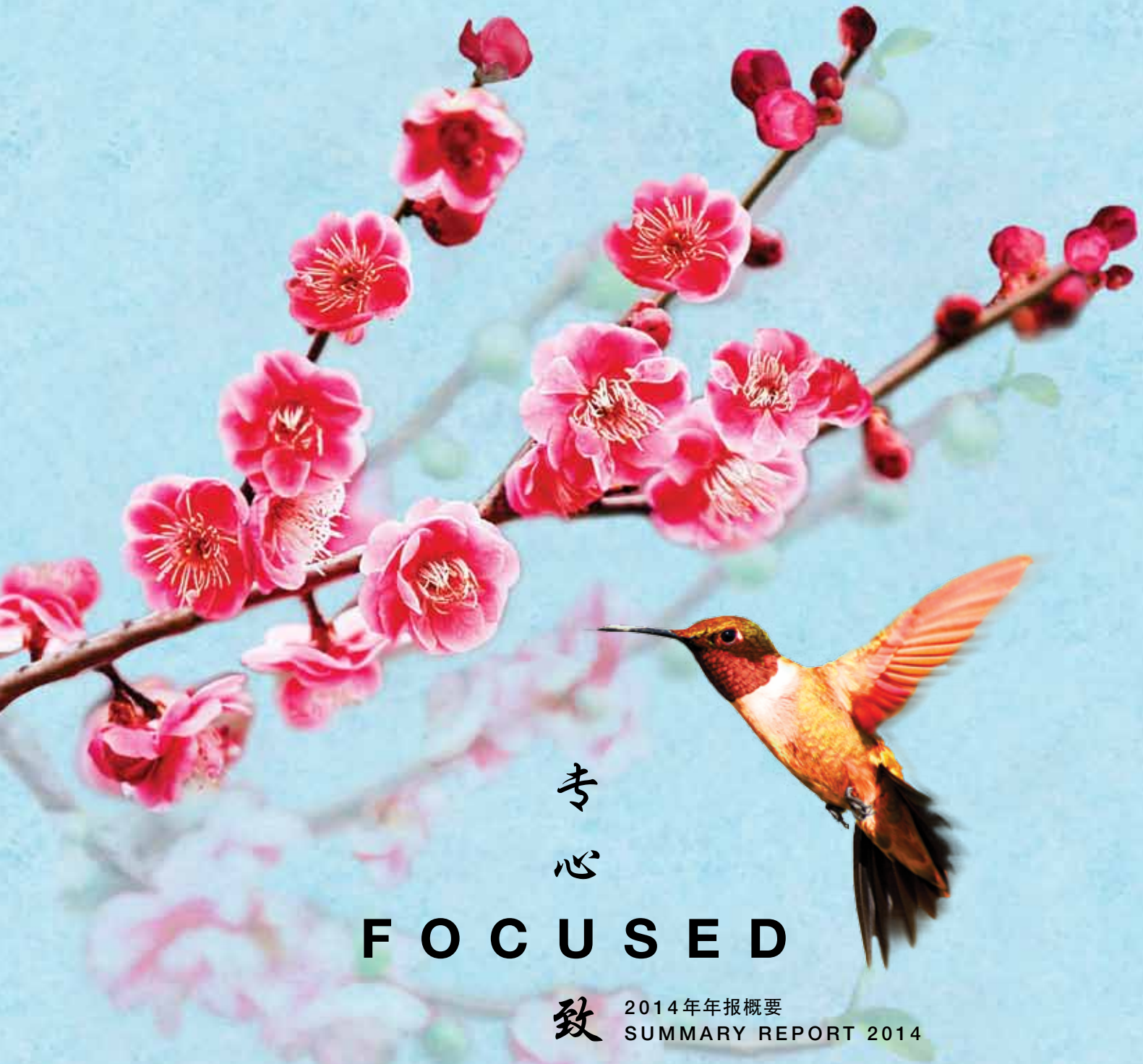




China Aviation Oil (Singapore) Corporation Ltd
中国航油（新加坡）股份有限公司

A subsidiary of China National Aviation Fuel Group Corporation
中国航空油料集团公司子公司



专
心

F O C U S E D

致
志

2014 年年报概要
SUMMARY REPORT 2014

Fuel for Future 为明天加油

Exemplifying the spirit of value creation and subsistence, the hummingbird represents sustainability and flight excellence while the plum blossom represents strength, endurance and regeneration, bracing the harshness of winter, blossoming in a barren wintry landscape and a firm reminder that spring will soon arrive.

Just as qualities of excellence, effectiveness, adaptability and resilience are innate in the hummingbird and plum blossom, these values similarly define our strengths at China Aviation Oil (Singapore) Corporation Ltd as we focus on value creation and work on the sustainability development of our Group. Creating long-term value for our stakeholders is our ultimate aim.

CAO's Summary Report 2014 aims to give readers an account of the Group's integrated approach to value creation and sustainability development. Our report provides an overview of key activities, events and results in 2014, together with commentary on the Group's performance in the year and our priorities as we move forward to realise our strategic vision.

Contents

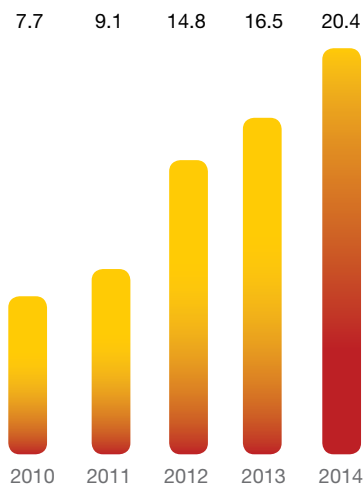
1	Financial Highlights 业绩亮点	37	Summary Financial Statement 财务报表概要
2	Vision 愿景	53	Statistics of Shareholdings 持股统计
3	Sustainable Business Model 可持续的业务模式	54	Notice of Annual General Meeting 常年股东大会通知
4	Chairman's Statement 董事长致辞		Proxy Form 代理表格
10	Board of Directors 董事会		Request Form 要求提供年报表格
12	Chief Executive Officer's Strategic Report 首席执行官战略报告		Corporate Information 公司信息
12	CEO's Message 首席执行官致辞		
18	Strategic Risks Review 战略风险回顾		
25	Audit & Internal Control 审计与内部控制		
27	Operations Review 经营概况		
32	Financial Review 财务业绩		



Financial Highlights 业绩亮点

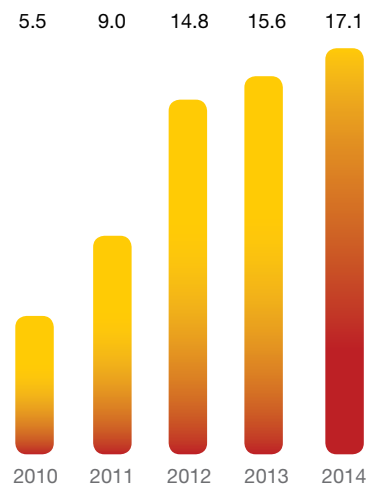
TOTAL VOLUME (MILLION TONNES)
总业务量

20.4
million tonnes



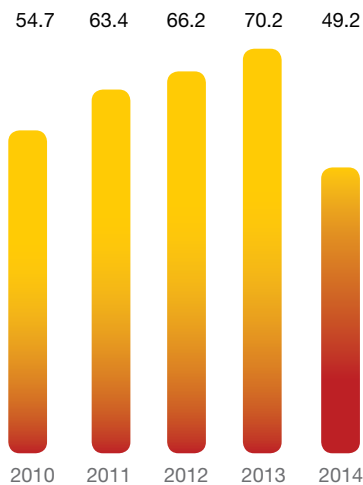
REVENUE (US\$ BILLION)
营业额

US\$17.1
billion



NET PROFIT (US\$ MILLION)
净利润

US\$49.2
million



RETURN ON EQUITY
股本回报率

9.1%

RETURN ON ASSETS
资产回报率

3.5%

NET ASSET VALUE/SHARE
每股净资产值

US64.35¢

Sustainable Business Model 可持续的业务模式

Our Vision

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

International Oil Markets
国际油品市场



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

At CAO, we strive to integrate our supply and trading activities, leveraging on our increasing scale and market presence to enhance the profitability of the Group.
CAO 致力于供应与贸易一体化，利用不断扩大的业务规模和市场占有率，加强集团的盈利能力。



Secure Resources
锁定资源

Optimise Logistics
优化物流

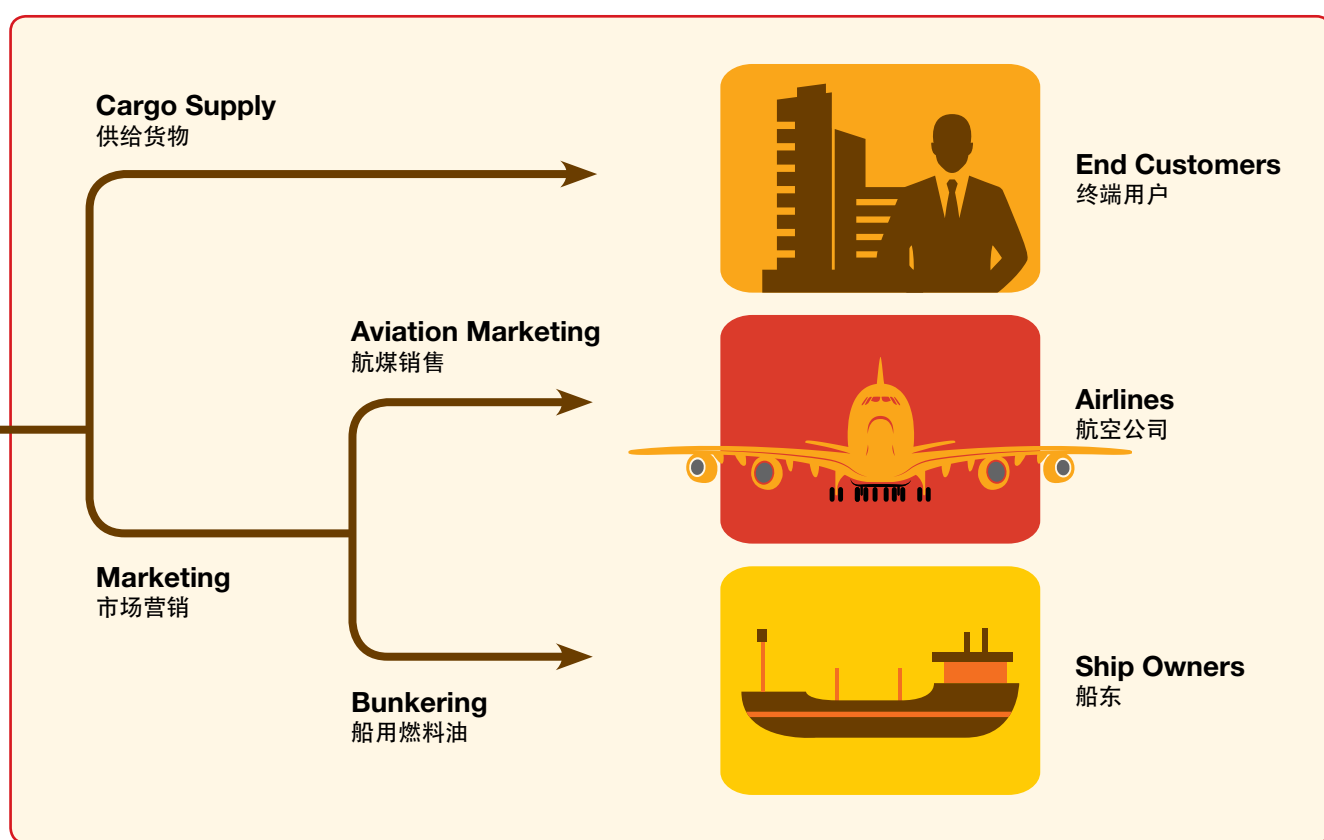
Enhancing Integrated Supply Chain through Oil-related Asset Investments
通过实业投资强化一体化供应链

Storage
优化物流

- Xinyuan 新源公司
- OKYC 韩国丽水枢纽油库有限公司

愿景

成为富有创新精神的**全球**一流
运输燃料**一体化方案**提供商



↑
Create Demand
创造需求

Pipelines
管线



TSN - PEKCL
天津管输公司

Airport Refuelling Facilities
机场加注设施



- SPIA 浦东航油
- CNAF HKR 中国航油香港供油有限公司



SUN LI
Chairman

孙立
董事长

Chairman's Statement

Dear Shareholders,

2014 was a challenging year for the global oil industry; the second half of the year saw fast and unrelenting contraction in oil prices and increased volatility in global oil markets. The steep crude oil price decline to five-year lows severely affected energy companies dependent on oil production worldwide, as revenues and earnings plummeted, pushing some to the brink of closure. While such severe volatility in global oil markets presented an extremely challenging trading environment for the CAO Group ("CAO" or "the Group"), it also paves the way for new business opportunities which the Group is poised to seize as a result of the unprecedented structural changes in the global oil industry.

OUR PERFORMANCE IN 2014

CAO's performance in 2014 mirrored the dramatic changes of the global oil market during the year. In the first half-year, the Group continued to grow on the back of its global expansion and diversification strategy and our half-year revenues and profitability followed the trend of our record performance in 2013.

The trading environment in the second half of 2014 however, turned extremely challenging. Increased turbulence in global oil markets caused the oil trading environment to be very difficult and impacted the margins of the Group. Still, CAO turned in a creditable set of results – achieving its sixth consecutive year of record revenues for the 12 months ended 31 December 2014 ("FY2014") and setting a new high in terms of total supply and trading volume as the Group's diversification into other oil products continued to yield results. Total revenue of the Group for FY2014 increased 9.6% from a year ago to a record US\$17.1 billion even as total supply and trading volumes for jet fuel and other oil products increased 23.5% to a record 20.4 million tonnes for the year. Net profit attributable to shareholders however, fell 30% from FY2013 to US\$49.2 million on margin contraction. Earnings per share amounted to 5.72 US cents for FY2014 with a return on equity of 9.1%.

With creditable financial results achieved for FY2014 in the face of a challenging operating environment, the Board of Directors has recommended that shareholders receive a first and final (one-tier, tax exempt) dividend of S\$0.02 per share, abiding by its principle of rewarding its shareholders. This represents about 26.5% of profit after tax (FY2013: 19.5%).

FOCUSED ON SUSTAINABLE GROWTH

For CAO, sustainability is about creating sustainable shareholder wealth through operating our existing business well and developing new business opportunities in an economically, socially and environmentally responsible way. Amid challenging times, the Group needs to be especially vigilant about its risk management and corporate governance practices even as we continue to uphold sustainable business strategies, grow and diversify our income streams and continue on our strategic transformation to deliver sustainable, long-term shareholder value.

Over the last five years, the Group has grown in financial resilience with a healthy balance sheet and credit profile; its historical return on equity has been one of the highest amongst its peers. Today, CAO has the necessary financial resources to meet the challenges ahead and the Group will continue to maintain tight fiscal discipline to ensure that CAO emerge stronger from the oil market turbulence in 2014 and at the same time seize opportunities for growth from the unfolding structural changes in the global oil industry.

As CAO continues to globalise its operations, corporate governance becomes an ever more critical component of its strategic and investment decisions. Having implemented and put in place robust risk management systems and internal control processes with the key principles of corporate governance in mind across all its global platforms, the Group is in good stead to continue its international business agendas. At CAO, integrity and transparency are values deeply ingrained in our

Chairman's Statement

corporate culture and these core values are applied universally across all markets where we conduct business. As the Group embarks on its next phase of growth and transformation into an innovative, global top-tier, integrated transportation fuels provider, we will continue to uphold high standards of corporate governance, which will be a key driving force underpinning the sustainable growth of our businesses and shareholder value.

OUTLOOK

The fortunes of the oil industry are closely tied to global economic growth and progress. The current oil shock is still unfolding and may result in erosion of business and consumer confidence. These economic issues may therefore take time to resolve even as projects and planned investments in the oil industry are curtailed, delayed or cancelled as oil hits its lowest prices in five years. Yet, opportunities for growth abounds in light of the structural changes taking place and the Group will carefully review its capital investments and operating expenditures to ensure that investments for sustainable growth are made and that these expenditures make economic sense in the current difficult environment.

China's economic growth may be growing at a slower pace but the world's second largest civil aviation industry is expected to continue its rapid growth momentum through to 2020, with total turnover projected to reach 170 billion tonne-kilometres according to industry sources. China's air passenger throughput reached 390 million in

2014, an increase of about 10.1% year-on-year whilst total air transportation turnover volume for the same period is forecast to reach 74.2 billion tonne-kilometres, an increase of 10.4% over 2013. This burgeoning demand for jet fuel in China and the dominant position of CAO's parent company in the PRC will ensure that CAO's jet fuel business remains a key component of our Group's growth trajectory.

