PROPELLING GROWTH
扩展领域

Annual Report 2011
2011年年度报告

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

OUR VISION

To become an internationally competitive and growth-oriented integrated energy trading company with synergetic assets, characterised by integrity and innovation

公司愿景

坚守诚信、勇于创新，成为具有跨国经营优势的能源贸易和实业协同发展型企业

DESIGN CONCEPT

The concept behind this year's annual report is inspired by CAO's transformation and business expansion. The creative use of CAO's logo on the cover further strengthens brand awareness in a dynamic and sophisticated manner.

The oil droplet is symbolic of CAO's core business operations in jet fuel supply and trading, while the ripples emanating from it signify CAO's aim to reach further and expand its scope of business.

Vibrant colours are used to evoke the celebratory spirit of **CAO's 10th anniversary of listing**, and also reflect the radiant future and success that lay ahead for the company.

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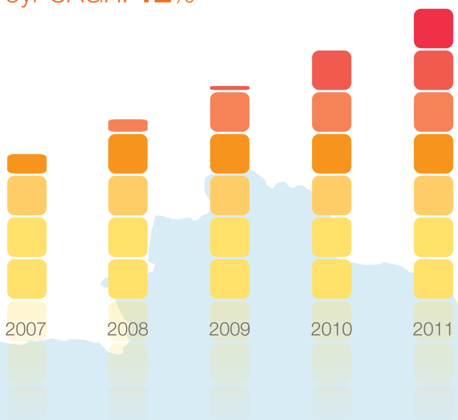
FINANCIAL HIGHLIGHTS
业绩亮点

TOTAL JET FUEL SUPPLY AND TRADING VOLUME
航油供应与贸易总量

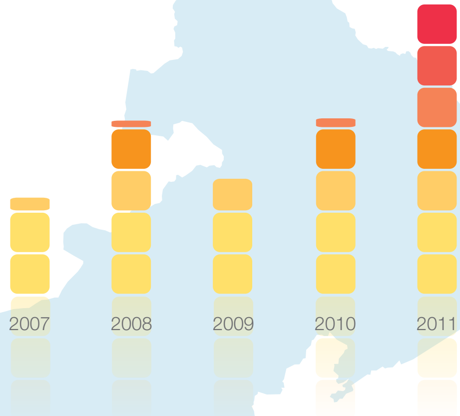
8.4m tonnes

5yr CAGR: **12**%



REVENUE
营业额

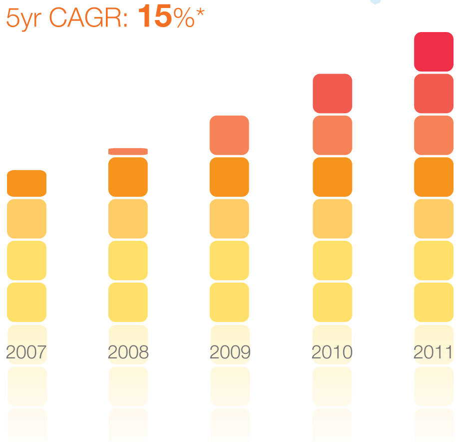
US$ 9.0b



NET PROFIT
净利润

US$ 63.4m

5yr CAGR: **15**%*



TOTAL ASSETS
总资产

US$ 1.2b

NET ASSET VALUE/SHARE
每股净资产值

US 56¢

RETURN ON EQUITY
股本回报率

17%

*Excluding one-off non-operating gains in 2006 and 2007
*剔除2006年和2007年一次性非盈利收益

10 YEARS AS A LISTED COMPANY

2001

06 . December
Listed on the mainboard of Singapore Exchange Securities Trading Ltd and was the largest IPO in Singapore of that year

2002

26 . April
Announced acquisition of 5% stake in Compania Logistica de Hidrocarburos, S.A. ("CLH") in Spain

23 . July
Announced acquisition of 33% stake in Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA")

2004

30 . November

Announced loss of US$550 million from speculative options trading; trading of CAO shares was suspended; commenced debt restructuring exercise

2005

08 . June
Debt repayment scheme approved by creditors

05 . December
CAO's parent company, China National Aviation Fuel Group Corporation ("CNAF"), BP and Temasek injected US$130 million capital into CAO

2006

29 . March
CAO's shares resumed trading under the leadership of a new Board; marked the completion of restructuring

25 . May
Resumed jet fuel procurement business on a principal basis

14 . November
CAO adopted parent company's logo as its new logo

2007

24 . January
Divested 5% stake in CLH; repaid outstanding debts owed to creditors in May 2007 with proceeds from divestment, 4 years ahead of schedule

04 . October
Awarded "Most Transparent Company" (runner-up in the foreign listings category) by Securities Investors Association (Singapore) ("SIAS"), 2007

2008

14 . February
Awarded the Global Trader Programme ("GTP") status by IE Singapore

23 . April
Announced acquisition of 49% stake in China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd

01 . October
Diversified into other oil products with the establishment of petrochemicals trading team

04 . December
CAO signed interim trading agreement with BP; marked full resumption of trading activities

2010

17 . May
Establishment of fuel oil trading team

16 . August
Appointed Mr Sun Li, President of CNAF, as Chairman of CAO

05 . October
Awarded "Most Transparent Company" (runner-up in the foreign listings category) by Securities Investors Association (Singapore) ("SIAS"), 2010

12 . October
Entered into four-year trading collaboration agreement with BP to deepen co-operation

2011

20 . January
Named 9th in 2010 Singapore International 100 Ranking by IE Singapore

24 . February
Announced third consecutive year of record high full-year jet fuel supply and trading volume and net profit for FY2010

04 . August
Announced foray into airlines jet fuel supply and marketing business; supplying jet fuel directly to Hainan Co. Ltd and Turkish Airlines at specified international airports outside the PRC

06 . October
Announced investment of 26% stake in Langsat Terminal (Three) Sdn Bhd for access to storage in Johor, Malaysia

