the market; the timing of these purchases depends on market prices. The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for the shares is determined by the Directors or such authorised personnel as appointed by the Board of Directors for the purposes of effecting purchases or acquisitions of shares by the Company under the Share Purchase Mandate.

There were no changes in the Group's approach to capital management during the year.

13 RESERVES

	Group			Company		
	31 December 2018 US$'000	31 December 2017 US$'000 (Restated)	1 January 2017 US$'000 (Restated)	31 December 2018 US$'000	31 December 2017 US$'000 (Restated)	1 January 2017 US$'000 (Restated)
Foreign currency translation reserve [(a)]	4,575	20,868	4,625	4,644	20,868	6,411
Statutory reserves [(b)]	35,812	35,457	35,391	35,812	35,457	35,391
Reserve for own shares [(c)]	(5,482)	(5,482)	(5,482)	(5,482)	(5,482)	(5,482)
Accumulated profits	518,666	454,311	397,127	535,388	457,772	393,635
	553,571	505,154	431,661	570,362	508,615	429,955

NOTES TO THE FINANCIAL STATEMENTS

13 RESERVES (CONT'D)

(a) The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

(b) The associates of the Group ("PRC Associates") established in the People's Republic of China ("PRC") follow the accounting principles and relevant financial regulations of the PRC applicable to enterprises established in the PRC (PRC GAAP) in the preparation of the accounting records and its financial statements. Under the relevant PRC regulations, the PRC Associates transferred a portion of their accumulated profits to statutory reserve for the following purposes:

Statutory surplus reserve

Pursuant to accounting regulations for foreign-invested PRC enterprises and the PRC Company Law, the associates are required to appropriate 10% of the profit arrived at in accordance with PRC GAAP for each year to a statutory reserve. The profit arrived at must be used to set off against any accumulated losses. The appropriation to statutory reserve, after offsetting against any accumulated losses, must be made before the distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends. During the current and immediate preceding financial year, SPIA did not appropriate any profit to the statutory reserve as the statutory reserve of SPIA has reached 50% of its registered capital.

(c) The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2018, the Group held 6,000,000 (31 December 2017: 6,000,000, 1 January 2017: 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		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Final exempt dividends paid in respect of the previous financial year of S$ 0.045 (2017: S$0.045) per share	29,148	27,677	19,251

(e) After the respective reporting date, the Directors have proposed a final (one-tier tax exempt) ordinary dividend of S$0.045 (2017: S$0.045) per share, amounting to US$28,373,000 (2017: US$28,954,000). The dividends have not been provided for.

NOTES TO THE FINANCIAL STATEMENTS

14 TRADE AND OTHER PAYABLES

	Group			Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Trade payables	760,575	882,907	426,744	727,226	834,681	404,935
Other payables and accruals	40,490	40,746	57,102	39,874	39,716	56,108
Advance receipts from customers	18,622	7,349	4,593	1,138	–	–
Amounts due to:						
– immediate and ultimate holding company (non-trade)	10,111	10,118	10,333	–	–	231
– subsidiaries (non-trade)	–	–	–	42,359	861	2,956
– subsidiary (trade)	–	–	–	28	24,777	–
– related corporation (trade)	16,877	3,003	25,538	15,933	–	25,401
– related corporation of a corporate shareholder (trade)	4,764	50,788	20,151	4,764	50,788	20,151
Derivative financial liabilities:						
– oil commodity derivatives	24,101	65,302	43,349	21,315	64,937	43,337
Intra-group financial guarantee	–	–	–	8,917	243	814
	875,540	1,060,213	587,810	861,554	1,016,003	553,933

Amounts due to immediate and ultimate holding company, subsidiaries and related corporations are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposures to foreign currency and liquidity risks are disclosed in Note 16.

The Company issued financial guarantees to its trading counterparties on behalf of its subsidiary for credit terms extended by the trading counterparties to the subsidiary. The expiry dates of financial guarantees vary for each trading counterparties.

15 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 16.

	Group			Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Current liabilities						
Unsecured bank loans	–	120,000	100,000	–	120,000	100,000
Intra-group financial guarantee	–	–	–	209	–	–
	–	120,000	100,000	209	120,000	100,000

The financial guarantees were given by the Company to a bank on behalf of its subsidiary for banking facilities amounting to US$95,000,000 (31 December 2017: US$55,000,000, 1 January 2017: US$20,000,000). It is a continuing financial guarantee issued to the bank.