CAO's competitive advantage in the Chinese aviation market is deeply entrenched and bodes us well. China is CAO's key market and we have continuously solidified our position in China. Besides the organic growth of our business in China, the inclusion of CAOHK, NAFCO, CAO Europe and the Group's associate companies across China and South Korea have formed a global supply and trading network further strengthening CAO's market positioning as the sole importer of jet fuel into China. Amplified by the Group's diversification into other oil products, this international network is CAO's expanded growth platform and CAO has leveraged on its competitive strengths in China to expand its international business bearing witness to the Group's diligence in developing growth drivers outside of the PRC. This effort has yielded commendable results for to date, the proportion of revenue from outside mainland China contributes 49% of the Group's revenue compared to 20% in 2010.

CAO has an important role to fulfil as the sole importer of jet fuel to the PRC, the world's second largest aviation market today. Jet fuel consumption in the PRC grew more



CNAF storage facilities in China
CNAF 在中国的储罐

than 10% to an estimated 23.6 million metric tonnes in 2014 and is set to sustain growth with jet fuel consumption forecast to hit 39 million tonnes by 2020. The strong growth in the PRC aviation market, which is forecast to continue over the next two decades, will continue to augment CAO's business. Chinese passenger traffic has more than quadrupled over the last 10 years and by 2033, the Chinese market is set to be the world's largest in terms of both domestic and outbound passenger traffic. With presence in 34 international airports outside mainland China today, the Group is poised to benefit from this impending growth as well.

FOCUSED ON VALUE CREATION

While the year had been one of sharp contrasts, there were nevertheless many successes that the Group could celebrate in 2014. The last five years were record breaking years for CAO and in 2014, we continued that momentum setting a new record in total revenues and supply and trading volumes. CAO is today a US\$17 billion company. I was particularly delighted to be told CAO is a Forbes Global 2000 company last year which places our Group as one of the most valuable public companies in the world. This achievement did not come easy and attests to our successful diversification and expansion strategy. Importantly, this achievement was the fruit of many years of hard work by the management and staff of CAO to ensure that our Group performs well and is built for sustainable, long-term growth.

The Group continued to steer a steady course in the areas of corporate governance and risk management, winning various accolades in the process. CAO was recognised for its sound corporate governance practices for the fifth consecutive year, winning the award for Most Transparent Company (Runner-Up under the Oil and Gas Category) conferred by the Securities Investors Association Singapore. The Group was also recognised for its investor relations efforts, scoring its first ever investor relations award at the Singapore Corporate Awards 2014 for Best Investor Relations (Silver) and Best Annual Report (Bronze).

These accolades reflect the painstaking efforts the management and staff of CAO had put in to develop CAO into a sustainable company for the long haul. A strong balance sheet, robust enterprise risk management processes and heightened corporate governance practices will ensure the continued success of CAO even as the Group becomes more proactive in creating value

for itself as well as others. Our focus to grow the Group in terms of value creation has led to the development of key corporate strengths that heighten our resilience to overcome the challenges that may come. CAO is also financially resilient to seize any opportunities that may arise and the Group will continue to invest prudently to benefit from the eventual recovery of the oil industry.

ACKNOWLEDGEMENTS AND APPRECIATION

Despite difficult challenges ahead, I am confident that CAO, led by its strong management team and armed with a robust balance sheet, will be able to steer through these tumultuous times in our industry. Less than 10 years since the Group's restructuring which ended in 2008, CAO has grown into a multi-national enterprise with a multi-talented team, ready to bring it to the next level as an integrated international oil and gas company. Much of this past success was due to the competence, passion and teamwork of the CAO staff and dedicated Board members.

Mr Chen Liming, a BP-nominee Director, will not be seeking re-election as Director at our 21st Annual General Meeting on 22 April 2015. Mr Chen Liming has made significant contributions to the Board, the Board Committees and the Group during his 5-year tenure. On behalf of the Board, I extend to Mr Chen Liming our deep appreciation for his valuable contributions to the Group. I also wish to extend my heartfelt thanks and appreciation to fellow Board Members for their counsel and guidance and look forward to their continued contributions.

On behalf of the Board and management, I wish to thank all shareholders, investors and stakeholders for your continued support and confidence in CAO. To the management and staff of CAO, a heartfelt thanks for your dedication and commitment to grow CAO.

My deep appreciation to the government agencies in China and Singapore for their counsel and guidance. I am confident that as CAO continues on its transformation into a truly international enterprise with the support from its shareholders, business partners and other stakeholders, CAO will realise its 2020 vision to become a constantly innovating global top-tier integrated transportation fuels provider.

SUN LI

Chairman

董事长致辞

各位股东，

2014年是油品行业充满挑战的一年。下半年油价剧烈下跌，全球油品市场波动性加剧。原油价格骤降至五年最低，严重打击全球油品生产商的收入和利润，一些企业濒临破产。全球油品市场的剧烈波动使得贸易环境尤其艰难，但是CAO集团（“CAO”或“集团”）有能力把握在市场的结构性变化中产生的新业务机会。

2014年经营业绩

CAO 2014年的经营业绩体现了全球油品市场的戏剧性变化。在全球业务拓展和多元化战略的支持下，集团上半年的收入与盈利延续了2013年的增长势头。

然而2014年下半年，全球油品市场的波动加剧使得油品贸易环境极为艰难，影响了集团的利润。尽管如此，CAO还是取得了不错的成绩——截至2014年12月31日的全年（“2014财年”）收入连续第六年创新高，同比增加9.6%至171亿美元，航煤与其他油品供应与贸易总量增加23.5%至2040万吨，取得历史最好成绩。然而公司净利润同比下降30%至4920万美元。2014年每股盈利为5.72美分，净资产回报率为9.1%。

尽管经营环境较为艰难，考虑到2014财年取得的财务业绩较为理想，董事会建议按照股息政策，向股东派发每股0.02新元的年度年终股息（单层免税）。派发股息总额为税后利润的26.5%（2013年是19.5%）。

专注企业可持续发展

对CAO来说，可持续发展意味着以对经济、社会和环境负责任的方式发展现有业务和开展新业务，为股东创造可持续价值。在困难的环境中，集团尤其注重风险管理和公司治理，继续秉承可持续的业务战略，拓展收入来源，继续战略转型，创造可持续的、长期股东价值。

在过去五年中，集团打造了健康的资产负债表和信用状况。历史净资产回报率也在同业公司中处于领先地位。现在的CAO具有必要的财务资源应对未来的挑战，集团也会继续遵守严格的财务准则，确保CAO在2014年的油品市场波动后发展壮大，同时把握全球油品市场结构性转变中出现的机遇。

随着CAO全球化业务的进一步发展，公司治理成为战略与投资决策中更加重要的一环。CAO具备严格的风险管理系统和内控流程，所有成员企业高度重视公司治理，

集团有能力继续全球业务拓展。诚信与透明是深植于企业文化的价值观，适用于CAO开展业务的所有领域。随着集团开始下一阶段的发展，成为“具有创新精神的全球一流的运输燃料一体化方案提供商”，我们会继续秉承高标准的公司治理，这是我们业务可持续发展和股东价值的基础。

展望

油品行业的未来与全球经济发展密切相关。现阶段油品市场仍然动荡，也许会打击一些企业和消费者信心。这些经济问题的解决需要时间，随着油价跌至五年最低，油品行业的项目和投资可能会撤销或推迟。但是油品市场的结构性转变也会带来发展机遇，集团会仔细评估资本投资和运营费用，确保公司在艰难环境中的投资决策可以产生经济效益，实现可持续增长。

中国的经济增长放缓，但是这个世界第二大民航市场的快速增长势头预计将持续至2020年，行业数据显示总周转量预计在2020年达到1700亿吨公里。2014年中国航空旅客吞吐量达到3.9亿人次，同比增加约10.1%。同时期的航空运输总周转量同比增加10.4%至742亿吨公里。中国航煤的需求增长和CAO母公司在中国市场的主导地位确保CAO的航煤业务仍然是集团增长的关键组成部分。

CAO根植于中国民航市场的竞争优势使公司受益良多，我们也不断巩固在中国市场的地位。除了中国业务的自然增长，香港、北美和欧洲的三家子公司以及在中国和韩国的联营公司形成了全球供应与贸易网络，进一步加强CAO在中国市场唯一航煤进口商的地位。在集团多元化战略的支持下，CAO利用全球业务网络和在中国的竞争优势，在中国境外开展业务，并取得了可喜的成绩。截至今日，来自中国大陆以外的收入占集团总收入的49%，2010年这个比例是20%。

CAO的重要角色之一是中国这一全球第二大航空业市场的独家航煤进口商。2014年中国的航煤消耗增长超过10%达到2360万吨，2020年预计航煤消耗量达到3900万吨。中国航空市场的强劲增长预计将在接下来二十年持续，推动CAO的业务发展。中国旅客运输在过去10年内翻了两番，2033年前，中国将成为世界最大的国内和境外旅客运输大国。CAO现在在中国大陆以外的34家国际机场进行供应，这块业务的增长也将带动利润的增加。



Into-plane refuelling operations
在机场的航油加注服务

专注价值创造

CAO的表现在2014年虽然有所起伏，但依然可圈可点。CAO的业绩在过去的五年内屡创新高，2014年的收入和供应与贸易量再次刷新记录，收入达到170亿美元。我非常欣慰地了解到CAO在去年位列福布斯2000强企业，成为世界最有价值的上市公司之一。这个荣誉来之不易，证明我们的多元化战略是行之有效的。重要的是，这是CAO管理层和全体员工多年努力的成果，确保集团运营良好，迈向可持续发展。

稳健的公司治理和风险管理为公司赢得了多个奖项。CAO连续第五年获颁新加坡证券投资者协会的“最透明企业”奖（油气组别第二名）。集团的投资者关系工作也获得了承认，首次获得了2014年新加坡企业大奖的“最佳投资者关系”银奖和“最佳年报”铜奖。

这些奖项见证了CAO管理层和全体员工为了公司的可持续发展付出的不懈努力。健康的资产负债表、稳健的风险管理系统和高标准的公司治理将确保CAO持续增长，同时积极创造价值，发展企业优势，提高应对挑战的能力。CAO稳健的财务状况可以捕捉机遇，也会继续投资活动，一旦油品行业复苏便从中获益。

致意与感谢

虽然未来充满挑战，我相信在管理层的领导下，CAO可以在稳健的资产负债表的支持下，渡过行业的动荡时期。CAO在2008年完成重组后不到10年的时间里，已经发展成为具有多元化完备团队的跨国企业，并将发展成为一家综合性的全球油气企业。过去的成功大多应归功于CAO员工和董事会的能力、热情与合作。

BP提名董事陈黎明先生将在于2015年4月22日召开的第21次常年股东大会上退休。陈黎明先生在担任董事的五年间为董事会、董事委员会和集团做出了卓越贡献。我代表董事会向他致以深深的谢意。我还衷心感谢所有董事的指导与贡献，并期待他们为公司继续做出贡献。

我想代表董事会和管理层，感谢所有股东、投资者和社会各界人士对CAO一直以来的支持和信任。感谢管理层和所有员工为了CAO的成长所付出的辛勤工作。

我也感谢中新两国政府部门的指导。我相信在股东、商业伙伴和各界朋友的支持下，CAO将继续转型成为一家真正的全球性企业，实现2020年愿景，成为全球一流的运输燃料一体化方案提供商。

孙立
董事长

Board of Directors 董事会





Seated from left
前排左至右

Wang Kai Yuen
王家園

Sun Li
孙立

Meng Fanqiu
孟繁秋

Standing from left
后排左至右

Luo Qun
罗群

Li Runsheng
李润生

Alan Haywood

Chen Liming
陈黎明

Ang Swee Tian
汪瑞典

Zhao Shousen
赵寿森



MENG FANQIU
*Chief Executive Officer/
Executive Director*

孟繁秋
首席执行官/执行董事

Chief Executive Officer's Strategic Report

A Message from Meng Fanqiu

Dear Shareholders,

The transformation of CAO is taking shape. Since the full resumption of its operations in 2008, we have taken definitive steps to grow our Company rapidly and strategically, to create value and sustainable growth for our stakeholders, ourselves and our employees. These steps included the establishment of new businesses in new geographies, extending our presence beyond Asia Pacific to Europe and America as well as growing our core business in jet fuel supply and trading, diversification into other oil products and our new business in international aviation marketing. All this while, our overarching focus was on sustainability development and value creation by strengthening CAO's corporate governance and risk management, which has strengthened our resilience in the current oil market turmoil. Through the years, we have also built up a healthy balance sheet and credit profile that will help us weather the difficult times ahead.

OVERVIEW OF 2014 GROUP OPERATIONS

In 2014, CAO faced its most challenging period since the 2008 financial crisis. Sharp contraction in oil prices significantly increased risks for trading activities and volatilities in global oil markets impacted the Group's financial performance. Net profit for FY2014 was US\$49.2 million, a 30% decline from FY2013 due mainly to lower trading margins as a result of the difficult oil trading environment. Gross profit fell 47.8% to US\$27.4 million in FY2014 compared to US\$52.5 million in FY2013 due mainly to lower optimisation gains from jet fuel and petrochemicals trading as well as higher storage costs for fuel oil.

Still, CAO delivered another set of record revenue and established a new high in supply and trading volumes. FY2014 revenue increased 9.6% to US\$17.1 billion and total trading volume of CAO Group increased 23.5% to 20.4 million tonnes. This creditable performance was underpinned by increased customer relationships across Europe, America and Asia Pacific. Whilst earnings took a hit given the difficult oil trading environment during the year, the CAO Group is strategically stronger than before with optimised business structures and heightened capabilities to deliver sustainable, healthy growth going forward and create long-term shareholder value.

Adopting a prudent approach amid the challenging operating environment, the Group continued to grow its entrepreneurial trading capabilities and progress was

made on all key work objectives with no substantial operational risks. Supported by strong demand from China's civil aviation industry and the Group's growing international aviation marketing business, the Group's core jet fuel supply and trading operations continued to grow for the sixth consecutive year, with the volume of jet fuel supply and trading increasing 16.0% to 12.1 million tonnes for FY2014 compared to 10.4 million tonnes in FY2013. The Group's strategy to diversify its products to include the trading of other oil products continued to yield positive results with a 36.4% volume increase in the trading of other oil products to 8.3 million tonnes for FY2014, reflecting its increasingly diversified international revenue base. Significant progress was also made in CAO's aviation marketing business which saw CAO extending its supply locations to 34 international airports outside mainland China.

FOCUSED ON SUSTAINABLE GROWTH

Augmented by the Group's structural advantage in jet fuel supply and trading as the largest physical jet fuel provider in Asia Pacific, CAO's global supply and trading network forms the foundation of our diversified growth platform and our next phase of growth. Through the Group's wholly owned subsidiaries, China Aviation Oil (Hong Kong) Company Limited ("CAOHK"), North American Fuel Corporation ("NAFCO") in America and China Aviation Oil Europe Limited ("CAOE") in London together with its associate companies in Hong Kong, South Korea and China, CAO's expanded globalised business network continues to create substantial value and returns. NAFCO is progressing smoothly under its new independent supply model even as CAOE achieved breakeven less than a year after its commencement, having attained a breakthrough in physical trade and CNAF Hong Kong Refuelling Limited ("CNAF HKR") further progresses in its development.

The Group's associate companies sustained robust performance during the year and CAO continued to make good progress in enhancing its capabilities for globalised operations. The Group will continue to improve its asset network to support business expansion and establish our business value chain through greater synergy and optimisation even as we continue to build structural advantages in the trading of other oil products.

Looking ahead, weak oil prices are expected to persist and the oil trading environment is expected to remain

Chief Executive Officer's Strategic Report

A Message from Meng Fanqiu

challenging and volatile, posing challenges to the Group in terms of trading risk exposures. Still, we look to execute well in a tough environment and will continue to leverage from CAO's diversified international growth platform and stringent risk management measures to safeguard our continued business growth and healthy balance sheet and withstand the ongoing uncertainties and market transitions.

Notwithstanding China's economic slowdown and increase in its domestic refining capacity, China's civil aviation industry growth and lower oil prices will continue to drive jet fuel demand growth in China and continued developments at the world's most populous country which made up nearly a third of global oil demand growth, will continue to drive energy consumption as well as living standards.

Supply and Trading of Jet Fuel

With the rise in living standards, China's civil aviation industry has been growing double digit and this is expected to continue, driven by increase in both domestic and international air travels. The world's second largest civil aviation industry is expected to continue its sterling growth momentum through to 2020 and this bodes well for CAO as the sole importer of jet fuel into China as well as the growth of the Group's Aviation Gasoline ("AvGas") business.