08 . October
Announced acquisition of 26% stake in Oilhub Korea Yeosu Co., Ltd for access to storage in Yeosu, Korea

26 . October
Awarded "Most Transparent Company" (runner-up in the foreign listings category) by Securities Investors Association (Singapore) ("SIAS"), 2011

06 . December
Celebrated 10th anniversary as a listed company

上市十周年回顾

2001

12月6日
在新加坡证券交易所上市，是当年新加坡规模最大的首次公开募股

2002

4月26日
宣布收购西班牙企业CLH 5%的股权

7月23日
宣布收购上海浦东国际机场航空油料有限责任公司(简称"浦东航油")33%的股权

2004

11月30日
宣布因投机性期权交易亏损5.5亿美元；CAO股票停盘；开始债务重组

2005

6月8日
债权人批准公司的债务重组计划

12月5日
CAO母公司——中国航空油料集团公司、BP和淡马锡为CAO注资1.3亿美元

2006

3月29日
在新一届董事会领导下，CAO股票恢复交易，标志着公司完成重组

5月25日
重新启动主体模式的航油采购业务

11月14日
采用母公司的企业标志

2007

1月24日
出售CLH 5%股权，用此交易所得资金提前4年于2007年5月还清债务

10月4日
获得新加坡证券投资者协会（简称"SIAS"）授予2007年"最透明公司奖"(海外公司组第二名)

2008

2月14日
获得新加坡国际企业发展局授予"全球贸易商计划"成员地位

4月23日
宣布收购中国航油津京管道运输有限责任公司49%的股权

10月1日
成立化工品贸易团队，开展其他油品贸易

12月4日
CAO与BP签署临时贸易协议，标志公司全面恢复贸易活动

2010

5月17日
建立燃料油贸易团队

8月16日
任命CAO母公司中国航空油料集团公司总经理孙立先生为CAO董事长

10月5日
获得SIAS授予2010年"最透明公司奖"(海外公司组第二名)

10月12日
与BP签订4年合作协议，加强双方合作

2011

1月20日
在新加坡国际企业发展局评选的"新加坡国际100家企业"排名中名列第9位

2月24日
宣布2010年全年航油业务量及净利润连续第3年创历史新高

8月4日
宣布首次直接面向航空公司长期供应航油，首批客户包括海南航空公司和土耳其航空公司，为其在中国以外的指定国际机场供应航油

10月6日
宣布收购马来西亚柔佛州浪沙油库（第三）私营有限公司26%的股权

10月8日
宣布收购韩国丽水枢纽油库有限公司26%的股权

10月26日
获得SIAS授予2011年"最透明公司奖"(海外公司组第二名)

12月6日
庆祝公司上市十周年

CAO AT A GLANCE
公司简介

China Aviation Oil (Singapore) Corporation Ltd ("CAO") was incorporated in Singapore on 26 May 1993. It was listed on the mainboard of the Singapore Exchange Securities Trading Limited on 6 December 2001.

The single largest shareholder of CAO is China National Aviation Fuel Group Corporation ("CNAF"), which holds about 51% of the total issued shares of CAO. A large State-owned enterprise in the People's Republic of China ("PRC"), CNAF is the largest aviation transportation logistics service provider in the PRC, providing aviation fuel distribution, storage and refuelling services at most PRC airports.

BP Investments Asia Limited, a subsidiary of BP, is a strategic investor of CAO, which holds 20% of the total issued shares of CAO.

中国航油(新加坡)股份有限公司(简称"CAO")于1993年5月26日在新加坡注册成立，2001年12月6日在新加坡证券交易所主板上市。

CAO最大的股东是中国航空油料集团公司(简称"CNAF")，CNAF持有CAO约51%的股份，是中国大型国有企业之一，也是中国最大的航空运输物流服务供应商，为中国大部分机场提供航空油料的分配、存储和加注服务。

BP的子公司BP投资亚洲有限公司是CAO的战略投资者，持有CAO 20%的股份。

GROUP STRUCTURE (as at 12 March 2012)
公司结构图(截至2012年3月12日)

* Including treasury shares
* 包括库存股

\# Acquired on 1 March 2012
\# 于2012年3月1日完成收购

^ Pending legal completion
^ 待交割

JET FUEL SUPPLY & TRADING

CAO is the largest physical jet fuel trader in Asia Pacific and the sole importer of jet fuel into the PRC. We supply jet fuel to the key international airports in the PRC, including Beijing Capital International Airport, Shanghai Pudong International Airport and Guangzhou Baiyun International Airport. In 2011, CAO extended its supply of jet fuel to airports outside the PRC, including Frankfurt, Istanbul, Auckland, Dubai, Singapore and Bangkok.

With the recent acquisitions of China Aviation Oil (Hong Kong) Company Limited and North American Fuel Corporation, CAO's supply locations outside the PRC have expanded further to airports at Hong Kong, Taiwan, Los Angeles, Anchorage and London.

We continue to strive to consolidate our market position in the PRC and Asia Pacific. We are also proactively extending our business into Europe, North America and the Middle East to establish a global trading network.

航油供应与贸易

CAO是亚太地区最大的航油实货贸易商，是中国独家航油进口商。我们向中国主要的国际机场供应航油，包括北京首都国际机场、上海浦东国际机场和广州白云国际机场等。2011年，我们也开始在中国境外机场供油，供应地点包括法兰克福、阿姆斯特丹、伊斯坦布尔、奥克兰、迪拜、新加坡、曼谷等机场。

在最近收购中国航油(香港)有限公司及北美航油有限公司后，CAO在中国境外的机场供油业务地点拓展到香港、台湾、洛杉矶、安克雷奇、伦敦等。

CAO致力于巩固其在中国国内及亚太地区的市场地位，并正在积极建立全球贸易网络，在北美、欧洲、大洋洲及中东拓展业务。

TRADING OF OTHER OIL PRODUCTS

CAO aims to expand the sources of income and scale of its businesses by building up a diversified trading portfolio, which includes oil products such as gasoil, fuel oil and petrochemicals.