NOTES TO THE FINANCIAL STATEMENTS

15 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	Face value US$'000	Carrying amount US$'000
Group					
31 December 2018					
Short-term loan	USD	–	–	–	–
31 December 2017					
Short-term loan	USD	1.905	2018	120,000	120,000
1 January 2017					
Short-term loan	USD	1.247	2017	100,000	100,000

16 FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

Financial assets

	31 December 2018		31 December 2017		1 January 2017	
	Group US$'000	Company US$'000	Group US$'000 (Restated)	Company US$'000 (Restated)	Group US$'000 (Restated)	Company US$'000 (Restated)
Amortised costs						
Trade and other receivables	821,925	824,227	1,003,980	989,686	537,782	567,960
Cash and cash equivalents	357,690	334,747	300,042	276,781	287,286	244,164
	1,179,615	1,158,974	1,304,022	1,266,467	825,068	812,124
Fair value through profit or loss						
Derivative financial assets	27,155	23,807	45,005	44,579	24,227	24,110

Financial liabilities

	31 December 2018		31 December 2017		1 January 2017	
	Group US$'000	Company US$'000	Group US$'000	Company US$'000	Group US$'000	Company US$'000
Amortised costs						
Trade and other payables	832,817	839,101	987,562	951,066	539,868	510,596
Loans and borrowings	–	209	120,000	120,000	100,000	100,000
	832,817	839,310	1,107,562	1,071,066	639,868	610,596
Fair value through profit or loss						
Derivative financial liabilities	24,101	21,315	65,302	64,937	43,349	43,337

NOTES TO THE FINANCIAL STATEMENTS

16 FINANCIAL INSTRUMENTS (CONT'D)

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		
	31 December 2018 US$'000	31 December 2017 US$'000 (Restated)	1 January 2017 US$'000 (Restated)	31 December 2018 US$'000	31 December 2017 US$'000 (Restated)	1 January 2017 US$'000 (Restated)
Loans and receivables	821,925	1,003,980	537,782	824,227	989,686	567,960
Cash and cash equivalents	357,690	300,042	287,286	334,747	276,781	244,164
Derivative financial assets	27,155	45,005	24,227	23,807	44,579	24,110
	1,206,770	1,349,027	849,295	1,182,781	1,311,046	836,234

Impairment losses

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

	31 December 2018		31 December 2017		1 January 2017	
	Gross US$'000	Impairment losses US$'000	Gross US$'000	Impairment losses US$'000 (Restated)	Gross US$'000	Impairment losses US$'000 (Restated)
Group						
Not past due	795,822	(3,160)	889,518	(2,852)	507,127	(2,451)
1 to 30 days	29,342	(79)	105,858	–	25,248	–
31 to 90 days	–	–	9,997	–	2,902	–
Over 90 days	4,253	(4,253)	5,712	(4,253)	9,829	(4,873)
	829,417	(7,492)	1,011,085	(7,105)	545,106	(7,324)
Company						
Not past due	761,708	(2,627)	895,064	(2,411)	544,196	(2,144)
1 to 30 days	54,387	(79)	85,749	–	20,171	–
31 to 90 days	10,838	–	9,997	–	772	–
Over 90 days	4,253	(4,253)	5,540	(4,253)	9,218	(4,253)
	831,186	(6,959)	996,350	(6,664)	574,357	(6,397)

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.

NOTES TO THE FINANCIAL STATEMENTS

16 FINANCIAL INSTRUMENTS (CONT'D)

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

	31 December 2018 US$'000	31 December 2017 US$'000 (Restated)	1 January 2017 US$'000 (Restated)
Group			
At 1 January	7,105	7,324	5,429
Impairment loss recognised	612	401	3,071
Impairment loss written back	(225)	(620)	(1,176)
At 31 December	7,492	7,105	7,324

	31 December 2018 US$'000	31 December 2017 US$'000 (Restated)	1 January 2017 US$'000 (Restated)
Company			
At 1 January	6,664	6,397	5,429
Impairment loss recognised	520	267	2,144
Impairment loss written back	(225)	–	(1,176)
At 31 December	6,959	6,664	6,397

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

NOTES TO THE FINANCIAL STATEMENTS

16 FINANCIAL INSTRUMENTS (CONT'D)

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 2018		
Non-derivative financial liabilities		
Trade and other payables(i)	(832,817)	(832,817)
Loans and borrowings	–	–
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)
31 December 2017		
Non-derivative financial liabilities		
Trade and other payables(i)	(987,562)	(987,562)
Loans and borrowings	(120,000)	(120,000)
Oil commodity derivatives		
Gross outflows(ii)		
– Oil physical derivative instruments purchase contracts	(1,821,354)	(1,821,354)
Net outflows		
– Oil paper derivative instruments	(10,458)	(10,458)
	(2,939,374)	(2,939,374)
1 January 2017		
Non-derivative financial liabilities		
Trade and other payables(i)	(539,868)	(539,868)
Loans and borrowings	(100,000)	(100,000)
Oil commodity derivatives		
Gross outflows(ii)		
– Oil physical derivative instruments purchase contracts	(1,225,842)	(1,225,842)
Net outflows		
– Oil paper derivative instruments	(22,873)	(22,873)
	(1,888,583)	(1,888,583)