The low oil prices will also underpin modest growth in Africa, Middle East and Asia Pacific regions in terms of jet fuel demand even as refinery margins are expected to remain volatile and jet fuel is expected to track the contango market structure in gas oil/diesel given the overall weaker fundamentals. Jet fuel gas oil/diesel differential is expected to improve modestly with comparatively stronger jet fuel demand over gas oil. Looking ahead, CAO will leverage on its trading arms in Singapore, Europe and America to realise synergies in trading and aviation marketing to generate greater business returns through providing value added services such as jet fuel hedging to the airlines. As the contango structure has provided opportunity to store middle distillate products, we will build middle distillates product inventory with proper paper hedging. CAO will continue to grow and expand its jet fuel trading business globally by expanding its international jet fuel supply and trading businesses. Our presence in Asia Pacific, Europe and America forms the rudiment of CAO's global network which will be further developed going forward to create and strengthen synergies in our core jet fuel supply and trading business.

Trading of Other Oil Products

The Group has established and will continue to build up structural advantages for other oil products to drive profit contribution notwithstanding the overall market weakness in other oil products. Weaker worldwide demand worsened by the current crude oil supply glut and increased refinery throughput is expected to add pressure on product cracks going forward. To further our gas oil business, we will develop new markets for physical trades to bring about volume growth notwithstanding the slowdown in gas oil markets.

The outlook for fuel oil in 2015 is expected to be bearish with more supplies expected from the initial start-up of Arabian Gulf and India's mega-refineries. For our fuel oil business, we will focus on storage blending and break-bulk business to capture retail margin. Other than fundamental analysis, CAO will also focus more time on market intelligence for better trading positions and on a longer term basis, we will build up capabilities to gear up for mass flow meter implementation for bunkering marine fuel oil in the Port of Singapore which will come into effect from 1 January 2017. For CAO's petrochemicals business, we will maintain our dominant position as a key supplier to end-users in China.

Aviation Marketing

Our growing aviation marketing business will continue to be transformed to promote market entry with direct access and independent supply through cargo import or bulk procurement at international airports. By consolidating market demand, we have created synergies for trading and realised significant economies of scale to generate higher returns. CAO will continue to develop strategic alliances with both suppliers and airline companies to further strengthen our market positioning at supply locations and facilitate our entry into new markets. We will continue to focus on expanding our aviation marketing business into more airports outside mainland China.

Strategic Asset Investments

With a preference for projects which are complementary to our business operations with reasonable returns including storages, pipelines, jetties and refuelling facilities at airports, CAO will further extend its logistics supply chain through mergers and acquisitions ("M&As") to penetrate new markets and grow. The Group is poised to seize global opportunities through M&As in the years ahead as the steep decline in oil prices presents major structural shifts in global oil markets and oil majors quicken asset disposal. CAO will also continue to focus on building

a global trading network, consider acquiring trading companies with established sales network as well as suppliers with captive customer base to expand our core jet fuel supply and trading business to emerge a winner through this structural transition.

FOCUSED ON OUR INTERNATIONALISATION STRATEGY

Supported by its strong balance sheet, the Group's global supply and trading network which today spans Asia Pacific, Europe and America, positions the Group well to capture growth opportunities in the international arena. In line with our corporate strategy, CAO will continue to expand internationally and seek opportunities to invest in or acquire strategic oil assets or synergistic businesses to diversify our income streams, which is aligned with the development strategy of "One Belt, One Road"¹ started by the Chinese government in 2013. We will continue to penetrate new geographical markets even as we continue to function as the sole importer of jet fuel to the burgeoning Chinese civil aviation industry and achieve stable growth and further enhance our strategic development potential in tandem with the continued growth of the world's second largest civil aviation industry.

FOCUSED ON STRATEGIC EXCELLENCE

In 2013, CAO announced its 2020 Corporate Strategy which sets out the strategic growth thrusts to fuel CAO's aspiration to become an innovative top-tier integrated transportation fuels provider globally. Ours is an integrated approach focused on strategic excellence and sustainability efforts that takes us on a permanent mission to improve risk management, corporate governance, operations, financial health, corporate culture, stakeholder engagements and corporate social responsibilities. Our transformation into an organisation of sound corporate standing began in 2008 and our corporate strategy is guided by a strong focus on sustained growth in value creation. In the ensuing pages of this report, our efforts across these key dimensions are detailed as we continue to transform CAO into a sustainable enterprise, creating value by operating our business well and developing new business opportunities in an economically, socially

and environmentally responsible way. We will continue to transform our business model and put in place best-in-class corporate practices to support CAO's growing global operations and drive the strategic transformation of CAO for healthy growth to create sustainable long-term value for our stakeholders.

APPRECIATION

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

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

A sincere thank you to our associated companies - SPIA, TSN-PEKCL, Xinyuan, CNAF HKR and OKYC. I would also like to thank all employees at CAO and its subsidiaries. CAO would not have overcome the numerous challenges we faced if not for your commitment and perseverance.

Lastly, my appreciation to all other stakeholders for their support. We look forward to your continued support in the future.

As we work towards fulfilling CAO's 2020 strategy, we are weaved by our common mantra "Fuel for Future" which demonstrates the focus and determination of all CAO employees to persist in our mission to deliver sustainable growth and create value for our stakeholders and society. Let us continue to "Fuel for Future" as we continue to shape a brighter and promising future for CAO!

MENG FANQIU

Chief Executive Officer/Executive Director

¹ About "One Belt, One Road"

"One Belt, One Road" is a development strategy started by the Chinese government in 2013. It refers to the New Silk Road Economic Belt, which will link China with Europe through Central and Western Asia, and the 21st Century Maritime Silk Road, which will connect China with Southeast Asian countries, Africa and Europe. Neither the belt nor the road follows any clear line geographically speaking; they serve more as a roadmap for how China wants to further integrate itself into the world economy and strengthen its influence in these regions. Many of the countries mentioned have traditionally had close trade and investment relations with China, especially in terms of building infrastructure and other development projects. The strategy underlines China's progress in the global economy.

首席执行官战略报告

孟繁秋致辞

各位股东,

CAO的转型渐入佳境。自从2008年完全恢复业务以来,公司采取明确措施按照战略快速发展,为股东、自身和员工创造价值,实现可持续发展。这些举措包括在新地区建立新业务,将业务从亚太发展至欧洲和美国,同时发展航煤供应与贸易核心业务和其他油品业务,以及全球航煤营销新业务。一直以来,CAO都通过强化公司治理和风险管理,强调可持续发展以及价值创造,这使公司在近期油品市场的动荡中经营稳健。公司近年来健康的资产负债表和信用状况会帮助我们顺利渡过难关。

2014年集团经营概况

2014年是自2008年金融危机以来CAO面临最大挑战的时期。油价的剧烈下跌显著增加了贸易活动的风险,全球油品市场的波动影响了集团的财务业绩。2014年净利润为4920万美元,同比降低30%,主要由于艰难的油品环境使得贸易盈利降低。毛利相比去年同期的5250万美元降低了47.8%至2740万美元,主要由于航煤和化工品贸易的优化盈利下降,同时燃料油储罐费用高昂。

尽管如此,CAO的收入和供应与贸易量依然再创新高。2014年的公司收入增加9.6%至171亿美元,CAO集团贸易总量增加23.5%至2040万吨,公司取得这样的成绩也是由于欧洲、美国和亚太的客户群逐渐增加。虽然今年艰难的油品贸易环境影响了盈利,CAO集团加强了战略,优化业务结构,提升发展质量,以实现可持续、健康发展,为股东创造长期价值。

集团在充满挑战的经营环境中采取了稳健的策略,并继续发展自营贸易能力,在所有的业务板块都取得了进展,且没有重大运作风险。受中国民航业强劲需求以及集团的国际航煤营销业务的推动,集团的核心航煤供应与贸易业务连续六年实现持续增长,2014年航煤供应与贸易总量为1210万吨,相比去年同期的1040万吨增长了16%,其他油品贸易量增加36.4%至830万吨,进一步拓展了集团的全球收入来源。CAO航煤营销业务也取得积极进展,在中国大陆以外供应航煤的国际机场数量增加至34个。

专注可持续发展

亚太地区最大航煤实货供应商的地位是CAO航煤供应与贸易的竞争优势,CAO全球供应与贸易网络是公司未来多元化发展的基础。通过中国航油(香港)有限公司(“香港公司”),美国的北美航油有限公司(“北美公司”)以及伦敦的中国航油(欧洲)有限公司(“欧洲公司”)这三家子公司,与在香港、韩国和中国的联营公司,CAO的全球化贸易网络持续创造丰厚的价值与回报。北美公司的自供业务正在稳步推进;欧洲公司在投入运营不到一年的时间内达到盈亏平衡,在实货贸易方面也取得突破性进展;中国航油香港供油有限公司(“香港供油公司”)工程建设积极推进。

集团联营公司在本年度业绩保持稳健,CAO的全球运营能力不断取得新进展。集团会继续优化资产布局,支持业务拓展,建立业务价值链,产生更大协同性,同时不断为其他油品的贸易打造结构性优势。

展望未来,预计油价将持续疲软,油品贸易环境也会继续波动,可能会增加集团的贸易风险敞口。尽管如此,我们将在艰难的环境中良好运营,继续利用CAO全球多元化发展平台,严控风险,保证业务的稳定增长,保持财务状况良好,经受住市场动荡的考验。

虽然中国经济放缓,国内产能增加,但中国民航业的增长和较低的油价将推动中国航煤需求的增长。中国这世界第一人口大国2013年的油品需求占世界油品需求总量的将近三分之一,中国的持续发展将不断刺激能源消耗和生活水平的提高。

航煤供应与贸易

人民生活水平的提高带动了国内外航空旅行的增加,中国这个第二大民航市场预计将保持双位数增长至2020年。这对中国唯一航煤进口商CAO来说是个利好消息,对于拓展航空汽油业务也大有帮助。

较低的油价支持非洲、中东和亚太地区航煤需求的温和增长,预计炼厂利润仍然不稳定,由于整体基本面较弱,航煤的市场结构预计将与柴油一致保持远期溢价。由于航煤需求与柴油相比较强,航柴价差预计温和增长。CAO新加坡将会联手欧洲和美国贸易团队,挖掘贸易和航空市场业务的协同性,如为航空公司开展套保业务,创造更大的业务价值。此外,远期溢价市场结构能够支撑储罐业务,贸易团队计划通过套期保值储存中馏分产品,同时继续发展全球航煤贸易业务。CAO在亚太、欧洲和美国的业务构成了CAO全球网络的雏形,在未来我们会继续发展业务网络,创造并加强和航煤供应与贸易业务的协同性。

其他油品贸易

其他油品市场整体较为疲软,但集团的其他油品业务已经建立了一定的结构。CAO会继续为这块业务打造结构性优势,增加利润贡献。原油供应过剩削弱了全球需求,炼厂产能的增加预计将给产品之间的价差带来压力。为了进一步拓展柴油业务,我们会在新市场中进行实货贸易,增加业务量。

2015年的燃料油前景预计依然不甚乐观,中东和印度的新增大炼厂会增加供应。CAO的燃料油业务重点是调油与小货业务,获取零售利润。除了分析基本面,CAO还会投入更多时间获取市场信息,更好进行贸易决策,同时为2017年1月1日在新加坡港口为船用燃料油实施质量流量计做好准备。化工品业务方面,我们会努力保持中国客户重要供应商的主导地位。



CAO was awarded Best Investor Relations (Silver) and Best Annual Report (Bronze) at Singapore Corporate Awards 2014
CAO获颁2014年新加坡企业大奖的“最佳投资者关系”银奖和“最佳年报”铜奖

航空市场营销

我们会继续推动航空市场营销业务的转型，支持进入新市场，通过进口货物或大批量采购在国际机场进行自供。通过整合市场需求，我们为贸易创造了协同性，并且实现了规模经济，产生更高回报。CAO会继续与供应商和航空公司客户发展战略合作伙伴关系，加强在供应地的市场地位，协助我们进入新市场。我们会在中国大陆以外的更多机场发展航煤营销业务。

战略资产投资

CAO偏好与业务具有协同性或有较高回报的资产，如储罐、管线、码头和机场的加注设备。CAO会继续通过带来合理回报的并购，拓展物流供应链，同时进入新市场，实现增长。由于油价的剧烈下跌引起全球油品市场的重大转型，一些油品巨头加快资产抛售，CAO集团有能力在新的一年通过并购把握全球机遇。公司还会继续专注于打造全球贸易网络，考虑收购具有成熟销售网络的贸易公司和有一定客户群的供应商，拓展核心航煤供应与贸易业务，通过这次市场结构转型发展得更强大。

专注全球化战略

在稳健的资产负债表的支持下，集团的全球供应与贸易网络现在覆盖亚太、欧洲和美国，有能力捕捉全球市场的发展机遇。CAO会继续拓展全球业务，寻找机会投资或收购战略油品资产或与公司战略一致的协同性业务，拓展收入来源，响应中国政府在2013年提出的“一带一路”¹倡议。我们会继续进入新市场，借力于中国蓬勃发展的民航市场和唯一航煤进口商的优势地位，相应实现自身稳健发展，提升发展质量。

专注战略

2013年，CAO宣布了2020年公司战略以及成为“具有创新精神的全球一流的运输燃料一体化方案提供商”的愿景。公司注重完备的战略和可持续发展，这要求我们

不懈加强风险管理、公司治理、运作、财务质量、企业文化、股东互动和企业社会责任。从2008年开始，公司声誉与地位持续提高，价值创造的持续增长指导公司战略的制定。年报的后面部分介绍了我们在这些关键领域的努力，使公司继续转型成为一家可持续发展的企业，通过业务创造价值，并以对经济、社会和环境都负责任的方式把握新的业务机会。我们会继续改善业务模式，用一流的公司实践支持CAO发展全球业务，推动CAO的战略转型，使公司健康发展，为股东创造可持续的长期价值。

致谢

在此，我谨代表管理层和全体员工，感谢母公司CNAF和大股东BP长期以来的支持，也诚挚感谢所有股东的理解和信任。为股东创造价值是我们的最高使命。

感谢兄弟单位中国航空油料有限责任公司、供应商、贸易伙伴、船东，以及其他商业伙伴的支持。期待着我们在未来开展更深入的互惠合作。

感谢浦东航油、管输公司、新源公司、香港加注公司和OKYC的贡献。感谢CAO和子公司的所有员工，你们的付出和坚持使公司能够成功应对各种挑战。

最后，感谢所有关心和支持CAO的各界朋友，希望继续得到你们的支持。

我们正在向2020年战略大步迈进，而公司口号“为明天加油”代表CAO全体员工自强不息，为股东和社会创造价值的信心和决心。让我们“为明天加油”，迎接CAO更加辉煌的明天！

孟繁秋

首席执行官/执行董事

¹ 关于“一带一路”

“一带一路”是中国政府于2013年提出的发展战略。“一带一路”包括“新丝绸之路经济带”，该经济带通过中亚和西亚地区连接中国和欧洲，以及“21世纪海上丝绸之路”，即连接中国、东南亚、非洲和欧洲之路。“带”和“路”并非严格的地理说辞，它们更像是一幅中国将自身纳入全球经济，并加强区域影响力的路线图。这些国家多数与中国有着传统、紧密的贸易和投资关系，特别是在基础设施建设以及其他发展项目方面。该战略的题中之义在于中国在全球经济中的地位提升。

Chief Executive Officer's Strategic Report

Strategic Risks Review

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

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

STRATEGIC RISKS - HOW WE MANAGE LONG-TERM RISKS

Risk	Context	Mitigation	Link to Strategy
Strategic Growth			
Core competitive advantage in jet fuel supply and trading	Jet fuel supply and trading remains our dominant business. As the sole importer of jet fuel to the civil aviation industry of China, the Group's business is subject to changing demand and supply dynamics in China.	CAO has proactively expanded its aviation marketing business beyond China and diversified into supply and trading of other oil products like fuel oil and AvGas. While the bottomline contribution of other oil products may be currently limited and volatile, total supply and trading volume of the Group reached a new high in 2014. The Group continues to build structural advantages for its businesses by building an integrated value chain.	CAO's 2020 strategy toward sustainable growth is based on the following objectives: <ul style="list-style-type: none"> - A global leader in international aviation oil supply and trading, a strong competitor in global supply and trading of other oil products, with a focus on transportation fuels; - An important player in international aviation fuel services;
Exclusive importer of jet fuel to China	CAO's exclusive import rights into China provide the Group competitive advantages, loss of it through market liberalisation or regulatory changes could materially impact CAO's market share and financial performance.	CAO has increased its portfolio strengths through both geographic and product diversification. Extending its jet fuel and other oil products trading activities and international aviation marketing business beyond China through its global supply and trading network, revenues from ex-china markets have increased from 20% in 2010 to 49% in 2014. CAO will further develop and optimise its trading structure for new markets.	<ul style="list-style-type: none"> - A niche market player in future clean transport fuels such as LNG and biojet. <p>These are underpinned by strategic imperatives of establishing a global jet fuel supply and trading network, developing structural advantages for other oil products and clean energy, as well as asset investments to create end-demand, optimise logistics and secure resources.</p>