CAO has established its presence in the Asia Pacific gasoil, fuel oil and petrochemicals markets. We will strive to build up our structural advantages in these oil products to sustain robust growth.

其他油品贸易业务

我们通过建立多元化业务来拓展公司的收入来源，提升公司的业务规模。我们的贸易品种包括柴油、燃料油和石化产品。

CAO已进入了亚太地区的柴油、燃料油和石化产品市场。我们将致力于建立这些油品贸易的结构性优势，实现可持续的健康增长。

INVESTMENTS IN OIL-RELATED ASSETS

We actively seek to deliver sustainable compounded growth for our shareholders through strategic acquisitions and investments in oil-related assets to achieve vertical integration of our value chain. CAO currently holds equity stakes in:

- Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd, the exclusive supplier of jet fuel at Shanghai Pudong International Airport (33% equity stake);
- China National Aviation Fuel TSN-PEK Pipeline Transportation Ltd, which owns a 185-km long pipeline that transports jet fuel to Beijing Capital International Airport and Tianjin Binhai International Airport (49% equity stake);
- China Aviation Oil Xinyuan Petrochemicals Co., Ltd, which owns oil storage facilities in Maoming, Guangdong Province, PRC (39% equity stake);
- Langsat Terminal (Three) Sdn Bhd, which is developing a 380,000m^3 oil storage terminal at Tanjung Lansat, Malaysia, specifically for CAO's use (26% equity stake)^; and
- Oilhub Korea Yeosu Co., Ltd, which is developing the Northeast Asia Hub Terminal in Yeosu, Korea, with total capacity of 1.3 million m^3 (26% equity stake)^.

油品相关实业投资

我们通过纵向整合公司业务价值链，对油品相关实业资产进行战略收购与投资，积极为股东创造可持续的复合价值。CAO的现有投资包括：

- 上海浦东国际机场航空油料有限责任公司——上海浦东国际机场的独家航油供应商（CAO持股33%）
- 中国航油集团津京管道运输有限责任公司——该公司拥有一条长达185公里的输油管道，将航油运至北京首都国际机场和天津滨海国际机场（CAO持股49%）
- 中国航油集团新源石化有限公司——该公司拥有位于中国广东茂名的油库（CAO持股39%）
- 浪沙油库（第三）私营有限公司——该公司正在开发位于马来西亚丹戎浪沙、供CAO专用的38万立方油库（CAO持股26%）^
- 韩国丽水枢纽油库有限公司——该公司正在韩国丽水建设新的东北亚油库枢纽，总库容130万立方（CAO持股26%）^

CHAIRMAN'S STATEMENT
董事长致辞

Sun Li
Chairman

Dear Shareholders,

2011 was an exciting and fruitful year for the CAO Group. The Group not only expanded its existing businesses and strengthened its position as the largest physical jet fuel trader in Asia Pacific, we also made successful forays into new businesses such as jet fuel supply to airline companies. Net profit and other key performance indicators hit record high levels. CAO made its first asset investment outside the People's Republic of China ("PRC") since the restructuring in 2005 with the announced acquisitions of equity stakes in oil storage facilities in Malaysia and Korea.

RECORD PERFORMANCE DESPITE CHALLENGING ENVIRONMENT

Despite uncertainties and challenges in the global economic climate, I am pleased to report that the Group performed well in the financial year ended 31 December 2011 ("FY 2011"). FY 2011 net profit of US$63.4 million was 15.9% higher than FY 2010. Our strong performance was mainly driven by robust growth of our core jet fuel supply and trading business. This demonstrates the versatility and adaptability of our trading and operational strategies to the challenging macro environment and market conditions. It is also testament to the resilience of the Group and its ability to navigate through volatile oil trading markets to achieve sustainable growth.

Group revenue stood at US$9.0 billion for FY 2011, 65.3% higher than FY 2010, underpinned by strong growth of our jet fuel supply and trading business. The Group's jet fuel supply volume to the PRC continued to increase in FY 2011, as the sustained growth of the PRC's civil aviation industry led to higher demand for imported jet fuel. Despite strong competition in the Asia Pacific jet fuel market, CAO's jet fuel trading volume continued to grow at a double-digit rate and the Group consolidated its position as the largest physical jet fuel trader in the region. Total jet fuel supply and trading volume increased 16.7% to 8.4 million tonnes in FY 2011.

Our proactive efforts to diversify into other oil products have started to yield results. Notwithstanding the volatile trading markets, we effectively improved the performance of our gasoil, fuel oil and petrochemicals trading businesses during the year under review. Trading volume of other oil products increased 45.8% to 0.8 million tonnes and all three trading books were profitable.

Even as the earnings power of our core businesses strengthened significantly, profit contributions from our associated companies remain an important and stable source of income to the Group. Total profit contribution from our associated companies increased 6.9% over FY 2010 to US$40.2 million, which accounted for 63.4% of the Group's FY 2011 net profit. Our key associated company, Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA") remains an important source of profit for the Group, contributing 59.8% of the Group's FY 2011 net profit.

The Group's share of profit from SPIA was US$37.9 million, an increase of 5.9% as compared to US$35.8 million for FY 2010. The increase in profit contribution from SPIA was mainly due to higher revenue resulting from higher refuelling volumes. Driven by the healthy growth of the PRC civil aviation industry, SPIA's refuelling volume for FY 2011 increased 9.1% to 3.1 million tonnes.

CHAIRMAN'S STATEMENT
董事长致辞

BREAKING NEW GROUNDS

The Group achieved several breakthroughs during the year under review. The announcement on 6 October 2011 on the Group's proposed investment of a 26-percent equity stake in Langsat Terminal (Three) Sdn Bhd, which will build, own and operate an oil storage terminal located at Malaysia's Port of Tanjung Langsat marked the first acquisition by the Group outside the PRC since restructuring. Within the same month, we also announced the proposed acquisition of a 26-percent equity stake in Oilhub Korea Yeosu Co., Ltd ("OKYC"), which enables CAO to have access to oil storage facilities in Korea. These investments are yield-accretive and highly synergetic assets that are essential to supporting the growth of CAO's supply and trading activities.