NOTES TO THE FINANCIAL STATEMENTS

16 FINANCIAL INSTRUMENTS (CONT'D)

	Cash flows	
	Contractual cash flows US$'000	Within 1 year US$'000
Company		
31 December 2018		
Non-derivative financial liabilities		
Trade and other payables(i)	(830,184)	(830,184)
Loans and borrowings	–	–
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)
	(1,836,091)	(1,836,091)
31 December 2017		
Non-derivative financial liabilities		
Trade and other payables(i)	(950,823)	(950,823)
Loans and borrowings	(120,000)	(120,000)
Oil commodity derivatives		
Gross outflows(ii)		
– Oil physical derivative instruments purchase contracts	(1,819,377)	(1,819,377)
Net outflows		
– Oil paper derivative instruments	(10,149)	(10,149)
	(2,900,349)	(2,900,349)
1 January 2017		
Non-derivative financial liabilities		
Trade and other payables(i)	(509,782)	(509,782)
Loans and borrowings	(100,000)	(100,000)
Oil commodity derivatives		
Gross outflows(ii)		
– Oil physical derivative instruments purchase contracts	(1,225,842)	(1,225,842)
Net outflows		
– Oil paper derivative instruments	(22,861)	(22,861)
	(1,858,485)	(1,858,485)

(i) Excludes derivative financial liabilities, advance receipts and intra-group financial guarantees.
(ii) The gross outflows represent the undiscounted cash outflows of the outstanding long oil physical derivative instruments.

NOTES TO THE FINANCIAL STATEMENTS

16 FINANCIAL INSTRUMENTS (CONT'D)

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 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
31 December 2017					
Trade and other receivables	315	213	–	–	33
Cash and cash equivalents	39	1,174	95	–	124
Trade and other payables	(5,154)	(285)	–	–	(32)
	(4,800)	1,102	95	–	125
1 January 2017					
Trade and other receivables	176	2,233	–	–	26
Cash and cash equivalents	3,142	1,090	1,494	–	190
Trade and other payables	(4,041)	(494)	–	–	–
	(723)	2,829	1,494	–	216

	Singapore dollar US$'000	British pound US$'000	Renminbi US$'000
Company			
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)
31 December 2017			
Trade and other receivables	315	–	213
Cash and cash equivalents	34	–	23
Trade and other payables	(5,144)	–	(282)
	(4,795)	–	(46)
1 January 2017			
Trade and other receivables	176	–	2,233
Cash and cash equivalents	3,138	–	48
Trade and other payables	(4,034)	–	(494)
	(720)	–	1,787

NOTES TO THE FINANCIAL STATEMENTS

16 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

Sensitivity analysis

At the reporting date, a 10% strengthening of the US dollar against the following currencies would increase/(decrease) profit/(loss) before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group Profit/(Loss) before tax			Company Profit/(Loss) before tax		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Singapore dollar	527	480	72	527	480	72
Renminbi	(3)	(110)	(283)	3	5	(179)
Hong Kong dollar	(106)	(10)	(149)	–	–	–
Euro	(84)	–	–	–	–	–
British pound	(37)	(13)	(22)	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		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Financial assets	334,800	276,041	255,040	319,965	259,801	230,040

Interest rate sensitivity analysis

Management does not expect a change in interest rate will have significant impact to the Group's and Company's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

16 FINANCIAL INSTRUMENTS (CONT'D)

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 2018				
Derivative financial assets	–	27,155	–	27,155
Derivative financial liabilities	–	(24,101)	–	(24,101)
	–	3,054	–	3,054
31 December 2017				
Derivative financial assets	–	45,005	–	45,005
Derivative financial liabilities	–	(65,302)	–	(65,302)
	–	(20,297)	–	(20,297)
1 January 2017				
Derivative financial assets	–	24,227	–	24,227
Derivative financial liabilities	–	(43,349)	–	(43,349)
	–	(19,122)	–	(19,122)
Company				
31 December 2018				
Derivative financial assets	–	23,807	–	23,807
Derivative financial liabilities	–	(21,315)	–	(21,315)
	–	2,492	–	2,492
31 December 2017				
Derivative financial assets	–	44,579	–	44,579
Derivative financial liabilities	–	(64,937)	–	(64,937)
	–	(20,358)	–	(20,358)
1 January 2017				
Derivative financial assets	–	24,110	–	24,110
Derivative financial liabilities	–	(43,337)	–	(43,337)
	–	(19,227)	–	(19,227)

The valuation techniques and the inputs used in the fair value measurements of the financial instruments are disclosed in Note 27.