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

Chief Executive Officer's Strategic Report

Strategic Risks Review

Risk	Context	Mitigation	Link to Strategy
Regulatory			
Non-compliance with applicable laws, regulations and standards	<p>Authorities globally are intensifying efforts to enforce compliance with laws, and are focused on anti-competitive behavior in particular. Various jurisdictions have specialised legislation aimed at combating corruption and companies found guilty of contraventions face fines and damage to their reputations. Tax laws are also becoming increasingly complex, as are sanctions against certain jurisdictions.</p> <p>As the Group continues to globalise its operations and investments across multiple jurisdictions, it faces risk of failure to comply with local, national and regional laws and regulations.</p>	<p>We have centralised risk management and governance structure with systems and processes in place to ensure compliance with legal and regulatory matters wherever we operate.</p> <p>We also focus on identifying changes in the regulatory landscape that pose implications for the Group, ensuring that we are prepared to respond to these changes.</p> <p>CAO has taken various measures to comply with sanctions legislation.</p>	One of CAO's corporate missions is to be a global leader and reputable international trader/supplier. This is underpinned by robust risk management framework and corporate governance.
Financial			
CAO's business sustainability and strategy developed to mitigate macro-economic risks	<p>China's economic slowdown and increasing domestic refining capacity have an impact on jet fuel import requirements, resulting in less trading opportunities for the Group.</p> <p>Our aviation marketing and airport supply to airlines as well as fuel oil and petrochemicals trading are sensitive to global economic performance.</p> <p>Oil price fluctuation has implications on the profitability of our main associates and the development of clean energy (LNG and biojet) in the short-term.</p>	<p>CAO focuses on expanding its global supply and trading network to capture more trading opportunities from global oil trade flows. Structural shift in global oil markets present opportunities which CAO is poised to seize via its international operations even as it looks to asset investments to enhance the Group's structural advantages.</p> <p>We focus on providing high quality integrated fuel services to our airline customers and help associate companies develop inventory hedging plans to better respond to oil price volatility. We have developed plans for clean energy to gain a first movers' advantage to grow our business in the long-term.</p>	As part of developing CAO's long-term strategy, we review long-term macroeconomic and supply and demand dynamics, as well as the competitive landscape likely to influence our markets in the future, to ensure that our strategy takes them into account.

STRATEGIC RISKS - HOW WE MANAGE NEAR-TERM RISKS

In FY2014, CAO enhanced its near-term risk management process, which seeks to address matters of immediate concern likely to impact the Group's common objectives, strategy and growth targets during the year. In identifying these near-term issues, we ensure that pertinent implications of policy and regulatory changes as well as socio-economic and reputational drivers are properly understood. CAO seeks to take proactive steps to limit the possibility that a particular issue becomes a long-term risk or material sustainability issue for the Group.

Top issues impacting our business	
CAO's response to the changes in the fuel landscape	<p>Despite the shale oil (gas) boom, fossil reserves will deplete and be gradually replaced by new/clean energy. CAO's long-term strategy therefore covers future clean transport fuels, mainly LNG and biojet.</p> <ul style="list-style-type: none"> - Long-term: A niche market player in future clean transport fuels – LNG and biojet. - Short/Medium term: Develop plan and trial operations for LNG and biojet.
Heavy reliance on jet fuel	<ul style="list-style-type: none"> - Long-term: A strong competitor in global supply and trading of other oil products, with a focus on transportation fuels. Maintain our global leading position in jet fuel. - Short/Medium term: Trading and Business Development teams exploring building structural advantages for non-jet fuel products. Develop other aviation related services to better meet our aviation customers' needs. - By 2020, we target 1/3 of the group's total profit contribution to be derived from other oil products.
CAO's response to a highly volatile oil market and difficult trading environment	<ul style="list-style-type: none"> - Create demand and develop sustained structures for trading of jet fuel and other oil products via aviation marketing activities and asset investment to stand against volatile trading climate. - Exploring asset investments that generate sustainable returns to enhance CAO's asset base and further diversify CAO's earnings streams.



Discharging of jet fuel at port
港口卸油

首席执行官战略报告

战略风险回顾

作为中国独家航煤供应商和亚太区最大的航煤现货供应商，CAO认为有效的风险管理是集团持续发展和成功的关键。我们的风险管理系统参考了业务策略、投资和运作，将战略风险管理纳入关键决策流程和管理决策中，识别、评估风险，进而规避风险，实现战略目标，提高股东价值。战略风险包括短期与长期风险，某些时候反映出影响CAO可持续性发展的主要因素。

下表列出了长期与短期战略风险、减缓措施以及与他们与公司战略的关系。

我们如何管理长期风险

风险	说明	减缓措施	和战略的关系
战略发展			
航煤供应与贸易的核心竞争力	航煤供应与贸易业务仍占主导地位。作为中国独家航煤进口商，集团业务受到中国供需关系变化的影响。	CAO通过大力推进航空市场营销业务，积极拓展海外航油市场，并开展其他油品业务及相关服务，如航空汽油营销和燃料油等相关油品供应与贸易业务。虽然现在其他油品的利润贡献可能有限且不稳定，集团的供应与贸易总量在2014年达到新高。集团将继续打造一体化价值链，打造结构性优势。	CAO的2020年战略目标包括以下几个方面： <ul style="list-style-type: none"> - 全球领先的国际航油供应和贸易商，全球知名的其它油品（专注运输燃料）供应与贸易商； - 重要的国际机场供油服务商； - 具有独特优势的未來清洁能源（如液化天然气和生物航油）的市场参与者。 <p>为了达成上述目标，需要建立全球航煤供应与贸易网络，打造其他油品与清洁能源的结构性优势，通过实业投资创造需求、优化物流、保障资源。</p>
中国独家航煤供应商	中国的独家进口权为CAO提供了竞争优势，如果国内市场开放或政策改变导致CAO丧失中国独家进口权，CAO的市场份额以及盈利能力将受到严重影响。	CAO已经通过地理拓展和产品多元化战略增强了业务能力。在中国大陆以外地区，借助全球网络，开展航煤贸易业务和航煤营销业务以及其他油品的贸易业务，中国以外地区贡献的收入比例从2010年的20%增至2014年的49%。 我们将进一步优化新市场的贸易结构和国际贸易网络。	
人力资源			
需要进一步提升管理与贸易能力，管理日渐全球化的运作	为了成长为一家全球性企业，需要增强贸易能力，招聘并留住有能力的贸易员、中/后台员工和经验丰富的经理来发起和执行重大项目。	CAO管理与贸易能力的发展是人力资源战略的重要部分。CAO的持续学习战略包括标准课程项目和在职培训。我们还通过短期和长期激励措施和个性化职业发展规划来吸引和留住员工。	CAO的企业使命之一是打造以人为本的企业文化和公平、诚信、创新与透明的核心价值观，员工与公司一同成长。

风险	说明	减缓措施	和战略的关系
运作			
重大的健康、安全或环境 (“SHE”) 事故或责任	作为全球油品供应与贸易商，我们的设施与相应运作可能会引起火灾、爆炸、泄露和其他事故。我们致力于安全的运作，不对人和环境造成任何损害，成为负责任的企业公民。	我们有严格的运作手册，并将SHE列入年度考核业绩目标，在开展业务的各地坚守国际与本地的行业SHE标准。我们定期向员工通报关键的SHE要求和更新，通过内审和外审确保合规。	公司使命之一是确保运营环境安全、可靠、高效、环保，坚持SHE高标准。
供应中断	向中国用户和海外机场的航煤供应可能会面临供应中断风险（安全、质量、船期）。	我们为供应安全设置了严格的绩效目标： <ul style="list-style-type: none"> - 我们在需求中心附近有储罐资产，确保供应； - 我们与用户保持密切的关系，更好处理需求的临时变化； - 我们也有应急计划应对供应危机。 	
法律法规			
违反适用法律、法规与标准的风险	全球各地都在加强法律管制，尤其是反竞争行为。不同地区有打击腐败的专门立法，违法企业将面临罚款和声誉危机。不同地区的税务法律和制裁也更加复杂。随着业务与投资活动的全球化，面临更多当地法律、国家法律和地区法律法规的合规风险。	我们具备集中的风险管理和治理框架，其中的系统和流程可以确保公司遵守法律和法规。我们还注重识别对集团产生影响的法规变化并合理应对。 CAO已经采取多种措施确保遵守制裁法律。	CAO的使命之一是成为全球领先的贸易商/供应商，而稳固的风险管理框架和公司治理则是CAO践行这一使命的基石。
财务			
CAO业务持续和发展战略应对宏观经济风险的能力	中国经济放缓和国内产能增加影响航煤进口需求，减少了集团的贸易机会。 我们的航煤营销、机场供应、燃料油和化工品贸易受全球经济发展的影响。油价波动影响联营公司的盈利和清洁能源（液化天然气和生物航煤）在短期的发展。	CAO专注于打造全球供应与贸易链，从全球贸易流中把握贸易机会。全球油品市场的结构变化给CAO带来了机遇，CAO也将通过资产投资加强结构性优势。 我们致力于向航空公司客户提供高质量的一体化服务，帮助联营公司进行库存套期保值，更好应对油价波动。我们已经制定了清洁能源的发展计划，为业务的长期发展提前做好准备。	作为CAO长期战略的一部分，我们回顾了未来可能会影响我们的因素，确保我们的战略考虑了长期宏观经济、供需关系、竞争格局。

首席执行官战略报告

战略风险回顾

我们如何管理短期风险

2014年，CAO强化了短期风险管理流程，以此应对可能会影响集团一般目标、战略与增长目标的短期问题。在此过程中，我们确保正确理解了政策法规的变化、社会经济以及声誉的影响因素。CAO将努力避免某个问题成为长期风险，对集团的可持续发展产生严重影响。

影响业务的主要问题	
CAO应对油品格局变化的能力	<p>页岩油（气）蓬勃发展，化石储备将被耗尽，并被新能源/清洁能源逐步取代。CAO的长期战略包括未来清洁运输能源，主要是液化天然气/生物航煤。</p> <p>长期：成为具有独特优势的未来清洁运输燃料（液化天然气和生物航煤）供应与贸易商。 中短期：制定液化天然气和生物航煤的发展计划和试行方式。</p>
对航煤的严重依赖	<p>长期：全球其他油品（专注运输燃料）供应与贸易的强有力竞争者。保持航煤的全球领先地位。</p> <p>中短期：贸易与业务发展团队为非航煤产品打造结构性优势。发展其他航煤相关服务，更好满足客户需求。</p> <p>我们的目标是在2020年前，集团利润的三分之一来自于其他油品贸易。</p>
CAO应对油品市场波动和艰难的贸易环境的能力	<p>创造需求，通过市场营销和资产投资，优化航煤与其他油品的贸易结构。</p> <p>寻找有稳定回报的资产投资机会，强化实业基础，进一步拓展收入来源。</p>



Jet fuel discharging from vessel at port
港口卸油

Chief Executive Officer's Strategic Report

Audit & Internal Control

CAO recognises internal controls provide assurance that business processes operate effectively and efficiently and help to manage corresponding business and strategic risks. An overriding internal controls assurance framework has been established to guide operations at CAO and its subsidiaries. The framework promotes the following key areas to oversee the effective design and operations of internal controls, management assurance, enterprise risk management and internal audit.

MANAGEMENT ASSURANCE

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

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

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

The Group recognises the potential strategic, operational, financial and reputational risks associated with business interruptions and the importance of maintaining viable capability to continue the company's business processes with minimum impact in the event of an emergency. The Group has adopted a Business Continuity Policy ("BCP") that establishes the principles and framework necessary

to ensure emergency response, resumption and recovery of business functions and processing resources in a timely manner coupled with effective communication channels among key management and staff to address emergency response during a business interruption event. The BCP exercise is conducted on an annual basis with any significant shortcomings identified, communicated and improved upon in subsequent exercises.

Management also provide quarterly written assurances on the proper functioning of respective operating processes and highlights any significant deficiencies, if any, for immediate attention.

INTERNAL AUDIT

The Head of Audit and Internal Control ("AIC") reports directly to the CEO and also report directly to the Audit Committee for important matters. He is assisted by a team of qualified professionals from an international auditing firm and carries out a detailed internal audit plan that is reviewed and approved by the Audit Committee on an annual basis.

On an ongoing basis, the AIC department reviews the company's processes and procedures to check compliance with established policies that are consistent with the best corporate governance practices. It also reviews interested person transactions for compliance on a quarterly basis. The AIC function prepares audit reports and recommendations for improvement following each audit and appropriate measures are then taken to implement such recommendations. Status reports on management's action plans are provided to the Audit Committee on a bi-annual basis.

BI-ANNUAL OVERALL REVIEW OF THE SYSTEM OF INTERNAL CONTROLS

To assess the proper functioning of the overall internal control framework, CAO commissions a bi-annual review using the Committee of Sponsoring Organisations ("COSO") framework as a reference and focuses on the key elements of the internal control framework such as risk management processes, board practices and accounting and reporting systems. CAO's conformance to the COSO internal control framework further strengthens CAO's internal controls for its globalised operations.

首席执行官战略报告

审计与内部控制

CAO相信，内部控制为业务流程的高效和有效运作提供了保证，可以帮助管理相应的业务和战略风险。CAO建立了内部控制框架，指导总部与各子公司的运营。框架通过以下方面监督内部控制的有效设计与运营——管理保障、企业风险管理和内部审计。

管理保障

CAO是一个有机整体。董事会确定集团总体发展战略，CEO在全体员工的支持下执行集团策略。董事会和董事委员会将定期审阅和评估经营报告，其中包括主要经营业绩、影响公司运营的趋势和公司治理情况，确保合规，保护小股东利益。职位描述明确要求的员工的资历和能力，确保员工发挥所长，各尽其用。我们也会持续检查不同部门的汇报途径，如风险管理部和内部审计部。

CAO建立了一系列标准操作流程（“SOPs”），指导公司内所有的业务活动与流程。作为重要的管理工具，SOPs可以帮助提高业务质量。审计师会按照公司规定和相关法规，定期回顾SOPs。

集团认识到业务中断会带来潜在的战略、运作、财务和声誉风险。为了使公司在紧急情况下依然保持稳定运作能力，尽量减少紧急情况对业务流程的干扰，公司制定了业务持续计划（“BCP”），其原则和框架确保有效应

对紧急情况，及时恢复业务运转，同时保证管理层和员工的有效沟通。CAO每年进行BCP演习，总结与通报显著缺陷，在下次演习中进行改善。

每季度，管理层还会书面确认操作流程的运行有效性，如果有明显的不足，会立即通报，引起重视。

内部审计

审计与内部控制部（“AIC”）主管直接向CEO汇报，重要事宜也可直接向审计委员会汇报。他由国际审计公司经验丰富的团队协助，制定具体内审方案，每年由审计委员会审阅批准。

AIC部门持续回顾公司的流程与程序，确保已有的政策遵守合规，符合业内最佳的公司治理实践。AIC部门还会每季度审阅关联交易是否合规，完成审计后准备审计报告和改进建议供后续实施，实施的进度会每半年呈交给审计委员会。

半年度内控系统全面回顾

CAO参照COSO（全美反舞弊性财务报告委员会发起组织）框架，对整体内控系统的运行有效性进行半年回顾，尤其是内控框架中的风险管理流程、董事会流程和会计报告系统。此举进一步强化了CAO全球业务的内部控制。



Transit storage
中转库

Chief Executive Officer's Strategic Report

Operations Review

MIDDLE DISTILLATES – JET FUEL & GAS OIL

Demand for jet fuel in Asia continued to see substantial contraction for most parts of the year, especially from Japan. In the first half of 2014, high oil prices, poor jet fuel arbitrage opportunities in Europe and the general gloomy outlook for the airlines industry dominated market sentiments causing the Asia Pacific jet fuel market to be generally weak and oversupplied. With the steep oil price decline, jet fuel demand picked up in the second half of the year supported by robust demand from the Middle East, America and Africa. Lower worldwide jet fuel inventory, especially in US and Singapore, kept increased jet fuel supply from China in balance. Refineries closure in Europe & Australia and planned refinery maintenance also contributed to jet fuel demand during the second half of the year. Notwithstanding the volatile and challenging trading environment, CAO's jet fuel team continued to deliver good results through cargo optimisation via its proprietary procurement and shipping capability with the expansion of the Group's trading activities in Europe and America.