Another exciting breakthrough during the year was the Group's foray into the business of jet fuel supply to airline companies outside the PRC. CAO secured into-plane jet fuel supply contracts with international airline companies including China Southern Airlines, Hainan Airlines and Turkish Airlines to supply the jet fuel requirements of these airlines at designated international airports outside the PRC. This is a natural extension of the wholesale jet fuel supply business of the Group and is highly synergetic to our core business. We will continue to leverage on our strong links with Chinese airlines and other business partners to proactively expand this business.

EXPANDING BEYOND ASIA PACIFIC

In view of the globalised trading flow of oil products, we see a strategic need for CAO to establish a global trading network so as to grow and optimise its trading businesses. Specifically for jet fuel, we see imbalances in demand and supply in different regions across the world. Hence, the focus of CAO in 2012 is to establish its presence in markets outside the Asia Pacific to capture more business opportunities.

More recently in January 2012, CAO announced the acquisitions of China Aviation Oil (Hong Kong) Company Limited ("CAOHK") and North American Fuel Corporation ("NAFCO") – both wholly owned subsidiaries of CAO's parent company, China National Aviation Fuel Group Corporation ("CNAF"). Not only are these recently completed acquisitions earnings accretive, the integration of the businesses of CAOHK and NAFCO into CAO's jet fuel supply and trading business can create additional value to the Group. These acquisitions will help accelerate the pace of CAO establishing a global trading network. CAO intends to leverage on CAOHK and NAFCO to expand its geographical reach, extend its supply chain and enhance its competitiveness.

Looking ahead, we expect to see continued volatility in the global economy and energy markets. Whilst China's economy has shown signs of easing, we expect that it will sustain a robust growth rate. PRC's civil aviation industry is projected to grow at an average annual rate of 12% from 2011 to 2015, which we expect will translate into about 11% average annual growth for jet fuel demand during this period. This will provide a firm foundation for growing our existing business.

Despite the near-term economic uncertainties, the Group will continue to forge ahead with our plans to establish a global trading network by expanding into new regions including Europe, North America and the Middle East. We will evaluate the feasibility of setting up an office in Europe, explore business opportunities in the Middle East and leverage on NAFCO to expand the Group's presence in North America. We will also proactively look at opportunities to invest or acquire assets that are synergetic to our trading activities in these regions. At the same time, we will continue to strengthen and entrench our position as the largest physical jet fuel trader in the Asia Pacific region.

Into-plane refuelling operations of our parent company, CNAF, in the PRC
我们母公司CNAF在中国的航油加注业务

AWARDS AND ACCOLADES

The Group remains committed to upholding high standards of corporate governance and transparency. Our efforts were recognised when we were awarded the "Most Transparent Company" (runner-up in the foreign listings category) in the 2011 Investors' Choice Awards by Securities Investors Association (Singapore) for the second year running. In the July 2011 Governance and Transparency Index conducted by NUS Business School's Centre for Governance, Institutions and Organisations (CGIO) and The Business Times, CAO was ranked amongst top 8% of Singapore-listed companies.

APPRECIATION

To reward our loyal shareholders, the Board has recommended a tax-exempt first and final dividend of S$0.02 per share for FY 2011. The Group has established a dividend policy. Going forward, the Group will continue to maintain consistent and stable dividend payouts. The Board may also consider proposing the distribution of interim or special dividends, depending on the Group's performance and capital expenditure requirements during the year.

The Board and I would like to thank our management, staff, business associates, customers, investors and all other CAO stakeholders for their support.

With the strong support and strategic guidance from CNAF, and tapping on the expertise of our strategic investor, BP, the Group will be prepared for challenging times ahead. I am confident that under the leadership of our Board of Directors and with continued support from customers and business associates, coupled with dedication from the management and staff, the Group is well prepared for potential challenges in the operating environment and is poised to deliver sustainable value growth for its shareholders.

Sun Li
Chairman

CHAIRMAN'S STATEMENT
董事长致辞

各位股东：

对CAO集团而言，2011年是精彩而丰收的一年。这一年，本集团不仅扩展了现有业务，巩固了亚太最大航油实货贸易商的地位，还启动了向航空公司销售航油等新业务。本集团净利润和其他主要业绩指标均创历史新高。此外，CAO还分别收购了位于马来西亚和韩国两处油品储罐资产的股权，这是自2005年重组以来在中国境外的首例实业投资。

严峻形势下再创佳绩

尽管全球经济形势充满不确定且挑战重重，本集团在2011年财年（截至2011年12月31日）依然取得了良好的业绩。2011财年，本集团实现净利润6340万美元，同比增加15.9%，这主要得益于航油供应与贸易这一核心业务的强劲增长，彰显了本集团的贸易与运作策略在应对宏观环境和市场挑战时的灵活性和适应能力，也证实了本集团在动荡的油品贸易市场上，化弊为利取得持续增长的韧性。

在航油供应与贸易业务强劲增长的驱动下，本团2011财年营业额达到90亿美元，较2010财年上升65.3%。2011财年，中国民航业的增长持续拉动中国对进口航油的需求，因此CAO对中国市场的航油供应量继续稳步增加。尽管亚太航油市场竞争激烈，CAO的航油贸易量仍保持两位数增长，且在本地区作为最大航油实货贸易商的地位也进一步得到巩固。2011财年，航油供应与贸易总量为840万吨，增幅为16.7%。

本集团积极发展其他油品贸易的努力也初见成效。2011年，尽管贸易市场充满动荡，本集团还是有效改善了柴油、燃料油和化工品业务，总贸易量为80万吨，增幅达45.8%，且皆实现盈利。