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.

NOTES TO THE FINANCIAL STATEMENTS

16 FINANCIAL INSTRUMENTS (CONT'D)

Offsetting financial assets and financial liabilities (cont'd)

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 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
31 December 2017			
Financial assets			
Oil physical derivative instruments	39,141	–	39,141
Oil paper derivative instruments	5,864	(2,131)	3,733
Total	45,005	(2,131)	42,874
Financial liabilities			
Oil physical derivative instruments	54,844	–	54,844
Oil paper derivative instruments	10,458	(2,131)	8,327
Total	65,302	(2,131)	63,171
1 January 2017			
Financial assets			
Oil physical derivative instruments	19,098	–	19,098
Oil paper derivative instruments	5,129	(3,449)	1,680
Total	24,227	(3,449)	20,778
Financial liabilities			
Oil physical derivative instruments	20,476	–	20,476
Oil paper derivative instruments	22,873	(3,449)	19,424
Total	43,349	(3,449)	39,900

NOTES TO THE FINANCIAL STATEMENTS

16 FINANCIAL INSTRUMENTS (CONT'D)

Offsetting financial assets and financial liabilities (cont'd)

	Gross amounts of recognised financial instruments included in the statement of financial position US$'000	Related amounts that are not offset US$'000	Net amounts US$'000
Company			
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
31 December 2017			
Financial assets			
Oil physical derivative instruments	39,029	–	39,029
Oil paper derivative instruments	5,550	(2,131)	3,419
Total	44,579	(2,131)	42,448
Financial liabilities			
Oil physical derivative instruments	54,788	–	54,788
Oil paper derivative instruments	10,149	(2,131)	8,018
Total	64,937	(2,131)	62,806
1 January 2017			
Financial assets			
Oil physical derivative instruments	19,098	–	19,098
Oil paper derivative instruments	5,012	(3,449)	1,563
Total	24,110	(3,449)	20,661
Financial liabilities			
Oil physical derivative instruments	20,476	–	20,476
Oil paper derivative instruments	22,861	(3,449)	19,412
Total	43,337	(3,449)	39,888

NOTES TO THE FINANCIAL STATEMENTS

17 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 22).

A disaggregation of the Group's revenue for the financial year is as follows:

	Group	
	2018 US$'000	2017 US$'000
Revenue from middle distillates	12,361,929	10,332,216
Revenue from other oil products	8,250,025	5,935,390
	20,611,954	16,267,606

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

Included in revenue is net gain of US$3,126,000 (2017: net loss of US$27,226,000) 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.

18 PROFIT FOR THE YEAR

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

	Group	
	2018 US$'000	2017 US$'000
Other income		
Interest income	4,558	3,727
Foreign exchange loss – net	(606)	(31)
Others	26	52
	3,978	3,748
Audit fees paid and payable to:		
– auditor of the Company	(289)	(287)
– other auditors	(129)	(80)
Non-audit fees paid and payable to auditor of the Company	(127)	(63)
Impairment provision on doubtful debts – net	(387)	219
Depreciation of property, plant and equipment	(696)	(670)
Amortisation of intangible assets	(230)	(267)
Operating lease expense	(27,626)	(34,039)
Staff costs	(16,663)	(14,250)
Contributions to defined contribution plans, included in staff costs	(1,143)	(1,222)

NOTES TO THE FINANCIAL STATEMENTS

19 FINANCE COSTS

	Group 2018 US$'000	Group 2017 US$'000
Bank charges	1,480	1,162
Interest expenses	3,145	1,617
	4,625	2,779