Global gas oil demand remained weak throughout the whole year, weighed down by an overall gas oil supply glut. Nevertheless, CAO's gas oil team continued to focus on regional physical trading across the region, strengthened and expanded its business relationships across Indonesia, Singapore, South Korea as well as other economies.

AVIATION MARKETING

Global air travel grew in 2014 with the Middle East region leading in international passenger growth, followed by Europe, Asia Pacific and Latin America. The steep drop in oil prices in the second half of the year was a welcome reprieve for airline companies in terms of fuel spending, although some airlines reported that they had hedged and locked in to higher prices for a forward period. Mindful that a steep oil price decline could also lead to an easing of business confidence, airline companies were watchful of any negative impact on international air travels. Overall, the outlook of the airline industry remained optimistic with expectations that global jet fuel consumption would increase going forward, underpinned by growth in passenger traffic notwithstanding sustained effort by the airline industry to achieve fuel savings through more efficient aircraft and operations.

In 2014, CAO's Aviation Marketing division continued to focus on growth by embedding its presence in core markets where the Group may leverage on its trading capability and expertise to supply to major aviation markets. CAO will continue to penetrate new markets, collaborate with strategic partners to expand its supply network to become a fuel supplier of choice to the airline industry. In addition to physical fuel supply, the group will also offer its trading expertise in fuel price hedging for its airline customers. The Group increased the volume of jet fuel supplied to airlines and expanded the supply network from 30 to 34 international airports outside mainland China covering the major regions of USA, Europe, Asia Pacific and the Middle East.

In line with the company's strategy, the Group participated in the US airport fuel storage consortia and enhanced the supply capability in the US markets, supplying to both Chinese and international airlines. CAO's wholly owned USA subsidiary NAFCO commenced independent supply at Los Angeles airport from June 2014, increasing the Group's prospect to purchase jet fuel in bulk to meet its supply obligations to contracted airline customers. This supply model enabled CAO through NAFCO, to not only engage in physical supply but opened up trading opportunities for the Group as well.

AVGAS

In 2014, CAO actively expanded Aviation Gas ("AvGas") business in China and also started to supply AvGas to India. Besides various AvGas import tenders, CAO also obtained an exclusive distribution agreement with reputable dedicated AvGas refinery in Europe and the division turned profitable during the year. CAO will continue to market AvGas and focus on growing AvGas in China and the Asia Pacific region as well as continue to optimise its supply sources to improve profit margins.

FUEL OIL

Fuel oil supply and demand was overall balanced in 2014 which substantially limited trading opportunities even as bunker fuel volumes in Singapore remained flat during the year, a phenomena since 2012. During the year, the collapse of international bunker company O.W. Bunker and its subsidiary Dynamic Oil Trading (Singapore) added a blow to the industry as players including CAO, experienced resultant credit loss and weaker players in marine fuel trading such as Opet Trade Singapore Pte Ltd exited the market. Despite the market turbulence, CAO's

Chief Executive Officer's Strategic Report

Operations Review

Fuel Oil trading team saw a 52% increase in physical volumes and focused on turning and optimising storage.

PETROCHEMICALS

2014 was a challenging year for the global petrochemicals markets which saw poorer demand from China due to the slowing Chinese economy. CAO's petrochemicals team remained profitable and achieved better than expected results compared to the majority of its industry peers. Key physical products traded included benzene, toluene, styrene monomer, isomer mixed xylenes and paraxylene. During the year, CAO secured new contracts with customers and suppliers in China, Japan, South Korea & Hong Kong and leveraged on its term portfolio to optimise & capture market opportunities further enhancing its performance.

ASSOCIATED COMPANIES

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

SPIA owns and operates all the refuelling facilities at Pudong Airport, including the hydrant system, dispenser fleet, refuelling stations, airport tank farm, storage terminal with total capacity of 140,000 m³ and a 42-km dedicated jet fuel pipeline connecting Pudong Airport to Waigaoqiao terminal. As the exclusive supplier of jet fuel at PRC's second largest airport – Shanghai Pudong International Airport ("Pudong Airport"), SPIA provides jet fuel distribution and refuelling service to about 119 Chinese and foreign airlines operating at Pudong Airport. CAO owns a 33% stake in SPIA. The other two shareholders of SPIA are Shanghai International Airport Co., Ltd (40%) and Sinopec Assets Management Co. Ltd (27%).

In 2014, SPIA's refuelling volume increased in tandem with the robust growth of international air passenger traffic volume in China carried by domestic airlines and international airlines. SPIA achieved creditable performance in 2014, with its total refuelling volume increasing 8% over 2013 to 3.5 million tonnes. SPIA remains an important profit contributor to the Group contributing US\$41.9 million to CAO's share of profit from associates.

Growth momentum is expected to continue for SPIA's refuelling volumes in the wake of increased tourism in Shanghai with the opening of Shanghai Disneyland Park in 2015.

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

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

Jet fuel transportation volume of TSN-PEKCL was 2.5 million tonnes in 2014, a decrease of 5.3% due to more supply from Sinopec Beijing Yanshan to Beijing Capital international Airport. As a result, the Group's share of profits from TSN-PEKCL in 2014 decreased slightly to US\$1.7 million, with the lower jet fuel transportation volume but lower operating costs as well.

Going forward in 2015, we expect the jet fuel transportation business for TSN-PEKCL to be somewhat affected as supply volume from Sinopec Beijing Yanshan to Beijing Capital international Airport is set to further increase following with completion of its annual facility maintenance.

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

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

Xinyuan successfully completed its Shuidong storage expansion project in 2014. Despite the ongoing challenges in the petrochemicals industry, Xinyuan expanded its new business channels and developed new storage customers as well as explored new growth opportunities.

With Xinyuan's enhancements to its operating capabilities and expectations that the climate for the petrochemicals industry would improve in 2015, Xinyuan is expected to report steady business performance in 2015.

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

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

OKYC's overall operations has been smooth with zero accidents since its commercial operation on April 1, 2013. Despite the challenging and volatile global oil markets in 2014, OKYC successfully achieved storage utilization rate of approximately 82%. However, the Group's share of loss from OKYC in 2014 increased to US\$1.7 million due to higher interest cost, loss from its FX swap contract and one-off arbitration expense.

Underpinned by positive trading environment and better operational efficiencies at OKYC, the business performance of OKYC is expected to improve in 2015.

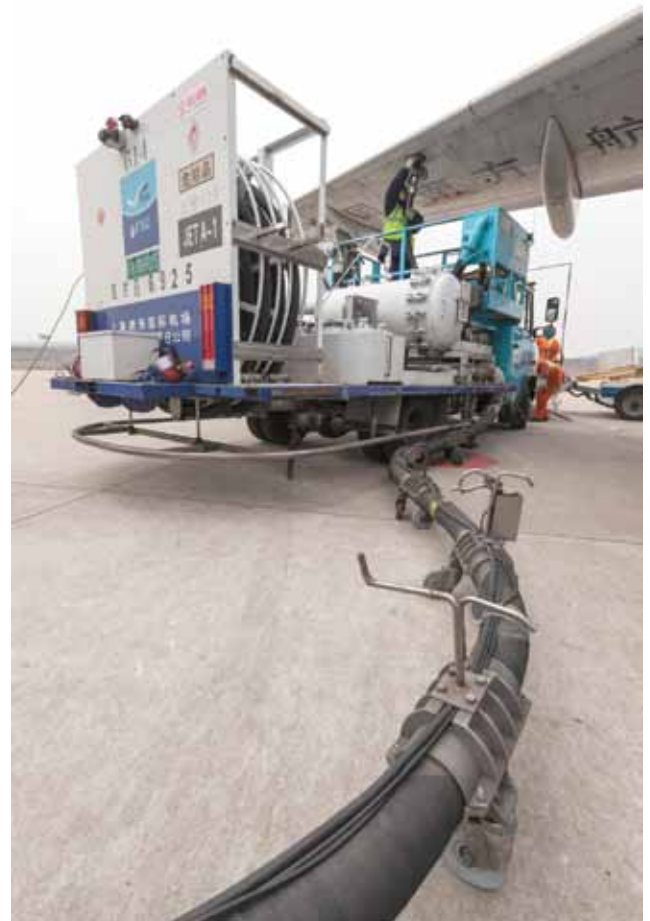
CNAF Hong Kong Refuelling Limited ("CNAF HKR")

In September 2013, the consortium led by CAO's wholly owned subsidiary, China Aviation Oil (Hong Kong) Company Limited ("CAOHK") was selected by the Airport Authority of Hong Kong through an open tender process to provide into-plane fuelling services at Hong Kong International Airport at Chek Lap Kok ("HKIA").

A new Hong Kong joint-venture company, CNAF HKR, was established by the consortium to provide into-plane fuelling services at HKIA. Shareholders of CNAF HKR include CAOHK, Shenzhen Cheng Yuan Aviation Oil Company, China United Petroleum (Holding) Company Limited and Cheer Luck Investment Limited. CAOHK holds 39% of the total issued shares of CNAF HKR, while the other three companies hold equity stakes of 37%, 14% and 10% respectively.

CNAF HKR will be the third company to provide into-plane fuelling services at HKIA. Under the terms of the agreement to be entered into with the Airport Authority of Hong Kong, CNAF HKR will provide fuelling and de-fuelling services for aircrafts at HKIA for a term of 10 years and will construct or develop facilities to provide such services, including an administration building for the accommodation of staff and operations control.

With a site area of around 3,000 m², the refuelling station includes an administration office, scheduling office and a maintenance workshop with 20 dispensers and 1 refueller. Construction work is currently underway and CNAF HKR is expected to commence operations in 2015 even as equipment purchases, recruitment and training as well as marketing campaigns are progressing in parallel.



Into-plane refuelling operations
为飞机加注

首席执行官战略报告

经营概况

中馏分——航煤和柴油

本年度大多时候亚洲的航煤需求，尤其是日本的航煤需求大幅收缩。2014年上半年，高油价、欧洲航煤套利机会的减少和航空业的整体悲观前景主导了市场情绪，造成亚太区航煤市场整体疲软，供应过剩。油价的剧烈下跌使得航煤需求在下半年反弹（主要受中东、美国和非洲的需求支撑）。全球（尤其是美国和新加坡）航煤库存较低，吸收了过剩的航煤。加之欧洲和澳大利亚炼厂的关闭与检修，在下半年也拉高了航煤需求。虽然贸易环境波动且具挑战，CAO航煤团队继续在欧洲和美国拓展贸易业务，通过采购和船运优势进行优化，取得了不错成绩。

由于供应过剩，全球柴油需求全年较为低迷。尽管如此，CAO的柴油团队继续专注区域现货贸易，强化并拓展与印尼、新加坡、韩国和其他国家的业务关系。

航煤营销

全球航空旅行在2014年继续增长，其中中东增长贡献最大，欧洲、亚太和拉美紧随其后。下半年油价的剧烈下跌降低了航空公司的成本，而有些公司为油价回升进行套保。航空公司了解油价的剧烈下跌会动摇商业信心，因此密切关注油价对国际航空旅行的负面影响。整体看来，航空业的展望依然乐观。虽然航空公司持续提高运作效率可以节省航煤，但考虑到旅客运输的增长，预计全球航煤消费将增加。

2014年，CAO航煤营销团队继续专注供应集团有贸易能力和经验的核心市场。未来CAO将继续进入新市场，与战略伙伴合作，拓展供应网络，成为首选的航煤供应商。除了航煤现货供应，集团还为航空公司客户提供航煤价格套保服务。集团供应航空公司的航煤量持续增长，在中国大陆以外进行供应的国际机场数量从30个增至34个，包括美国、欧洲、亚太和中东。

按照公司战略，集团加入美国机场联盟，增强了在美国市场的供应能力，为中国和国际航空公司供油。CAO全资子公司NAFCO自2014年6月开始在洛杉矶机场实现自供，大批买入航煤，满足航空公司客户的供应需求。这种供应模式不仅使CAO通过NAFCO进行现货供应，同时为集团带来了贸易机会。

航空汽油

2014年，CAO积极拓展中国航空汽油供应业务，并开始向印度进行航空汽油供应。除了获得多个航空汽油进口合同，CAO还与欧洲一家专门生产航空汽油的著名炼厂签订了独家经销协议，且航空汽油业务本年度实现盈利。CAO会继续营销航空汽油，专注于发展中国和亚太的航空汽油业务，优化供应资源，提高利润。

燃料油

燃料油的整体供需在2014年较为平衡，极大限制了贸易机会。本年度新加坡船用燃料油的业务量基本持平，与2012年以后的情况保持一致。本年度船用燃料油企业O.W. Bunker和其子公司Dynamic Oil Trading (Singapore) 的破产对行业造成了巨大冲击，使包括CAO在内的一些企业遭受信用损失，某些较弱的船用燃料油贸易企业，如Opet Trade Singapore Pte Ltd退出了市场。虽然市场波动较大，CAO燃料油现货贸易量依然增长52%，并利用储罐开展现货贸易优化活动。

化工品

中国经济放缓导致市场需求较弱，2014年是全球化工品市场艰难的一年。CAO的化工品团队保持盈利，相比同业公司取得了较好的成绩。CAO贸易的现货主要包括苯、甲苯、苯乙烯、混合二甲苯和对二甲苯。本年度CAO与中国、日本、韩国和香港的客户和供应商签订了新合同，借助优化长约与捕捉市场机会，进一步提高业绩。

联营公司

上海浦东国际机场航空油料有限责任公司（“浦东航油”）
浦东航油拥有并经营浦东机场全部加油设施，包括全套机坪管网、管线加油车队和罐式加油车队、航空加油站、机场内油库、总库容量达14万立方米的码头油库以及连接浦东机场与外高桥码头的42公里专用航油管线。作为中国第二大机场——上海浦东国际机场（“浦东机场”）的唯一航油供应商，浦东航油向在浦东机场运营的约119家中国及其他国家的航空公司提供销售和加注航油服务。CAO拥有浦东航油33%的股份。浦东航油的另外两位股东分别是上海国际机场股份有限公司（持股40%）和中石化资产管理有限公司（持股27%）。

2014年，中国及国际航空公司运送的全球旅客量增长显著，大大提升了浦东航油的加注量。浦东航油在2014年创造了亮眼的经营业绩，总加注量相比2013年增加8%，达到约350万吨。浦东航油仍然是公司主要利润来源之一，向CAO贡献了约4190万美元的并账利润。



OKYC storage facilities
OKYC 的储罐设施

上海迪士尼乐园预计2015年将正式开园，受此利好因素的刺激，我们预测浦东公司的加注量将在2015年取得进一步增长。

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

2014年，由于北京机场增加了从燕山石化的采购量，管输公司向北京机场的航煤运输量同比减少5.3%至约250万吨。但由于各项成本费用下降，2014年管输公司仍然为CAO贡献了约170万美元的并帐利润，同比略有下滑。

由于2015年燕山石化设备检修后将加大向北京机场的供油量，我们预计管输公司的业务量将受到一定程度的制约。

中国航油集团新源石化有限公司（“新源公司”）

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

2014年，新源公司圆满完成了水东油库改扩建项目。面对不利的石化贸易经营环境，新源公司不断开展新的业务并开拓新的仓储客户，挖掘新的利润增长点。

随着整体经营环境的进一步改善和新源公司的经营能力不断增强，我们预计新源公司2015年基本能维持2014年的经营业绩。

韩国丽水枢纽油库有限公司（“OKYC”）

OKYC拥有130万方原油和成品油油库，由CAO与另外6家公司合资建立和运营。CAO是OKYC的第二大股东（持股26%），仅次于韩国国家石油公司（持股29%）。OKYC的其余发行股本由三星C&T股份有限公司及LG国际集团公司等大型企业持有。

OKYC自2013年4月1日正式投入运营以来，总体运营态势良好，没有发生任何安全和运营事故。尽管2014年全球油品市场波动剧烈，OKYC的储罐租用率仍然达到了约82%的水平。但由于受利息费用较高、外币掉期合同盯市亏损和一次性仲裁费用等因素影响，2014年OKYC的并帐利润为亏损170万美元。

随着整体贸易环境的改善和OKYC自身运营有效性的增强，我们预计OKYC的运营利润将在2015年有所提升。

中国航油香港供油有限公司（“CNAF HKR”）

2013年9月，由CAO的全资子公司中国航油（香港）有限公司（简称“CAOHK”）牵头的企业联合体在香港机场管理局的公开招标中获选，企业联合体成立的合资公司将向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。

企业联合体的合资公司——CNAF HKR 在香港注册成立，由CAOHK、深圳承远航空油料有限公司、中国联合石油集团有限公司和展裕投资有限公司组成，持股比例依序为39%、37%、14%和10%。

CNAF HKR 将是香港国际机场第3家提供航油加注服务的公司。根据将与香港机场管理局签订的协议，CNAF HKR将在香港机场提供为期10年的航油加油和卸油服务，并建造或配备相关设施提供服务，包括用于员工办公和运营控制的办公楼。

加油站占地面积约3000平方米，包括行政办公室、维修车间、调度室等，管线加油车20台，罐式加油车1台。目前，CNAF HKR的航加站等基础设施正在建设中，预计于2015年完工并投入运营。加油车等设备采购、人员招聘与培训以及营销活动正在同步推进。

Chief Executive Officer's Strategic Report

Financial Review

EARNINGS ANALYSIS

Total supply and trading volume of CAO Group increased 23.5% to 20.4 million tonnes for the financial year ended 31 December 2014 ("FY2014"), compared to 16.5 million tonnes for the financial year ended 31 December 2013 ("FY2013"). Volume of jet fuel supply and trading was 12.1 million tonnes for FY2014, an increase of 16.0% compared to 10.4 million tonnes in FY2013. Trading volume of other oil products (i.e. gas oil, fuel oil and petrochemicals) grew by 2.2 million tonnes or 36.4% to 8.3 million tonnes for FY2014 compared to 6.1 million tonnes in FY2013.