在CAO核心业务盈利能力大幅提升的同时，联营公司的并账利润仍是本集团重要且稳定的利润来源。2011财年，联营公司并账利润共计4020万美元，同比增加6.9%，占本集团2011财年净利润总额的63.4%。主要联营公司——上海浦东国际机场航空油料有限责任公司（简称"浦东航油"）仍然是利润的主要贡献者，占集团净利润的59.8%。

浦东航油的并账利润为3790万美元，较2010财年的3580万美元上升5.9%。浦东航油并账利润增加主要得益于加注量增加带来的营业额提升。受中国民航业稳健增长的驱动，浦东航油在2011财年的加注量达310万吨，增幅为9.1%。

新突破

2011财年，本集团实现了几项突破。本集团在2011年10月6日宣布收购浪沙第三油库私人有限公司26%的股权，该公司将建造、拥有并经营位于马来西亚丹戎浪沙码头的一处油库，该投资是CAO重组后首个中国境外的投资项目。我们还在同一月份里宣布收购韩国丽水枢纽油库（简称"OKYC"）26%的股权，该收购让CAO获取了处于韩国的储罐资源。这两项投资项目属增值型投资，并且与现有业务高度协同，能有力支持CAO供应与贸易业务的发展。

另一项突破是成功启动了在中国境外向航空公司供应航油的业务。CAO与中国南方航空、海南航空以及土耳其航空等数家国际航空公司签订了航油供应合同，为其在中国以外的指定国际机场供应航油。该业务是集团航油批发供应业务的一个自然延伸。我们将继续借助与中国的航空公司以及其他业务伙伴之间的良好关系，积极拓展该项业务。

A Medium Range (MR) vessel
MR 型轮船

On the deck of a vessel
轮船的甲板上

超越亚太

鉴于当前油品贸易全球化的趋势，我们认为CAO要实现扩展必须建立全球性的贸易网络，以发展和优化自身的贸易业务。在航油贸易领域方面，世界不同区域已出现了供需失衡。因此，CAO在2012年的工作重点是拓展亚太以外的业务，以争取更多的贸易机会。

CAO于2012年1月宣布收购其母公司中国航空油料集团公司（简称"CNAF"）旗下的两家全资子公司——中国航油（香港）有限公司（简称"CAOHK"）和北美航油有限公司（简称"NAFCO"）。这两项最近已完成的收购项目能为CAO增加利润；将CAOHK和NAFCO的业务并入CAO的航油供应与贸易业务还可为本集团创造额外价值。这两项收购也将加快CAO建立全球性贸易网络的步伐，CAO将通过这两家子公司延伸供应链、提升竞争力。

展望今年，我们预计全球经济和能源市场将继续动荡。尽管中国经济已有增速放缓的迹象，其增速预期将依然稳健。中国民航业在2011 – 2015年间的增幅预测为年均12%，这意味着同期航油需求的年均增幅为11%左右，这为我们现有业务的发展奠定了坚实的基础。

尽管短期内经济形势仍不明朗，本集团将继续稳步推行发展计划，通过向欧洲、北美和中东扩张实现全球贸易网络的建立。我们还将评估在欧洲建立分支机构的可行性，继续探索中东的业务机会，以及通过NAFCO拓展本集团在北美的业务。我们将在这些地区积极寻找贸易协同资产的收购和投资机会。同时，我们将继续巩固作为亚太最大航油实货贸易商的地位。

获奖与表彰

本集团坚持高标准的公司治理和透明度。为此，我们再次获得了新加坡证券投资者协会的肯定，在2011年连续第二年获得该协会颁发的"最透明公司奖"(海外公司组第二名)。在新加坡国立大学商学院的治理、机构和组织中心和《商业时报》于2011年7月联合发表的"治理与透明排名"中，CAO名列新交所上市公司的前8%。

感谢

为了回馈忠诚股东，董事会提议为2011财年派发每股0.02新元的年终免税股息。本集团制定了股息政策，按照股息政策，除了固定股息外，董事会也将根据当年的业绩和资本支出需求，考虑提议派发期中或特别股息。

董事会和我本人在此感谢管理层、全体员工、联营公司、客户、投资者和所有为CAO发展提供支持的各界人士。

虽然短期内集团将面临市场的挑战，但在CNAF的战略引导和大力支持下，借鉴战略投资者BP的宝贵经验，在董事会的正确领导下以及在客户和联营公司一如既往的支持下，经过管理层和全体员工的共同努力，我相信集团已蓄势待发，将全力迎接外部挑战，排除万难，持续为股东创造价值。

孙立
董事长

BOARD OF DIRECTORS
董事会

From left to right
左到右
Chen Liming 陈黎明, Ang Swee Tian 汪瑞典, Liu Fuchun 刘福春, Wang Kai Yuen 王家園

From left to right
左到右
Sun Li 孙立, Meng Fanqiu 孟繁秋, Alan Haywood, Zhao Shousen 赵寿森, Luo Qun 罗群

BOARD OF DIRECTORS
董事会

Sun Li

Non-Executive Chairman

- Appointed to the Board on 30 April 2007

Mr Sun Li is the Chairman of China National Aviation Fuel Group Corporation ("CNAF"). Prior to the establishment of the Board of CNAF in 2011, Mr Sun was the President of CNAF since February 2007. Mr Sun held the position of Deputy President of CNAF from November 2005 to January 2007.

Mr Sun has extensive management experience in the petroleum and chemical industry. He joined Liaoyang Petrochemical & Fibre Company ("Liaoyang Petrochemicals") in December 1975 after graduation. He was promoted several times and was the Deputy General Manager when he left Liaoyang Petrochemicals in 1998.

At Liaoyang Petrochemicals, he attended trainings on corporate management conducted by IBM, ENSPM (France) and ICI (Britain). He is thus familiar with various corporate management systems in large multi-national companies.