20 TAX EXPENSE

	Group 2018 US$'000	Group 2017 US$'000
Current tax expense		
Current year	915	1,408
Deferred tax expense		
Origination and reversal of temporary differences	–	1,337
Utilisation of previously unused tax losses	1,500	1,600
	1,500	2,937
Withholding tax expense	4,266	2,534
Total tax expense	6,681	6,879
Reconciliation of effective tax rate		
Profit before tax	100,539	91,806
Tax using Singapore tax rate of 17% (2017: 17%)	17,092	15,607
Effects of tax rates in foreign jurisdictions	(97)	52
Tax exempt income	(406)	–
Tax effects of revenue at concessionary tax rate	(4,906)	(2,473)
Effects of results of associates presented net of tax	(12,259)	(12,161)
Effect of expenses not deductible for tax purposes	524	647
Effect of utilisation of previously unused tax losses	1,500	1,600
Effect of tax incurred on transfer of shares	–	539
Effect of recognition of deferred tax liabilities	–	534
Effect of unused tax losses not recognised as deferred tax assets	967	–
Withholding tax expense	4,266	2,534
	6,681	6,879

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

NOTES TO THE FINANCIAL STATEMENTS

21 EARNINGS PER SHARE

Basic earnings per share

At the reporting date, the calculation of basic earnings per share was based on the profit attributable to ordinary shareholders of US$93,858,000 (2017: US$84,927,000), and a weighted average number of ordinary shares outstanding of 860,184,000 (2017: 860,184,000).

Profit attributable to ordinary shareholders

	2018 US$'000	2017 US$'000 (Restated)
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	93,858	84,927

Weighted average number of ordinary shares (diluted)

	2018 Number of shares ('000)	2017 Number of shares ('000)
Issued ordinary shares at 1 January and 31 December*	860,184	860,184

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

22 OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units, the Group's CEO (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Middle distillates: Jet fuel and gas oil supply and trading.
- Other oil products: Fuel oil, crude oil, gasoline and aviation gasoline supply and trading.
- Investments in oil-related assets: Investments in oil-related assets through the Group's holdings in associates.

NOTES TO THE FINANCIAL STATEMENTS

22 OPERATING SEGMENTS (CONT'D)

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

	Middle distillates US$'000	Other oil products US$'000	Investment in oil-related assets US$'000	Total US$'000
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
2017				
Revenue	10,332,216	5,935,390	–	16,267,606
Gross profit	35,787	2,916	–	38,703
Other administrative/operating expenses	(13,822)	(998)	(3,643)	(18,463)
Depreciation and amortisation	(937)	–	–	(937)
Foreign exchange loss	(31)	–	–	(31)
Interest income	3,727	–	–	3,727
Other income	52	–	–	52
Finance costs	(1,520)	(1,259)	–	(2,779)
Share of profits of associates (net of tax)	–	–	71,534	71,534
Tax expense	(2,604)	–	(4,275)	(6,879)
Reportable segment profit after tax	20,652	659	63,616	84,927
Reportable segment total assets	1,412,315	169,340	322,150	1,903,805

NOTES TO THE FINANCIAL STATEMENTS

22 OPERATING SEGMENTS (CONT'D)

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.

	Revenue US$'000	Non-current assets** US$'000
Geographical information		
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	–
The Republic of China	636,869	–
Netherland	394,788	5,804
United Kingdom	113,991	4
Other countries	1,415,726	–
	20,611,954	318,357
2017		
People's Republic of China	7,702,145	275,387
South Korea	435,880	43,511
United States of America	896,497	981
Hong Kong SAR	1,302,969	2,566
Malaysia	473,574	–
Japan	336,683	–
United Arab Emirates	962,371	–
Singapore	2,186,364	5,445
Philippines	452,425	–
The Republic of China	419,068	–
Other countries	1,099,630	–
	16,267,606	327,890

** Excludes deferred tax assets

Major customers

Revenue from two customers (2017: two customers) of the middle distillates segment for the supply of jet fuel amounting to approximately US$6,742,300,000 (2017: US$4,683,794,000), represents 33% (2017: 29%) of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

23 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 associated company 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	
Associate	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

24 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended 31 December 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 which are effective at the same time.

Reconciliation of equity and total comprehensive income

The effect of transition to SFRS(I) and the initial application of SFRS(I) 9 are presented and explained below.

Group

(A) Impact on the Consolidated Statement of Financial Position as at 1 January 2017 (date of transition to SFRS(I))

	As previously reported under FRS US$'000	Application of SFRS(I) 1 US$'000	Initial application of SFRS(I) 9 US$'000 Note (i)	As adjusted under SFRS(I) US$'000
Trade and other receivables	540,233	–	(2,451)	537,782
Reserves				
– Foreign currency translation reserve	4,625	–	–	4,625
– Statutory reserves	35,391	–	–	35,391
– Reserve for own shares	(5,482)	–	–	(5,482)
– Accumulated profits	399,578	–	(2,451)	397,127

NOTES TO THE FINANCIAL STATEMENTS

24 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

(B) Impact on the Consolidated Statement of Financial Position as at 31 December 2017 (end of last period reported under FRS)