Total revenue rose 9.6% to US\$17.1 billion for FY2014 from US\$15.6 billion in FY2013, attributable mainly to the higher trading volume. Supply and trading of jet fuel increased 7.6% to US\$11.0 billion, accounting for 64.5% of the Group's revenue in FY2014. Notwithstanding the depressed oil prices and a weaker oil market that had inadvertently impacted trading margins, revenue from the trading in other oil products grew 13.2% to US\$6.1 billion in FY2014.

China remains the Group's largest market, accounting for 51% of the Group's revenue in FY2014 and increasing from US\$8.5 billion in FY2013 to US\$8.7 billion in FY2014. Accordingly and in line with the Group's strategy in building a global trading network, 49% of the Group's revenue in FY2014 was derived from outside mainland China, compared to 45% in FY2013.

Group gross profit decreased 47.8% to US\$27.4 million for FY2014, compared to US\$52.5 million for FY2013, due mainly to lower gains from trading in jet fuel and petrochemicals as well as the high storage costs for fuel oil.

Earnings per share was 5.72 US cents for FY2014 compared to 8.16 US cents for FY2013.

Total expenses decreased 25.2% to US\$20.7 million for FY2014, compared to US\$27.7 million for FY2013, mainly due to lower provision of staff bonuses in line with the company's performance in accordance with the company's remuneration policy, lower finance cost relating to bank charges and interest expense.

Share of profits from associates and joint venture decreased 7.1% to US\$43.2 million for FY2014 compared to US\$46.5 million for FY2013, due principally to lower contribution from SPIA. Profit contribution from SPIA decreased 6.8% to US\$41.9 million for FY2014, compared to US\$44.9 million for FY2013 mainly due to write-down in inventory value following the decline in oil price. Excluding a one-off credit of US\$11.9 million in FY2013, the contribution from SPIA would have increased by 26.8% year-on-year.

While OKYC's oil storage leasing activity generated profits, the Group's share of loss for OKYC was US\$1.7 million for FY2014 compared to US\$0.6 million for FY2013 due mainly to the costs incurred in resolving a contractual dispute and the recognition of marked-to-market ("MTM") loss of its cross currency interest rate swap ("CSR") contracts. The share of loss for FY2013 was principally due to MTM loss of its CSR contracts. OKYC entered into CSR contracts to hedge against future revenue in US Dollar. In accordance with the International Financial Reporting Standards, MTM gains or losses are recorded in the Income Statement.

Share of profit from TSN-PEKCL was US\$1.7 million for FY2014 and remained largely unchanged compared to FY2013, and the share of profit from Xinyuan increased by US\$1.1 million to US\$1.6 million, mainly due to the reversal of impairment provision made in prior years on its oil storage properties.

The share of loss of US\$0.19 million from CNAF HKR was mainly due to the pre-operating expenses incurred since its incorporation on 10 September 2013. The construction of the facility is due for completion in 2015.

The Group's net profit for FY2014 decreased 30.0% or US\$21.1 million to US\$49.2 million compared to US\$70.2 million for FY2013, due mainly to the lower gross profit. Though marginal, the Group's subsidiaries are all earnings accretive and excluding a one-off credit of US\$11.9 million from the share of profit in associates in FY2013, the decrease in the Group's net profit would have been 15.6% instead.

ASSETS

The Group continues to maintain a robust balance sheet with zero gearing as at 31 December 2014. Total assets amounted to US\$1.4 billion, compared to US\$1.6 billion a year ago due mainly to lower inventories and receivables.

The Group's liquidity and debt servicing ability remained strong. As at 31 December 2014, the Group's total trade and banking facilities amounted to US\$2.7 billion and US\$94.3 million in cash and cash equivalents, compared to US\$56.3 million as at 31 December 2013. As at 31 December 2014, the Group's current ratio and quick ratio were 1.35 and 1.30 respectively (31 December 2013: 1.23 and 1.13 respectively).

BORROWINGS

There were no borrowings as at 31 December 2014 compared to US\$28.6 million of interest-bearing debts in FY2013.

NET ASSETS

The Group's net assets stood at US\$553.5 million or 64.35 US cents per share as at 31 December 2014, compared to US\$523.56 million or 73.04 US cents per share as at 31 December 2013. The lower net asset value per share was attributable to the effect of the 143,363,091 bonus shares issued on 5 March 2014.

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

The Group has put in place and implemented stringent internal controls and adequate risk control measures to mitigate market risks arising from oil price fluctuations and continues to exercise stringent credit risk management.



Oil storage facilities at CNAF
CNAF 储罐设施

Chief Executive Officer's Strategic Report

Financial Review

5-Year Financial Summary	2010	2011	2012	2013	2014
INCOME STATEMENT (US\$'000)					
Revenue	5,452,639	9,011,978	14,807,984	15,571,869	17,061,032
Gross Profit	29,734	39,966	42,750	52,491	27,398
Associated Companies	37,643	40,232	43,187	46,476	43,194
Net Profit Attributable to Equity Holders of the Company (PATMI)	54,709	63,401	66,189	70,216	49,160
BALANCE SHEET (US\$'000)					
Total assets	957,896	1,194,261	1,650,339	1,574,890	1,378,715
Total Equity	345,231	401,335	459,933	523,562	553,514
Cash and Cash equivalent	57,988	88,065	81,144	56,299	94,286
FINANCIAL RATIOS					
Diluted Earnings per share (US\$ cents)*	7.61	8.83	9.16	8.16	5.72
Net Assets per share (US\$ cents)	48.07	55.99	64.16	73.04	64.35
Return on Equity [#]	16.7%	17.0%	15.4%	14.3%	9.1%
Return on Assets [#]	6.4%	5.9%	4.7%	4.5%	3.5%
Debt Equity Ratio	8.8%	7.5%	0.4%	5.5%	0.0%

* The diluted earnings per share are adjusted for transactions that adjust the number of shares without a corresponding change in resources. The effects of the bonus shares, issued on 10 March 2014, have been included in the diluted earnings per share calculation for the years ended 31 December 2010 to 2014. 稀释每股收益依照影响股份数量而不影响相应金额的交易进行调整。于2014年3月10日发行的股票股利的影响已被考虑在2010年至2014年的每股收益计算中。

Average shareholders' equity or average total assets used in calculations. 计算时取股东权益或总资产的平均值。



CAO trading bench
CAO 贸易团队

首席执行官战略报告

财务业绩

盈利分析

截至2014年12月31日(“2014财年”)供应和贸易总量累计为2040万吨,较上年同期(“2013财年”)的1650万吨增长23.5%。2014财年航油供应和贸易量为1210万吨,较上年同期的1040万吨增长16%。2014财年其他油品累计贸易量为830万吨,较上年同期的610万吨增加220万吨,增长36.4%。

2014财年总收入为171亿美元,较去年同期的156亿美元增长9.6%,这主要是得益于贸易量的增加。航油供应与贸易收入增长7.6%至110亿美元,贡献2014财年集团收入的64.5%。虽然疲软的油价和较弱的市场影响了贸易盈利,2014财年其他油品贸易收入增长13.2%至61亿美元。

中国依然是集团最大的市场,来自中国的收入从2013财年的85亿美元增至2014财年的87亿美元,占集团总收入的比例为51%。在打造全球贸易网络的战略指导下,集团2014财年来自中国大陆以外地区的收入仍占集团总收入的比例从2013财年的45%增至49%。

2014财年集团毛利为2740万美元,较上年同期的5250万美元减少47.8%,这主要是由于航煤和化工品贸易盈利降低和高昂的燃料油储罐费用所导致。

2014财年每股净收益为5.72美分,上年同期为8.16美分。

2014财年总费用共计2070万美元,较上年同期的2770万美元减少25.2%,主要是由于依照公司薪酬政策,与公司业绩相挂钩的员工奖金计提减少,同时银行手续费和利息费用等财务费用的降低。

2014财年来自联营及合营公司的投资收益累计为4320万美元,较上年同期的4650万美元减少7.1%,主要是由于来自浦东航油的投资收益减少。2014财年来自浦东航油的投资收益为4190万美元,较上年同期的4490万美元减少6.8%,主要是因油价下跌而计提存货跌价准备所致。剔除2013财年一次性冲回1190万美元准备的影响后,来自浦东航油的投资收益同比增长26.8%。

OKYC的储罐租赁业务正创造盈利,2014财年来自OKYC的投资亏损为170万美元,上年同期为亏损60万美元,这主要是因为解决一项合同争议发生的费用,以及韩元对美元的外币掉期合约(“CSR”)的盯市(“MTM”)亏损所致。2013财年OKYC累计亏损主要来自CSR合约的MTM亏损。OKYC参与该CSR合约是为了对未来的美元收入进行套期保值。按照国际财务报告准则的要求,需在利润表中确认该合约的盯市值损益。

2014财年来自天津管输的投资收益累计为170万美元,与上年同期相比无太大差异。2014财年来自新源的投资收益增加110万美元至160万美元,主要由于冲回了以前年度计提的储罐减值准备。

香港供油公司的投资亏损为19万美元,主要是由于确认了2013年9月10日公司成立以来的运营前期费用。供油设施将在2015年完工。

2014财年实现净利润为4920万美元,较上年同期的7020万美元减少2110万美元,减幅30%,主要是毛利减少所致。子公司的利润贡献虽然并非显著,但全部实现盈利。剔除2013财年联营公司一次性冲回共计1190万美元准备的影响后,2014财年净利润同比减少15.6%。

资产

集团的资产负债表保持稳健,2014年12月31日无带息负债。资产总值从2013财年的16亿美元降为14亿美元,这主要是由于库存降低及应收账款减少。

集团的流动性和偿债能力依然强健。2014年12月31日,集团的银行信用额度达27亿美元,现金与现金等价物余额为9430万美元,2013年12月31日的现金与现金等价物为5630万美元。2014年12月31日,集团的流动比率和速动比率分别为1.35和1.30(截至2013年12月31日分别为1.23和1.13)。

借款

2014年12月31日公司无借款,去年同期的带息贷款为2860万美元。

净资产

2014年12月31日,公司的净资产为5.535亿美元,每股净资产为64.35美分。2013年12月31日的净资产额为5.2356亿美元,每股净资产为73.04美分。较低的每股净资产主要是因为2014年3月5日发行的143,363,091股红利股所致。

集团持续监控整体流动性水平,支持业务拓展。现阶段,现金流主要来源于供应与贸易业务的盈利和联营公司贡献的股利。

集团制定并实施严格的内部控制和风险管理措施,减少油价波动带来的市场风险,同时继续严格管理信用风险。



Summary Financial Statement

CONTENTS

38	Summary Directors' Report
43	Independent Auditors' Report
44	Statement of Financial Position
45	Consolidated Statement of Profit or Loss
46	Consolidated Statement of Comprehensive Income
47	Consolidated Statement of Changes in Equity
49	Notes to the Summary Financial Statement
51	Extract of Independent Auditors' Report on the full financial statements

Summary Financial Statement

Year ended 31 December 2014

IMPORTANT NOTE

The Summary Financial Statement contains a summary of the information in the directors' report and a summary of the full financial statements. It also includes information provided in compliance with the requirements of Section 203A of the Companies Act, Chapter 50, and regulations made thereunder, applicable to the Summary Financial Statement. It does not contain sufficient information to allow for a full understanding of the results and the state of affairs of the Group and of the Company.

For further information, the full financial statements, the auditors' report on those statements and the directors' report in the Annual Report 2014 should be consulted. Shareholders may request for a copy of the annual report at no cost.

Summary Directors' Report

Year ended 31 December 2014

Directors

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

Sun Li	Chairman
Wang Kai Yuen	Deputy Chairman/Lead Independent Director
Meng Fanqiu	Chief Executive Officer/Executive Director
Ang Swee Tian	
Chen Liming	
Alan Haywood	
Li Runsheng	(Appointed on 24 April 2014)
Luo Qun	
Zhao Shousen	

Principal activities

The principal activities of the Company and its subsidiaries (referred to as the Group) are those relating to trading in aviation oil and petroleum products, and investment holding.

There have been no significant changes in the activities of the Group during the financial year.

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), none of the directors who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations either at the beginning or at the end of the financial year except as follows:

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 1 January 2014	At 31 December 2014	At 1 January 2014	At 31 December 2014
The Company				
Sun Li				
- Options to subscribe for ordinary shares at S\$0.91 per share from 9 October 2013 to 8 October 2016	200,000	100,000	-	-
Wang Kai Yuen				
- Ordinary shares	48,000	57,600	100,000 ⁽¹⁾	120,000 ⁽¹⁾
Ang Swee Tian				
- Ordinary shares	40,000	48,000	-	-
Meng Fanqiu				
- Options to subscribe for ordinary shares at S\$0.91 per share from 9 October 2013 to 8 October 2021	365,200	232,400	-	-
Luo Qun				
- Options to subscribe for ordinary shares at S\$0.91 per share from 9 October 2013 to 8 October 2016	100,000	50,000	-	-
Zhao Shousen				
- Options to subscribe for ordinary shares at S\$0.91 per share from 9 October 2013 to 8 October 2016	100,000	50,000	-	-

⁽¹⁾ Held by Wang Kai Yuen's spouse.

Summary Directors' Report

Year ended 31 December 2014

DIRECTORS' INTERESTS (CONT'D)

The Directors' interests in the ordinary shares of the Company as at 21 January 2015 were the same as those as at 31 December 2014.

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 under the "Share options" section of this report and in note 27 to the full financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm in which he is a member, or with a company in which he has a substantial financial interest.

SHARE OPTIONS

The China Aviation Oil Share Option Scheme (the "Scheme") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 9 November 2001. The Scheme is administered by the Remuneration Committee of the Company, comprising five directors, Wang Kai Yuen, Luo Qun, Ang Swee Tian, Li Runsheng and Chen Liming.

Other information regarding the Scheme is set out below:

- Under the Scheme, share options to subscribe for the ordinary shares of the Company (the "Shares") are granted to full-time confirmed employees and Directors (including Non-Executive Directors) of the Group.
- The aggregate number of the Shares over which the Remuneration Committee may grant share options on any date, when added to the number of Shares issued and issuable in respect of all share options granted under the Scheme, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time.
- The exercise price for each Share in respect of which a share option is exercisable shall be determined by the Remuneration Committee, and fixed at the highest of:
 - (i) a price equal to the last dealt price of the Shares as at the close of trading on the date of grant (the "Offer Date") of the share option, as determined by reference to the website of the Singapore Exchange Securities Trading Limited ("SGX-ST"), rounded up to the nearest whole cent in the event of fractional prices; or
 - (ii) a price (the "Market Price") equal to the average of the last dealt prices for a Share, as determined by reference to the Singapore English newspapers, or other publication published by the SGX-ST for the 5 consecutive trading days immediately preceding the Offer Date of that share option, rounded up to the nearest whole cent in the event of fractional prices; or
 - (iii) a price which is set at a discount to the Market Price, provided that:
 - (1) the maximum discount shall not exceed 20% of the Market Price; and
 - (2) the Shareholders of the Company in an AGM or EGM shall have authorised the making of offers and grants of share options under the Scheme at a discount not exceeding the maximum discount as aforesaid in a separate resolution,

provided that the Remuneration Committee shall always have the discretion to revise the exercise price for each Share in respect of which a share option is exercisable in order to comply with the requirements of any regulatory authority (in Singapore or elsewhere) which are binding on the Company, subject to applicable laws and the listing rules of the SGX-ST.