Mr Sun was the Deputy Director of the Refinery Department of China National Petroleum Corporation from October 1998 to September 1999. From September 1999 to December 2002, he served as the General Manager of PetroChina Lanzhou Petrochemical Company. From December 2002 to November 2005, he was the General Manager of PetroChina Chemical and Sales Company. Mr Sun is currently the Chairman of CNAF Corporation Limited.

He graduated from Tsinghua University, where he majored in polymer chemistry. Mr Sun holds a Postgraduate Diploma with the qualification title of Senior Engineer and he is entitled to the Special Allowance for Specialists from the State Council of the PRC. He attended the MBA course at Capital University of Economics and Business in Beijing. Mr Sun was recognised by the International Air Transport Association (IATA) in 2010 for outstanding progress in safety and technology management. He was also conferred "Aviation Fuel Person of the Year" by Armbrust Aviation Group in 2010.

孙立

非执行董事长

- 2007年4月30日加入董事会

孙立先生是中国航空油料集团公司(简称"CNAF")的董事长。在CNAF于2011年正式成立董事会之前，孙先生从2007年2月起出任CNAF总经理。从2005年11月到2007年1月，任CNAF副总经理。

孙先生在石化行业担任过各种职位，拥有丰富的管理经验。大学毕业后，1975年12月他到辽阳石油化纤公司工作。此后他多次被提拔，1998年他离开该公司时的职务是副总经理。

通过在辽化任职期间参加IBM公司、法国石油与发动机学院和英国帝国化学公司的现代企业管理培训，孙先生通晓大型跨国企业的多种企业管理体制。

1998年10月至1999年9月，孙先生任中国石油天然气集团公司炼化部副主任。1999年9月至2002年12月，任中国石油兰州石化分公司总经理。2002年12月至2005年11月，任中国石油天然气股份有限公司化工与销售分公司总经理。孙先生目前也担任中国航空油料有限责任公司董事长。

孙先生毕业于清华大学化学系高分子化工专业；研究生学历，高级工程师资格，享受国务院特殊专家津贴；还曾在首都经贸大学工商管理硕士研究生班学习。孙先生2010年被国际航协授予"安全技术管理杰出进步奖"，还获得Armbrust Aviation Group颁发的2010年"航油风云人物奖"。

Wang Kai Yuen

Deputy Chairman / Lead Independent Director

- Appointed to the Board on 28 April 2008
- Chairman of the Remuneration Committee
- Member of the Audit Committee and the Nominating Committee

Dr Wang Kai Yuen holds directorship positions in a number of public-listed companies in Singapore. He retired from Fuji Xerox Singapore Software Centre in January 2010 as the Centre Manager. He is also a member of the Foreign Experts Committee of the Overseas Chinese Affairs Office of the State Council in the PRC. Dr Wang served as a Member of Parliament for the Bukit Timah Constituency from December 1984 till April 2006. He was the Chairman of the Feedback Unit from 2002 till his retirement from politics. From 2005 to 2006, he served as the founding Chairman of AIDS Business Alliance, an initiative of the Singapore Health Promotion Board to promote awareness of HIV/AIDS in the work place.

Dr Wang graduated from the National University of Singapore with a Bachelor of Engineering (First Class Honours) in Electrical and Electronics. He also holds a Master of Science in Electrical Engineering, Masters of Science in Industrial Engineering and a PhD in Engineering from Stanford University, USA. He received a Friend of Labour Award in 1988 for his contributions to the Singapore labour movement.

王家園

副董事长 / 首席独立董事

- 2008年4月28日加入董事会
- 薪酬委员会主席
- 审计委员会和提名委员会成员

王家園博士在数家新加坡上市公司担任董事职务。在2010年1月退休前，王博士是富士施乐新加坡软件中心的中心经理。他也是中国国侨办海外专家委员会的成员。1984年12月至2006年4月，王博士是新加坡武吉知马选区的国会议员。从2002年到他退出政坛之前，他担任新加坡民意处理组主席。2005年至2006年，他担任 AIDS商业联盟的创始主席，该组织由新加坡保健促进局成立，旨在提高人们在工作上对爱滋病的防范意识。

王博士毕业于新加坡国立大学，拥有工程系一等荣誉学位(电器与电机工程)。他也拥有美国斯坦福大学电机工程硕士学位、工业工程硕士学位和工程学博士学位。1988年，他因对新加坡劳动运动的贡献而获劳工之友奖。

Meng Fanqiu

Chief Executive Officer / Executive Director

- Appointed to the Board on 28 March 2006
- Appointed as CEO on 9 May 2008

Mr Meng Fanqiu is the Chief Executive Officer/Executive Director of CAO. He is the Deputy Chairman of Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd and China Aviation Oil Xinyuan Petrochemicals Co. Ltd. He is also a Director of China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Limited.

Prior to his current appointment, Mr Meng was the Division Director of the Planning and Development Division of China National Aviation Fuel Group Corporation ("CNAF") from December 2007 to May 2008. He had been involved in strategic planning, investment, company reform and legal policy issues since he joined CNAF in 2003. He led the steering committee for the restructuring of China Aviation Oil Supply Corporation which resulted in the formation of China National Aviation Fuel Corporation Ltd – one of the most strategic restructuring projects of CNAF. Mr Meng was one of the five members of the Corporate Governance Assessment Committee which was constituted during the restructuring of CAO.

Mr Meng was an official of the Civil Aviation Administration of China ("CAAC") from 1991 to 2003 where he had extensive experience in law and enterprise reform. He was directly involved in the drafting and enacting of the PRC Civil Aviation Law – the first law on civil aviation in the PRC. He worked on the reform of the civil aviation management structure, and participated in the drafting of corporate reform plans for Air China Group, China Eastern Airlines Group, China Southern Airlines Group and logistic services. He was involved in the drafting of corporate reform plans for several Chinese airports. Mr Meng was the project leader of the merger between China Eastern and China Northwest Airlines. He was awarded the honorary title of "Elite Civil Servant" by CAAC.