	As previously reported under FRS US$'000	Application of SFRS(I) 1 US$'000	Initial application of SFRS(I) 9 US$'000 Note (i)	As adjusted under SFRS(I) US$'000
Trade and other receivables	1,006,832	–	(2,852)	1,003,980
Reserves				
– Foreign currency translation reserve	20,868	–	–	20,868
– Statutory reserves	35,457	–	–	35,457
– Reserve for own shares	(5,482)	–	–	(5,482)
– Accumulated profits	457,163	–	(2,852)	454,311

<u>Note to the reconciliations (SFRS(I) 9):</u>

(i) The application of the SFRS(I) 9 impairment requirements has resulted in additional loss allowance to be recognised.

(C) Impact on the Consolidated Statement of Profit or Loss for the year ended 31 December 2017 (last financial year reported under FRS)

	As previously reported under FRS US$'000	Application of SFRS(I) 1 US$'000	Initial application of SFRS(I) 9 US$'000	As adjusted under SFRS(I) US$'000
Other operating expenses	(2,780)	–	(401)	(3,181)
Profit for the year	85,328	–	(401)	84,927

(D) Impact on the Consolidated Statement of Cash Flows for the year ended 31 December 2017 (last financial year reported under FRS)

The transition to SFRS(I) and the initial application of SFRS(I) 9 has not had a material impact on the Consolidated Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS

25 RECLASSIFICATIONS AND COMPARATIVE FIGURES (OTHER THAN ARISING FROM FIRST-TIME ADOPTION)

Certain restatements have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. The Company has adopted the equity method to account for its investment in associates effective from 1 January 2018.

As a result, certain line items have been amended to reflect the change in accounting policy in the statement of financial position and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items were restated as follows:

	Company	
	Previously reported US$'000	After restatement US$'000
Statement of financial position as at 31 December 2017		
Non-current asset		
Associates	113,070	318,898
Non-current liability		
Deferred tax liabilities	–	7,919
Equity		
Foreign currency translation reserve	–	20,868
Statutory reserves	–	35,457
Accumulated profits	318,599	460,183
Statement of financial position as at 1 January 2017		
Non-current asset		
Associates	82,625	243,704
Non-current liability		
Deferred tax liabilities	–	6,311
Equity		
Foreign currency translation reserve	–	6,411
Statutory reserves	–	35,391
Accumulated profits	282,813	395,779

NOTES TO THE FINANCIAL STATEMENTS

26 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

Effective for annual periods beginning on or after 1 January 2019

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above SFRS(I), SFRS(I) INT and amendments to SFRS(I)s 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 except for the following:

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

SFRS(I) 1-17 does not require the recognition of any right-of-use asset or liability for future payments for the operating leases the Group enters into. Under SFRS(I) 16, the Group may be required to recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. Additional disclosures may also be made with respect to leases, including any significant judgement and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists. Management has performed a detailed analysis of the requirements of the initial application of SFRS(I) 16.

As at 31 December 2018, the Group and the Company have non-cancellable operating lease commitments as disclosed in Note 28. A preliminary assessment indicates that these arrangements will meet the definition of a lease under SFRS(I) 16, and hence the Group and the Company will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon application of SFRS(I) 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's and the Company's financial statements and management is currently assessing its potential impact.

NOTES TO THE FINANCIAL STATEMENTS

26 STANDARDS ISSUED BUT NOT EFFECTIVE (CONT'D)

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The Interpretation provides guidance on determining the accounting tax position when there is uncertainty over income tax treatments.

The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a Group;
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings;
- if probable, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings; and
- if not probable, the entity should reflect the effect of uncertainty in determining its accounting tax position.

Management is currently assessing the possible impact of implementing SFRS(I) INT 23. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's and the Company's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt SFRS(I) INT 23 for financial year ended 31 December 2018.

Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The pronouncement addresses the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In a transaction involving an associate or a joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

When an entity sells or contributes assets that constitute a business to a joint venture or associate, or loses control of a subsidiary that contains a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised in full.

When an entity sells or contributes assets that do not constitute a business to a joint venture or associate, or loses control of a subsidiary that does not contain a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised only to the extent of the unrelated investors' interests in the joint venture or associate, i.e. the entity's share of the gain or loss is eliminated.

Management is currently assessing the possible impact of implementing SFRS(I) 10 and SFRS(I) 1-28. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's and the Company's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the amendments to SFRS(I) 10 and SFRS(I) 1-28 for financial year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk
- commodity price risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risk. Additional quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment which all employees understand their roles and obligations.

The Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risk.

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

27 FINANCIAL RISK MANAGEMENT (CONT'D)

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 10.

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 $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2018						
Trade receivables	10	(i)	Lifetime ECL (simplified approach)	499,423	(7,492)	491,931
Other receivables	10	Performing	12-month ECL	32,434	–	32,434
Amount due from related corporations	10	Performing	12-month ECL	297,560	–	297,560
					(7,492)	

Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2017						
Trade receivables	10	(i)	Lifetime ECL (simplified approach)	608,470	(7,105)	601,365
Other receivables	10	Performing	12-month ECL	31,664	–	31,664
Amount due from related corporations	10	Performing	12-month ECL	370,951	–	370,951
					(7,105)	

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
1 January 2017						
Trade receivables	10	(i)	Lifetime ECL (simplified approach)	318,026	(7,324)	310,702
Other receivables	10	Performing	12-month ECL	51,266	–	51,266
Amount due from related corporations	10	Performing	12-month ECL	175,814	–	175,814
					(7,324)	

Company	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2018						
Trade receivables	10	(i)	Lifetime ECL (simplified approach)	410,914	(6,959)	403,955
Other receivables	10	Performing	12-month ECL	17,429	–	17,429
Amount due from related corporations	10	Performing	12-month ECL	397,808	–	397,808
Loan to subsidiaries	10	Performing	12-month ECL	5,035	–	5,035
					(6,959)	

Company	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2017						
Trade receivables	10	(i)	Lifetime ECL (simplified approach)	544,553	(6,664)	537,889
Other receivables	10	Performing	12-month ECL	28,583	–	28,583
Amount due from related corporations	10	Performing	12-month ECL	418,179	–	418,179
Loan to subsidiaries	10	Performing	12-month ECL	5,035	–	5,035
					(6,664)	

Company	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
1 January 2017						
Trade receivables	10	(i)	Lifetime ECL (simplified approach)	251,557	(6,397)	245,160
Other receivables	10	Performing	12-month ECL	46,648	–	46,648
Amount due from related corporations	10	Performing	12-month ECL	271,117	–	271,117
Loan to subsidiaries	10	Performing	12-month ECL	5,035	–	5,035
					(6,397)	

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL RISK MANAGEMENT (CONT'D)

(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 10 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 2018, there was no significant concentration of credit risk except for amounts receivable due from 1 (31 December 2017: 3, 1 January 2017: 3) major customer amounting to US$160,008,000 (31 December 2017: US$295,327,000, 1 January 2017: US$121,773,000) which accounted for 20% (2017: 49%) of the Group's gross trade receivables. At 31 December 2018, the Company has significant concentration of credit risk with subsidiaries and related corporations which accounted for 45% (31 December 2017: 42%, 1 January 2017: 48%) of the Company's gross trade receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Guarantees

The maximum exposure of the Company in respect of the intra-group financial guarantee (see Notes 14 and 15) at the end of the reporting period is if the subsidiary defaulted on the utilised facilities extended by the bank and trading counterparties amounting to US$16,806,000 (31 December 2017: US$4,835,000, 1 January 2017: US$884,000) at 31 December 2018.

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.

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL RISK MANAGEMENT (CONT'D)

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.

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 2018.

	Profit or loss	
	10% increase US$'000	10% decrease US$'000
2018		
Oil physical and paper derivative instruments	(6,049)	6,049
2017		
Oil physical and paper derivative instruments	(24,457)	24,457

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$9,240,000 (2017: US$17,989,000). A 10% weakening of the fair value of oil inventory would have an equal but opposite effect on profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Estimation of fair values

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

Derivative financial instruments

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

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

28 OPERATING LEASES

Leases as lessee

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

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Within one year	13,709	12,858	13,459	12,656
Between one and five years	12,725	21,259	12,725	21,082
	26,434	34,117	26,184	33,738

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.

NOTES TO THE FINANCIAL STATEMENTS

29 RELATED PARTIES

Key management personnel compensation

Key management personnel compensation comprises:

	Group 2018 US$'000	Group 2017 US$'000
Directors' fees	238	242
Directors' remuneration	467	550
Key executive officers' remuneration	1,094	1,580
	1,799	2,372

The key management personnel compensation for the financial years ended 31 December 2018 and 2017 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 30% (2017: 37%) of the Group's total sales and 40% (2017: 48%) of the Group's total purchases. During the year, approximately 9% (2017: 10%) of the Group's banking fees and 6% (2017: 6%) of the Group's operating expenses were transacted with government-related entities.