Summary Directors' Report

Year ended 31 December 2014

SHARE OPTIONS (CONT'D)

Share options granted at the exercise price at no discount to the Market Price shall only be exercisable at any time (in whole or in part) by a participant after the second anniversary of the offer date of that share option or in such tranches over such period after such second anniversary date as the Remuneration Committee may determine and set out in the letter of offer, provided always that share options shall be exercised before the tenth anniversary of the relevant offer date, in the case of share options granted to full-time confirmed employees of the Group including executive directors (collectively referred to as "Executive Options"); and before the fifth anniversary of the relevant offer date, in the case of options issued to non-executive directors, or such earlier date as may be determined by the Remuneration Committee.

- (a) The options granted to directors and employees (other than to senior executives of the Company who are secondees of the parent company, CNAF ("CNAF Secondees") are subject to the following vesting conditions:
- (i) Up to a maximum of one-third of the number of option shares shall be exercisable in the period from the day after the second anniversary of the Offer Date to the third anniversary of the Offer Date;
 - (ii) Up to a maximum of one-third of the number of option shares and any number of option shares in respect of which the option has not been exercised under paragraph (a)(i), shall be exercisable in the period from the day after the third anniversary of the Offer Date to the fourth anniversary of the Offer Date; and
 - (iii) The remaining number of option shares and any number of option shares in respect of which the option has not been exercised under paragraphs (a)(i) and (a)(ii), shall be exercisable in the period from the day after the fourth anniversary of the Offer Date to the date immediately preceding the fifth anniversary of the Offer Date.
- (b) The options granted to the CNAF Secondees are subject to the following vesting conditions:
- (i) Up to a maximum of one-third of 80% of the number of option shares shall be exercisable in the period from the day after the second anniversary of the Offer Date to the third anniversary of the Offer Date;
 - (ii) Up to a maximum of one-third of 80% of the number of option shares, and any number of option shares in respect of which the option has not been exercised under paragraph (b)(i), shall be exercisable in the period from the day after the third anniversary of the Offer Date to the fourth anniversary of the Offer Date; and
 - (iii) The remaining number of option shares not exceeding 80% of the total number of option shares, and any number of option shares in respect of which the option has not been exercised under paragraphs (b)(i) and (b)(ii), shall be exercisable in the period from the day after the fourth anniversary of the Offer Date to the date immediately preceding the fifth anniversary of the Offer Date.

The option in respect of the remaining 20% of the option shares, together with any option shares in respect of which the option has not been exercised under paragraphs (b)(i), (b)(ii) and (b)(iii) above, shall be exercisable only after the end of the secondment term of the CNAF Secondees.

Summary Directors' Report

Year ended 31 December 2014

SHARE OPTIONS (CONT'D)

In addition, the option may only be exercised if, at the relevant date of exercise, the following conditions have been met:

- if the holder of vested options being a non-executive director, is or remains as a director of the Company, or if the holder of vested options being an employee, is or remains in full-time employment with the Company;
- achievement of pre-determined target set for key performance indicators on (i) market capitalisation, (ii) net profit after tax, and (iii) return on equity; and
- achievement of individual performance targets set by the Company or by its immediate holding company for executives of the Company.

The options granted to non-executive directors expire after five years from the date of grant and in the case of options granted to executives, the options expire ten years from the date of grant.

The Scheme which was in force for a maximum period of ten (10) years, commencing on the date on which the Scheme is adopted by shareholders at the extraordinary general meeting of the Company (i.e. 9 November 2001) expired on 9 November 2011.

As at the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options granted and outstanding as of 1 January 2014	Options exercised	Options cancelled/expired	Options outstanding at 31 December 2014	Number of options holders at 31 December 2014	Exercise period
9 October 2011	S\$0.91	3,044,600	–	1,496,399	1,548,201	39	9 October 2013 to 8 October 2021
9 October 2011	S\$0.91	400,000	–	200,000	200,000	3	9 October 2013 to 8 October 2016
		<u>3,444,600</u>	<u>–</u>	<u>1,696,399</u>	<u>1,748,201</u>	<u>42</u>	

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Details of options granted to directors of the Company under the Scheme are as follows:

Name of director	Options granted for financial year 31 December 2014	Aggregate options granted since commencement of Scheme to 31 December 2014	Aggregate options cancelled since commencement of Scheme to 31 December 2014	Aggregate options exercised since commencement of Scheme to 31 December 2014	Aggregate options outstanding as at 31 December 2014
Sun Li	–	300,000	200,000	–	100,000
Meng Fanqiu	–	498,000	265,600	–	232,400
Zhao Shousen	–	150,000	100,000	–	50,000
Luo Qun	–	150,000	100,000	–	50,000

Summary Directors' Report

Year ended 31 December 2014

SHARE OPTIONS (CONT'D)

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

Since the commencement of the Scheme, no options have been granted to employees of the immediate holding company or its related companies under the Scheme, except for 3 employees of the immediate holding company who are also the directors of the Company, who were granted options to subscribe for an aggregate of 600,000 ordinary shares in the Company in 2011.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

The remaining third tranche of exercisable share options lapsed on 12 February 2015 as vesting conditions were not met.

AUDIT COMMITTEE

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

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

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the 2012 Code of Corporate Governance.

UNUSUAL ITEMS DURING AND AFTER THE FINANCIAL YEAR

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen during the financial year or in the interval between the end of the financial year and the date of this report which would substantially affect the results of the operations of the Group and/or of the Company for the financial year in which this report is made, or render any items in the financial statements of the Group or the Company for the current financial year misleading, or affect the ability of the Group and/or the Company in meeting its obligations as and when they fall due.

The Summary Financial Statement was approved by the board of directors on 17 March 2015 and was signed on its behalf by:

Wang Kai Yuen

Deputy Chairman & Lead Independent Director

Meng Fanqiu

Chief Executive Officer/Executive Director

17 March 2015

Independent Auditors' Report on the Summary Financial Statement

to the members of China Aviation Oil (Singapore) Corporation Ltd

The accompanying Summary Financial Statement of China Aviation Oil (Singapore) Corporation Ltd (the Company) and its subsidiaries (the Group), set out on pages 44 to 50, which comprise the statement of financial position of the Group and the Company as at 31 December 2014, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity of the Group for the year then ended, and related notes, are derived from the audited financial statements of the Company and its subsidiaries for the year then ended. We expressed an unmodified audit opinion on those financial statements in our report dated 17 March 2015.

The Summary Financial Statement does not contain all the disclosures required by the Singapore Financial Reporting Standards. Therefore, reading the Summary Financial Statement is not a substitute for reading the audited financial statements of the Company and its subsidiaries.

Management's responsibility for the Summary Financial Statement

Management is responsible for the preparation of a summary of the audited financial statements in accordance with Section 203A of the Singapore Companies Act, Chapter 50 (the Act). In preparing the Summary Financial Statement, Section 203A of the Act requires that the Summary Financial Statement be derived from the annual financial statements and the Directors' report for the year ended 31 December 2014 and be in such form and contain such information as may be specified by regulations made thereunder applicable to the Summary Financial Statement.

Auditors' responsibility

Our responsibility is to express an opinion on the Summary Financial Statement based on our procedures, which were conducted in accordance with Singapore Standard on Auditing 810 *Engagements to Report on Summary Financial Statements*.

Opinion

In our opinion, the accompanying Summary Financial Statement is consistent, in all material respects, with the audited financial statements and the Directors' Report of the Company and its subsidiaries for the year ended 31 December 2014 from which they are derived and comply with the requirements of Section 203A of the Act and the regulations made thereunder applicable to the Summary Financial Statement.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore
17 March 2015

Statement of Financial Position

As at 31 December 2014

	2014	Group	2012 ¹	2014	Company	2012 ¹
	US\$'000	Restated	Restated	US\$'000	Restated	Restated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets						
Property, plant and equipment	6,790	7,377	8,046	6,726	7,323	7,992
Intangible assets	2,369	2,815	1,975	1,188	1,634	160
Subsidiaries	–	–	–	33,435	28,095	25,329
Associates and joint venture	270,143	267,761	248,874	82,625	81,236	111,526
Trade and other receivables	–	–	–	35,480	35,573	–
Deferred tax assets	7,587	7,087	7,093	7,583	7,083	7,083
	286,889	285,040	265,988	167,037	160,944	152,090
Current assets						
Inventories	38,098	113,125	18,572	34,214	110,197	15,568
Trade and other receivables	959,442	1,266,934	1,285,076	913,373	1,166,543	1,218,682
Cash and cash equivalents	94,286	56,299	81,144	84,043	52,617	75,290
	1,091,826	1,436,358	1,384,792	1,031,630	1,329,357	1,309,540
Total assets	1,378,715	1,721,398	1,650,780	1,198,667	1,490,301	1,461,630
Equity attributable to owners of the parent						
Share capital	215,573	215,573	215,573	215,573	215,573	215,573
Reserves	337,941	307,989	244,360	193,020	164,534	112,042
Total equity	553,514	523,562	459,933	408,593	380,107	327,615
Non-current liabilities						
Deferred tax liabilities	6,238	6,228	6,194	–	–	–
Current liabilities						
Trade and other payables	818,948	1,162,628	1,182,624	788,853	1,109,514	1,133,211
Loans and borrowings	–	28,609	1,666	1,221	680	804
Current tax liabilities	15	371	363	–	–	–
	818,963	1,191,608	1,184,653	790,074	1,110,194	1,134,015
Total liabilities	825,201	1,197,836	1,190,847	790,074	1,110,194	1,134,015
Total equity and liabilities	1,378,715	1,721,398	1,650,780	1,198,667	1,490,301	1,461,630

¹ As at 31 December 2012 and 1 January 2013

Consolidated Statement of Profit or Loss

Year ended 31 December 2014

	2014 US\$'000	2013 US\$'000
Revenue	17,061,031	15,571,868
Cost of sales	(17,033,634)	(15,519,377)
Gross profit	27,397	52,491
Other income	1,168	1,165
Administrative expenses	(12,520)	(19,454)
Other operating expenses	(5,135)	(2,955)
Results from operating activities	10,910	31,247
Finance costs	(3,075)	(5,299)
Share of profit of associates and joint venture (net of tax)	43,194	46,476
Profit before tax	51,029	72,424
Tax expense	(1,869)	(2,208)
Profit for the year	49,160	70,216
Attributable to:		
Owners of the Company	49,160	70,216
Earnings per share:		
Basic earnings per share (cents)	5.72	8.16
Diluted earnings per share (cents)	5.72	8.16

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

	2014 US\$'000	2013 US\$'000
Profit for the year	49,160	70,216
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Translation differences relating to financial statements of foreign associates	(5,514)	5,253
Other comprehensive income for the year, net of tax	<u>(5,514)</u>	<u>5,253</u>
Total comprehensive income for the year	<u>43,646</u>	<u>75,469</u>
Attributable to:		
Owners of the Company	<u>43,646</u>	<u>75,469</u>

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

	Note	Share capital US\$'000	Foreign currency translation reserve US\$'000	Statutory reserves US\$'000	Reserve for own shares US\$'000	Share option reserve US\$'000	Accumulated profits US\$'000	Total equity US\$'000
At 1 January 2013		215,573	26,888	8,694	(5,482)	271	213,989	459,933
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	70,216	70,216
Other comprehensive income								
<i>Items that are or may be reclassified subsequently to profit or loss:</i>								
Translation differences relating to financial statements of foreign associates		-	5,253	-	-	-	-	5,253
Total other comprehensive income		-	5,253	-	-	-	-	5,253
Total comprehensive income for the year		-	5,253	-	-	-	70,216	75,469
Contributions by and distributions to owners								
Share of associates' accumulated profits transferred to statutory reserve		-	-	395	-	-	(395)	-
Dividends to equity holders	3	-	-	-	-	-	(11,569)	(11,569)
Share-based payment transactions		-	-	-	-	(271)	-	(271)
Total transactions with owners		-	-	395	-	(271)	(11,964)	(11,840)
At 31 December 2013		215,573	32,141	9,089	(5,482)	-	272,241	523,562

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

	Note	Share capital US\$'000	Foreign currency translation reserve US\$'000	Statutory reserves US\$'000	Reserve for own shares US\$'000	Share option reserve US\$'000	Accumulated profits US\$'000	Total equity US\$'000
At 1 January 2014		215,573	32,141	9,089	(5,482)	–	272,241	523,562
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	49,160	49,160
Other comprehensive income								
<i>Items that are or may be reclassified subsequently to profit or loss:</i>								
Translation differences relating to financial statements of foreign associates		–	(5,514)	–	–	–	–	(5,514)
Total other comprehensive income		–	(5,514)	–	–	–	–	(5,514)
Total comprehensive income for the year		–	(5,514)	–	–	–	49,160	43,646
Contributions by and distributions to owners								
Share of associates' accumulated profits transferred to statutory reserve		–	–	6,878	–	–	(6,878)	–
Dividends to equity holders	3	–	–	–	–	–	(13,694)	(13,694)
Total transactions with owners		–	–	6,878	–	–	(20,572)	(13,694)
At 31 December 2014		215,573	26,627	15,967	(5,482)	–	300,829	553,514

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

Notes to the Summary Financial Statement

Year ended 31 December 2014

1 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

During the year, the Group adopted certain new standards, amendments and interpretations to existing standards, which were effective for the Group's accounting period beginning on or after 1 January 2014. As a result of the adoption of the amendments, the Group and the Company has presented the receivables and payables with certain counterparties on a gross basis as the right to set off is not enforceable in the event of bankruptcy of the counterparties. The amendments were applied retrospectively.

Except for the adoption of the new standards, amendments and interpretations, the Group has applied the same accounting policies which are consistent with those used in the previous financial year.

2 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation comprises:

	Group	
	2014 US\$'000	2013 US\$'000
Directors' fees	490	509
Directors' remuneration	582	717
Key executive officers' remuneration	2,146	2,513
	3,218	3,739

The key management personnel compensation for the financial years ended 31 December 2014 and 2013 were made up of short-term employee benefits.

3 DIVIDENDS

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

	Group and Company	
	2014 US\$'000	2013 US\$'000
Final exempt dividends paid in respect of the previous financial year of S\$0.02 (2013: S\$0.02) per share	13,694	11,569

The Directors have proposed a final (one-tier tax exempt) ordinary dividend of S\$0.02 (2013: S\$0.02) per share, amounting to US\$13,023,000 (2013: US\$13,694,000). The dividends have not been provided for.

Notes to the Summary Financial Statement

Year ended 31 December 2014

4 RELATED PARTY TRANSACTIONS

The immediate and ultimate holding company, CNAF, is a state-owned enterprise established in the People's Republic of China ("PRC"). In accordance with FRS 24 *Related Party Disclosures*, government-related entities and their subsidiaries, apart from entities under CNAF, which the PRC government has control, joint control or significant influence over are also considered as related parties of the Group. For the purpose of the related party transactions disclosures, the Group applies the exemption to disclose these related parties transactions as allowed under FRS 24.

The Group assessed that these transactions with government-related entities were carried out based on market terms in the ordinary course of business. The Group's transactions with government-related entities include sales and purchases of oil commodities, banking fees and operating lease expenses.

For the financial year ended 31 December 2014, the Group's sales and purchases of oil commodities with government-related entities account for approximately 34% (2013: 27%) of the Group's total sales and 48% (2013: 26%) of the Group's total purchases. During the year, approximately 15% (2013: 11%) of the Group's banking fees and 7% (2013: 8%) of the Group's operating lease expenses were transacted with government-related entities.

Other than those as disclosed elsewhere in the financial statements, there were the following transactions carried out on terms agreed with related parties:

	2014 US\$'000	Group 2013 US\$'000
Related corporation of a corporate shareholder		
Sale of jet fuel	562,812	645,580
Sale of petrochem	–	43,809
Sale of gas oil	64,793	–
Purchase of jet fuel	492,312	865,333
Purchase of fuel oil	52,097	37,181
Purchase of petrochem	6,904	11,739
Related parties under CNAF:		
Related corporations		
Sale of jet fuel	3,793,869	3,441,494
Sale of aviation gasoline	918	–
Purchase of jet fuel	456,173	194,061
Associate		
Sale of jet fuel	2,650,727	2,406,223
Purchase of jet fuel	156,550	–
Other related party:		
Associate		
Storage tank rental	9,240	6,930

Extract of Independent Auditors' Report on the full financial statements

for the financial year ended 31 December 2014
Members of the China Aviation Oil (Singapore) Corporation Ltd

An unmodified audit report dated 17 March 2015 has been issued on the full financial statements of China Aviation Oil (Singapore) Corporation Ltd and its subsidiaries for the financial year ended 31 December 2014. The audit report is reproduced as follows:

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of China Aviation Oil (Singapore) Corporation Ltd (the Company) and its subsidiaries (the Group), which comprise the statement of financial position of the Group and the Company as at 31 December 2014, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages # to #.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Extract of Independent Auditors' Report on the full financial statements

for the financial year ended 31 December 2014

Members of the China Aviation Oil (Singapore) Corporation Ltd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

17 March 2015

The stated page numbers refer to the Independent Auditors' Report dated 17 March 2015 included in China Aviation Oil (Singapore) Corporation Ltd's Annual Report for the financial year ended 31 December 2014.