Mr Meng graduated from China University of Political Science and Law (majored in International Economic Law) and holds a Master of Business Law from Renmin University of China. He holds an Asia Pacific Executive Master of Business Administration from the National University of Singapore. He is also a qualified legal attorney and is a qualified corporate legal adviser in the PRC. He attended trainings on Singapore's regulatory environment held by the Singapore Exchange, Singapore Institute of Directors and Rajah & Tann LLP.

孟繁秋

首席执行官 / 执行董事

- 2006年3月28日加入董事会
- 2008年5月9日被任命为首席执行官

孟繁秋先生是CAO的首席执行官兼执行董事。他是上海浦东国际机场航空油料有限责任公司和中国航油集团新源石化有限公司的副董事长，也是中国航油集团京津管道运输有限责任公司的董事。

孟先生在担任目前职位之前，从2007年12月至2008年5月，任中国航空油料集团公司规划发展部总经理。他于2003年加入中国航空油料集团公司，从事战略规划、投资管理和企业改革以及企业法制工作。他曾是中国航空油料总公司改制重组项目综合组组长，改制后成立了中国航空油料有限责任公司，是中国航空油料集团公司最具战略意义的重组改制项目。孟先生是CAO重组期间公司治理评估委员会5名委员之一。

孟先生于1991年至2003年任职于中国民航总局，在法律与企业改革方面拥有广泛的工作经验。他直接参与了《中华人民共和国民用航空法》起草和制定工作——该法为中华人民共和国第一部关于民用航空的法律。他曾直接参与拟订民用航空企业的整体改制重组方案；直接参与拟订中国航空集团公司、中国东方航空集团公司和中国南方航空集团公司以及服务保障企业改革重组方案；直接参与拟订成都双流国际机场、西安咸阳国际机场、沈阳桃仙国际机场等机场的股份制改造方案和空管改革方案；具体负责东方航空公司兼并西北航空公司项目。他曾被评为民航总局优秀公务员。

他毕业于中国政法大学国际经济法专业，并获得中国人民大学民商法硕士学位。他拥有新加坡国立大学商学院亚太高层企业主管硕士学位。他还拥有中华人民共和国律师资格和中华人民共和国企业法律顾问资格。他曾参与由新加坡证券交易所、新加坡董事学会和立杰律师事务所主办的关于新加坡监管环境的培训课程。

BOARD OF DIRECTORS
董事会

Zhao Shousen
Non-Executive, Non-Independent Director
- Appointed to the Board on 28 March 2006
- Vice Chairman of the Audit Committee
- Member of the Risk Management Committee

Dr Zhao Shousen is a Senior Accountant (professor level). He is the Chief Accountant of China National Aviation Fuel Group Corporation ("CNAF"). He joined Shengli Petroleum Administration ("SPA") in 1986, and had held several senior management positions, including Deputy Division Director of the Finance Division, Deputy Director and Director of the Department of Financial Assets. He held the position of Chief Accountant of SPA between February 2000 and December 2001. Mr Zhao was appointed Director and Vice President of Sinopec Shengli Oil Field Co. Ltd. ("SSOFC") in May 2000, and subsequently as Director, Vice-President and Chief Accountant of SSOFC from December 2001. He was appointed Chief Accountant of CNAF in January 2006.

Dr Zhao holds a Bachelor's degree (Financial Accounting) from Shandong Economic Institute. He also holds a PhD in Industrial Economics from Beijing Jiaotong University.

赵寿森
非执行、非独立董事
- 2006年3月28日加入董事会
- 审计委员会副主席
- 风险管理委员会成员

赵寿森博士是(教授级)高级会计师，他是中国航空油料集团公司总会计师。1986年他加入胜利石油管理局，此后曾担任财务处副处长、财务资产部副主任以及主任等职务，2000年2月至2001年12月任胜利石油管理局总会计师，2000年5月任中国石化胜利油田有限公司董事、副总经理，2001年12月任中国石化胜利油田有限公司董事、副总经理、总会计师。2006年1月，他被任命为中国航空油料集团公司总会计师。

赵先生拥有山东财经学院财会专业学士学位，北京交通大学产业经济学博士学位。

Liu Fuchun
Independent Director
- Appointed to the Board on 28 March 2006
- Chairman of the Nominating Committee
- Member of the Audit Committee and the Remuneration Committee

Mr Liu Fuchun holds directorship positions in several companies including DaChan Food (Asia) Limited. He is also an independent director of CNAF. Mr Liu was the Director and CEO of China National Cereals, Oils & Foodstuffs Corp ("COFCO") from June 2000 to April 2007. Prior to this position, Mr Liu was an officer of the General Office of COFCO and an executive at its U.S. representative office from 1964 to November 1981. Between November 1981 and July 1985, he was the Deputy Consul of Chinese Consular Section in Vancouver. From July 1985 to June 1991, Mr Liu held the positions of Deputy Division Director, Division Director of Oils and Fats Division of COFCO, and General Manager of Top Glory (London) Ltd. From June 1991 to June 2000, he served as Vice President, Managing Director and Deputy CEO of COFCO.

Mr Liu holds the title of Senior International Commercialist awarded by the Ministry of Commerce of the PRC. He graduated from Beijing Foreign Trade Junior College and Beijing Foreign Trade Institute, where he majored in Accounting and English, respectively.

刘福春
独立董事
- 2006年3月28日加入董事会
- 提名委员会主席
- 审计委员会和薪酬委员会成员

刘福春先生在数家公司担任董事职务，包括大成食品（亚洲）有限公司。他也是中国航空油料集团公司的独立董事。刘先生自2000年6月至2007年4月担任中国粮油食品进出口（集团）有限公司的董事兼总裁。在此之前，他从1964年—1981年11月先后任中国粮油食品进出口总公司综合处职员、驻美国代表处业务员；1981年11月—1985年7月任中国驻温哥华总领馆副领事；1985年7月—1991年6月先后任中国粮油食品进出口总公司油脂处副处长、处长、鹏利（伦敦）有限公司总经理；1991年6月—2000年6月先后任中国粮油食品进出口总公司副总经理、常务董事、副总裁。

刘先生拥有中华人民共和国商务部颁发的高级国际商务师职称。他毕业于北京外贸专修学院财会专业和北京外贸学院英语专业。

Alan Haywood

Non-Executive, Non-Independent Director

- Appointed to the Board on 24 February 2011
- Chairman of the Risk Management Committee
- Member of the Audit Committee

Mr Alan Haywood is the President of Downstream Gas and Head of Commercial Development at BP Integrated Supply and Trading ("IST") since December 2010. He is responsible for the development of strategy and long-term commercial ventures across BP's supply and trading portfolio and leading BP's downstream gas development. He is also responsible for the provision of analytical support for trading and for the management of BP's response to regulatory change.