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

	Group 2018 US$'000	Group 2017 US$'000
Related corporation of a corporate shareholder:		
Sale of fuel oil	9,664	–
Sale of jet fuel	–	18,835
Purchase of jet fuel	(63,747)	(150,862)
Purchase of gas oil	(223,367)	(1,713)
Purchase of fuel oil	–	(6,935)
Related parties under CNAF:		
Related corporations		
Sale of jet fuel	4,184,234	2,854,814
Purchase of jet fuel	(2,707,045)	(1,652,759)
Interest income	3,747	–
Associate		
Sale of jet fuel	2,558,066	1,828,980
Purchase of jet fuel	(78,219)	(61,990)
Other related party:		
Associate		
Storage tank rental expense	(8,688)	(16,664)

NOTES TO THE FINANCIAL STATEMENTS

30 ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

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

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

Key source of estimation uncertainty

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

Calculation of loss allowance

When measuring ECL, the group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of the Group's and the Company's trade receivables are disclosed in Note 10 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 7 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.

The carrying amounts of the Group's current tax liabilities is disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

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 10 and 14 to the financial statements.

Critical judgement made in applying accounting policies

Classification of investment in associates

Based on the terms and conditions of the shareholder's agreement entered for each of its investments in associates, the Group has significant influence over its investees by virtual of its board representation on the respective investees and the Group's rights and obligations arising from board reserve matters as agreed with the other shareholders.

SUPPLEMENTARY INFORMATION

INTERESTED PERSON TRANSACTIONS

	Aggregate value of interested person transactions excluding transactions conducted under shareholders mandate pursuant to Rule 920 of the SGX Listing Manual		Aggregate value of interested person transactions conducted under shareholders mandate pursuant to Rule 920 of the SGX Listing Manual	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Sales revenue from related corporations	–	–	4,120,762	2,942,634
Sales revenue from related corporation of a corporate shareholder	–	–	9,680	99,048
Purchases from related corporations	–	–	2,553,581	1,986,552
Purchases from related corporation of a corporate shareholder	–	–	256,254	158,725
Services rendered from related corporation	283	–	–	–
Services rendered from related corporation of a corporate shareholder	–	–	288	492
Supply chain services rendered from related corporation	–	–	13,798	17,052
Transportation revenue earned by associate from related corporations	–	–	9,677	9,021
Loan granted to related corporation	–	–	–	1,441
Principal deposited with related corporations	–	–	483,819	262,050
Interest income earned from principal deposited with related corporations	–	–	6,812	6,609
Interest income by associate from loan granted to related corporations	–	–	–	220
Interest earned on loan granted to associate	–	–	–	69
Purchases from associate	–	–	79	107

STATISTICS OF SHAREHOLDINGS

As at 5 March 2019

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 5 March 2019, 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: (1) Percentage is calculated based on the total number of 860,183,628 issued shares excluding treasury shares.
+ Subsidiary Holdings is defined in the Listing Manual of SGX-ST to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	575	4.42	29,120	0.00
100 – 1,000	2,005	15.42	1,188,265	0.14
1,001 – 10,000	7,123	54.77	30,890,419	3.59
10,001 – 1,000,000	3,283	25.24	118,039,755	13.72
1,000,001 AND ABOVE	20	0.15	710,036,069	82.55
TOTAL	**13,006**	**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	29,387,266	3.42
4	CITIBANK NOMINEES SINGAPORE PTE LTD	20,379,449	2.37
5	DBSN SERVICES PTE. LTD.	6,877,896	0.80
6	RAFFLES NOMINEES (PTE.) LIMITED	6,247,641	0.73
7	HSBC (SINGAPORE) NOMINEES PTE LTD	5,157,720	0.60
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,434,907	0.52
9	UOB KAY HIAN PRIVATE LIMITED	3,261,968	0.38
10	LEE FOOK CHOY	3,200,000	0.37
11	PHILLIP SECURITIES PTE LTD	2,521,281	0.29
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,175,397	0.25
13	OCBC SECURITIES PRIVATE LIMITED	2,048,496	0.24
14	HENG SIEW ENG	2,001,300	0.23
15	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,701,009	0.20
16	KANG HIAN SOON OR KEH SIU KIM	1,265,000	0.15
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,183,544	0.14
18	JACK INVESTMENT PTE LTD	1,156,500	0.13
19	LAM YEW CHONG	1,113,800	0.13
20	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,113,041	0.13
	TOTAL	**710,036,069**	**82.56**

SUBSTANTIAL ORDINARY SHAREHOLDERS

(As shown in the Register of Substantial Shareholders as at 5 March 2019)

		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

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

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