Statistics of Shareholdings

As at 5 March 2015

Number of Issued Shares	:	866,183,628
Number of Issued Shares (excluding Treasury Shares)	:	860,183,628 ordinary shares
Number/Percentage of Treasury Shares	:	6,000,000 (0.69%)
Class of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares)	:	1 vote per share

Based on information available to the Company as at 5 March 2015, 28.53%⁽¹⁾ of the issued ordinary shares of the Company is held by the public and, therefore, Rules 723 and 1207(9)(e) of the Listing Manual issued by SGX-ST have been complied with.

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	333	2.28	18,615	0.00
100 - 1,000	2,066	14.14	1,229,465	0.14
1,001 - 10,000	7,880	53.92	32,615,353	3.79
10,001 - 1,000,000	4,317	29.54	153,604,045	17.86
1,000,001 AND ABOVE	18	0.12	672,716,150	78.21
TOTAL	14,614	100.00	860,183,628	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	443,431,892	51.55
2	BP INVESTMENTS ASIA LIMITED	173,476,942	20.17
3	DBS NOMINEES (PRIVATE) LIMITED	10,686,570	1.24
4	OCBC SECURITIES PRIVATE LIMITED	6,741,058	0.78
5	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,396,809	0.74
6	UOB KAY HIAN PRIVATE LIMITED	4,508,095	0.52
7	HSBC (SINGAPORE) NOMINEES PTE LTD	4,121,991	0.48
8	CITIBANK NOMINEES SINGAPORE PTE LTD	4,024,195	0.47
9	LEE FOOK CHOY	3,000,000	0.35
10	RAFFLES NOMINEES (PTE) LIMITED	2,589,056	0.30
11	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,237,205	0.26
12	BANK OF SINGAPORE NOMINEES PTE. LTD.	2,210,388	0.26
13	PHILLIP SECURITIES PTE LTD	1,966,901	0.23
14	CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,906,672	0.22
15	CHNG GIM HUAT	1,800,000	0.21
16	KANG HIAN SOON	1,398,000	0.16
17	LAM YEW CHONG	1,167,600	0.14
18	CITIBANK CONSUMER NOMINEES PTE LTD	1,052,776	0.12
19	GOH GEOK LOO	901,000	0.10
20	MAYBANK KIM ENG SECURITIES PTE. LTD.	762,282	0.09
TOTAL		674,379,432	78.39

SUBSTANTIAL ORDINARY SHAREHOLDERS

(As shown in the Register of Substantial Shareholders as at 5 March 2015)

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

* China National Aviation Fuel Group Corporation is deemed to have an interest in 441,332,912 shares of CAO held by DBS Vickers Securities (Singapore) Pte Ltd.

Notice of Annual General Meeting

CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

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

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of the Company will be held at Suntec Singapore International Convention & Exhibition Centre, Meeting Rooms 303 and 304, 1 Raffles Boulevard, Singapore 039593 on Wednesday, 22 April 2015 at 3:00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' report and the audited financial statements for the financial year ended 31 December 2014 together with the auditors' report thereon. **(Resolution 1)**
2. To declare a first and final (one-tier, tax exempt) dividend of S\$0.02 per ordinary share for the year ended 31 December 2014. **(Resolution 2)**
3. To approve Directors' Fees of S\$638,451 for the year ended 31 December 2014 (2013: S\$638,249). **(Resolution 3)**
4. To re-elect the following Directors, each of whom will retire by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible, will offer themselves for re-election:-

Mr Sun Li **(Resolution 4)**
Mr Luo Qun **(Resolution 5)**
5. To record the retirement of Mr Chen Liming who is retiring pursuant to Article 91 of the Company's Articles of Association and will not be seeking re-election as a Director of the Company.
6. To re-elect Mr Li Runsheng, who will retire in accordance with Article 97 of the Company's Articles of Association and who, being eligible, will offer himself for re-election. **(Resolution 6)**
7. To re-appoint Messrs KPMG LLP as the Company's auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

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

8. That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") authority be and is hereby given to the Directors of the Company to:
 - (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance to any Instrument made or granted by the Directors while this Resolution was in force,

Notice of Annual General Meeting

Provided that :

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 15% of the issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding at the time of the passing of this Resolution; and
 - (b) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 8)**

9. That:

- (a) approval be and is hereby given for the renewal of, and amendments to, the shareholders' general mandate (which was last renewed at the annual general meeting of the Company held on 24 April 2014) for the Company, its subsidiaries and associated companies which fall within the definition of entities at risk under Chapter 9 of the Listing Manual or any of them to enter into any of the transactions falling within the categories of interested person transactions set out in Annex II to the Company's Letter to Shareholders dated 26 March 2015 (the "**Letter**"), with any party who is of the class or classes of interested persons described in Annex II to the Letter, provided that such transactions are made on normal commercial terms and are not prejudicial to the Company and its minority shareholders, and are entered into in accordance with the review procedures for interested person transactions as set out in Annex II to the Letter (such shareholders' general mandate, as amended, hereinafter called the "**IPT Mandate**");
- (b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or until the date on which the next annual general meeting of the Company is required by law to be held, whichever is the earlier;
- (c) the audit committee of the Company (comprising Independent Directors Mr Ang Swee Tian, Dr Wang Kai Yuen and Mr Li Runsheng, and Non-Independent, Non-Executive Directors Dr Zhao Shousen and Mr Alan Haywood as at the date of the Letter) be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by SGX-ST from time to time; and

Notice of Annual General Meeting

- (d) the directors of the Company (the "**Directors**") and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the IPT Mandate. **(Resolution 9)**

10. That:

- (a) for the purposes of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire fully paid issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) on-market purchase(s) on the SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted (the "**Other Exchange**"); and/or
 - (ii) off-market purchase(s) if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next annual general meeting of the Company is held; and
 - (ii) the date by which the next annual general meeting of the Company is required by law to be held; and
- (c) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the Share Purchase Mandate.

Notice of Annual General Meeting

For the purposes of this Resolution:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares on the SGX-ST were recorded, before the day on which a market purchase was made by the Company or, as the case may be, the date of the announcement of the offer pursuant to an off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant period of five (5) market days;

"Maximum Limit" means that number of issued Shares representing ten per cent. (10%) of the total number of Shares excluding treasury shares as at the last annual general meeting or as at the date of the passing of this Resolution (whichever is the higher); and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (a) in the case of an on-market purchase of a Share, one hundred and five per cent. (105%) of the Average Closing Price of the Shares; and
- (b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, one hundred and ten per cent. (110%) of the Average Closing Price of the Shares. **(Resolution 10)**

11. To transact any other ordinary business which may properly be transacted at an annual general meeting.

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary

Singapore, 26 March 2015

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 8 Temasek Boulevard, #31-02, Suntec Tower Three, Singapore 038988 not later than 3.00 p.m. on 20 April 2015.

Notice of Annual General Meeting

Explanatory Notes:

Resolution 4 Mr Sun Li will upon re-appointment, continue as Chairman of the Board. He is considered a Non-Executive, Non-Independent Director.

Resolution 5 Mr Luo Qun will upon re-appointment, continue as Deputy Chairman of the Nominating Committee and the Remuneration Committee. He is considered a Non-Executive, Non-Independent Director.

Upon the retirement of Mr Chen Liming as a Non-Executive, Non-Independent Director of the Company at the conclusion of this Annual General Meeting, Mr Chen Liming will concurrently cease to be a member of the Nominating Committee and the Remuneration Committee.

Resolution 6 Mr Li Runsheng, will upon re-appointment, continue as Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee. He is considered an Independent Director. There is no relationship (including immediate family relationships) between Mr Li Runsheng and other Directors of the Company.

Resolution 8 Resolution 8 is to authorise the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting, to issue shares in the Company. The aggregate number of shares which the Directors may issue under this Resolution shall not exceed fifty per cent (50%) of the issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders shall not exceed fifteen per cent. (15%) of the issued shares (excluding treasury shares) in the capital of the Company. The percentage of issued share capital is based on the Company's issued shares (excluding treasury shares) in the capital of the Company at the time this proposed Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion of convertible securities or share options on issue at the time this proposed Ordinary Resolution is passed; and (b) any subsequent consolidation or subdivision of shares.

Resolution 9 Resolution 9 is to approve the amendment of, and the renewal of the mandate to permit the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST), or any of them, to enter into certain types of interested person transactions with certain classes of interested persons as described in the Appendix to the Notice of Annual General Meeting of the Company dated 26 March 2015.

Resolution 10 Resolution 10 is to renew the mandate to permit the Company to purchase or acquire issued ordinary shares in the capital of the Company on the terms and subject to the conditions of the Resolution.

The Company may use internal sources of funds, or a combination of internal resources and external borrowings, to finance the purchase or acquisition of its ordinary shares. The amount of funding required for the Company to purchase or acquire its ordinary shares and the impact on the Company's financial position cannot be ascertained as at the date of this Notice of Annual General Meeting as these will depend on the number of ordinary shares purchased or acquired and the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled. The Company will not rely on external borrowings to finance purchases or acquisitions of its ordinary shares to such extent that it would materially affect the financial position, working capital requirements or investment ability of the CAO Group.

Notice of Annual General Meeting

Article 91 of the Articles of Association of the Company

Every Director shall retire from office once every three years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation.

Article 97 of the Articles of Association of the Company

The Company may by ordinary resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Without prejudice thereto, the Directors shall have power at any time so to do, but so that the total number of Directors shall not thereby exceed the maximum number (if any) fixed by or in accordance with these presents. Any person so appointed by the Directors shall hold office until the next annual general meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 21st Annual General Meeting of the Company (the “**21st AGM**”) and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 21st AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 21st AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), and (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

Notice of Books Closure Date and Payment Date for First and Final Dividend (One-Tier, Tax- Exempt) (“**Dividend**”)

The Company gives notice that, subject to the approval of the shareholders being obtained for the Dividend at the 21st Annual General Meeting of the Company to be held on 22 April 2015, the Register of Members and the Transfer Books of the Company will be closed on 7 May 2015 for the preparation of dividend warrants. The Register of Members and the Transfer Books will re-open on 8 May 2015. Duly completed registered transfers of ordinary shares in the capital of the Company received by the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623 before 5.00 p.m. on 6 May 2015, will be registered in the Register of Members and the Transfer Books of the Company to determine shareholders’ entitlements to the Dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited (“**CDP**”), the Dividend will be paid by the Company to CDP which will, in turn, distribute the entitlements to the Dividend to CDP account-holders in accordance with its normal practice.

The Dividend, if approved by shareholders, will be paid on 18 May 2015.

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CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

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

PROXY FORM

IMPORTANT:

1. For investors who have used their CPF monies to buy China Aviation Oil (Singapore) Corporation Ltd's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, _____

of _____

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

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

and/or (delete as appropriate)

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

or failing him/her/them, the Chairman of the Annual General Meeting (the "**Meeting**") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Meeting, to be held at Suntec Singapore International Convention & Exhibition Centre, Meeting Rooms 303 and 304, 1 Raffles Boulevard, Singapore 039593 on Wednesday, 22 April 2015 at 3:00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	To adopt Directors' Report and Audited Financial Statements		
2	To declare a First and Final (One-Tier, Tax Exempt) Dividend		
3	To approve Directors' fees for the financial year ended 31 December 2014		
4	To re-elect Mr Sun Li as a Director retiring under Article 91		
5	To re-elect Mr Luo Qun as a Director retiring under Article 91		
6	To re-elect Mr Li Runsheng as a Director retiring under Article 97		
7	To appoint Auditors and authorize Directors to fix their remuneration		
	Special Business		
8	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited		
9	To approve the Proposed Renewal of, and Amendments to, the General Mandate for Interested Person Transactions		
10	To approve the Proposed Renewal of the Share Purchase Mandate		

Dated this _____ day of _____ 2015

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

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

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 March 2015.

Notes:

1. A member of the Company entitled to attend and vote at a Meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in section 130A of the Companies Act, Cap.50 of Singapore), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by the member.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Temasek Boulevard, #31- 02, Suntec Tower Three, Singapore 038988 not less than 48 hours before the time appointed for the Meeting.

Fold along this line (1) Glue all sides firmly. Stapling & spot sealing is disallowed.

Affix
Postage
Stamp

The Company Secretary
China Aviation Oil (Singapore) Corporation Ltd
8 Temasek Boulevard #31-02
Suntec Tower Three
Singapore 038988

Fold along this line (1) Glue all sides firmly. Stapling & spot sealing is disallowed.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Third fold here, glue along the dotted line and fold flap Glue all sides firmly. Stapling & spot sealing is disallowed.

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China Aviation Oil (Singapore) Corporation Ltd

c/o The Central Depository (Pte) Limited
11 North Buona Vista Drive, #06-07
The Metropolis Tower 2
Singapore 138589

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

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

Corporate Information (as at 26 March 2015)

DIRECTORS

Sun Li

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

Wang Kai Yuen

(Deputy Chairman,
Lead Independent Director)

Meng Fanqiu

(Chief Executive Officer /
Executive Director)

Ang Swee Tian

(Independent Director)

Chen Liming

(Non-Independent,
Non-Executive Director)

Alan Haywood

(Non-Independent,
Non-Executive Director)

Li Runsheng

(Independent Director)

Luo Qun

(Non-Independent,
Non-Executive Director)

Zhao Shousen

(Non-Independent,
Non-Executive Director)

AUDIT COMMITTEE

Ang Swee Tian (Chairman)

Zhao Shousen (Vice Chairman)

Wang Kai Yuen

Li Runsheng

Alan Haywood

REMUNERATION COMMITTEE

Wang Kai Yuen (Chairman)

Luo Qun (Vice Chairman)

Li Runsheng

Chen Liming

Ang Swee Tian

NOMINATING COMMITTEE

Li Runsheng (Chairman)

Luo Qun (Vice Chairman)

Wang Kai Yuen

Chen Liming

Ang Swee Tian

RISK MANAGEMENT COMMITTEE

Alan Haywood (Chairman)

Zhao Shousen

Ang Swee Tian

COMPANY SECRETARY

Doreen Nah

AUDITORS

KPMG LLP

Public Accountants and Chartered
Accountants

(Appointed on 28 April 2006)

Partner in charge: Ang Fung Fung

(Since financial year 2011)

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

BOARDROOM CORPORATE &
ADVISORY SERVICES PTE. LTD.

50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

PRINCIPAL BANKERS

ABN AMRO Bank, N.V.

Agricultural Bank of China

ANZ Bank

Bank of China Limited

Bank of Communications Co., Ltd

Crédit Agricole CIB

DBS Bank Ltd

Industrial and Commercial Bank of China
Limited

ING Bank N.V.,

JP Morgan

Société Générale

The Hongkong and Shanghai Banking
Corporation Limited

United Overseas Bank Limited

Westpac Banking Corporation

REGISTERED OFFICE

8 Temasek Boulevard

#31-02 Suntec Tower Three

Singapore 038988

Tel: (65) 6334 8979

Fax: (65) 6333 5283

Website: www.caosco.com

公司信息 (截至2015年3月26日)

董事

孙立

(董事长/非独立、非执行董事)

王家園

(副董事长/首席独立董事)

孟繁秋

(首席执行官/执行董事)

汪瑞典

(独立董事)

陈黎明

(非独立、非执行董事)

Alan Haywood

(非独立、非执行董事)

李润生

(独立董事)

罗群

(非独立、非执行董事)

赵寿森

(非独立、非执行董事)

审计委员会

汪瑞典 (主席)

赵寿森 (副主席)

王家園

李润生

Alan Haywood

薪酬委员会

王家園 (主席)

罗群 (副主席)

李润生

陈黎明

汪瑞典

提名委员会

李润生 (主席)

罗群 (副主席)

王家園

陈黎明

汪瑞典

风险管理委员会

Alan Haywood (主席)

赵寿森

汪瑞典

公司秘书

蓝肖蝶

外部审计师

KPMG LLP

Public Accountants and Chartered
Accountants

(受聘于2006年4月28日)

负责合伙人:

洪芳芳(从2011财年起)

股票登记处和转让处

BOARDROOM CORPORATE &
ADVISORY SERVICES PTE. LTD.

50 Raffles Place #32-01

Singapore Land Tower

Singapore 048623

主要银行

请参阅以上英文部分

注册办公室

淡马锡林荫道8号

新加坡第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



China Aviation Oil (Singapore) Corporation Ltd

中国航油（新加坡）股份有限公司

A subsidiary of China National Aviation Fuel Group Corporation
中国航空油料集团公司子公司

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

Company Registration No.: 199303293Z