Mr Haywood has more than 20 years of experience in the global energy industry. He has held various senior managerial positions at BP IST, including Chief Operating Officer (Global Gas), Head of Supply & Trading (Oil Europe & Finance), Business Unit Leader of BP IST Northern Europe Gas & Power and Regional Business Leader of BP IST Energy & Finance. He spent three years in BP Houston's North American Gas and Power, where he was responsible for the pricing, marketing and trading of structured products and the trading and marketing of natural gas and electricity in the Midwest.

Mr Haywood holds a Bachelor of Arts from Merton College, Oxford University.

Alan Haywood

非执行、非独立董事

- 2011年2月24日加入董事会
- 风险管理委员会主席
- 审计委员会成员

Alan Haywood先生于2010年12月出任BP综合供应与贸易 (简称"IST") 下游天然气总裁及商业发展总监，负责BP供应与贸易业务的战略及长期商业投资，并且领导BP下游天然气业务的开发。他还负责为贸易业务提供分析性的支持，并负责管理BP对法规变化的应对策略。

Haywood先生在全球能源领域拥有超过20年的经验。他在BP IST担任过多个高级管理职位，包括全球天然气业务的首席运营官、欧洲石油及财务的供应与贸易主管、BP IST北欧天然气与电力业务主管及BP IST能源与财务的区域业务负责人。他曾在BP休斯敦的北美天然气与电力公司工作3年，负责结构性产品的定价、市场营销和贸易，以及中西部地区天然气和电力的贸易与市场营销。

Haywood先生为牛津大学莫顿学院的文学学士 。

Chen Liming

Non-Executive, Non-Independent Director

- Appointed to the Board on 5 August 2009
- Member of the Remuneration Committee and the Nominating Committee

Mr Chen Liming is the President of BP China since November 2008 and the Chairman of BP (China) Holding Company. He joined BP from Sasol China where he served as the Executive Vice President.

Mr Chen started his professional career in the field of petrochemical industry in Singapore since 1994. He worked consecutively as sales representative, business development manager, deputy general manager, general manager and managing director in several wholly foreign owned and sino-foreign joint ventures in areas of business development, negotiation on joint venture, commercial, and corporate management. He had served as executive director/non-executive director in several chemical and trading companies.

From 1991 to 1994, Mr Chen was a senior researcher in Singapore Institute of Standards & Industrial Research in charge of scientific research and negotiations on joint ventures. From 1986 to 1991, he studied and worked at Cornell University in the US. Before his studies in the US, he worked in a PRC institute for scientific research.

Mr Chen was awarded a Bachelor of Science degree from Shihezi University, Xinjiang, PRC, in 1982. He received a Master degree in Science from Cornell University in 1989 and completed the Advanced Management Programme at Harvard Business School in 2003.

陈黎明

非执行、非独立董事

- 2009年8月5日加入董事会
- 薪酬委员会和提名委员会成员

陈黎明先生于2008年11月加入BP，任BP中国总裁、BP中国控股公司董事长。加入BP之前，陈先生任沙索公司中国区执行副总裁。

陈先生于1994年在新加坡开始其石油化工职业生涯，曾先后在外方独资和中外合资企业任职，历任销售代表、业务发展经理、副总经理、总经理、董事总经理等职务，涉足业务开发、合资谈判、商务以及企业管理工作。他也曾出任多家化学及贸易公司的执行董事或非执行董事。

1991年至1994年，陈先生曾作为高级研究员就职于新加坡标准与工业研究院，负责科研与合资公司谈判等方面的工作。1986年至1991年，他曾在美国康乃尔大学读书并工作，工作涉及贸易及销售领域。赴美前，陈先生曾在中国一所研究院从事科研工作。

陈先生1982年获得新疆石河子大学学士学位。1989年获得美国康乃尔大学硕士学位，并于2003年顺利完成美国哈佛商学院高级管理课程。

BOARD OF DIRECTORS
董事会

Ang Swee Tian
Independent Director
- Appointed to the Board on 14 November 2008
- Chairman of the Audit Committee
- Member of the Remuneration Committee, the Nominating Committee and the Risk Management Committee

Mr Ang Swee Tian is the Non-Executive Chairman of Singapore Mercantile Exchange Pte Ltd and an Independent, Non-Executive Director of Cosco Corporation (Singapore) Limited.

Mr Ang was the President of the Singapore Exchange Ltd ("SGX") from 1999 to 2005 during which he played an active role in successfully promoting SGX as a preferred listing and capital raising venue for Chinese enterprises. Mr Ang also played a pivotal role in establishing Asia's first financial futures exchange, the Singapore International Monetary Exchange ("SIMEX") in Singapore in 1984 and was instrumental to establishing SGX AsiaClear which started offering OTC clearing facility in 2006. Following his retirement in January 2006, Mr Ang took on a new role as Senior Adviser to SGX until December 2007.

In March 2007, Mr Ang became the first person from an Asian Exchange to be inducted into the Futures Industry Association's Futures Hall of Fame which was established to honour and recognise outstanding individuals for their contributions to the futures and options industry.

Mr Ang graduated from Nanyang University of Singapore with a First-Class Honours Degree in Accountancy in 1970. He was conferred a Master Degree in Business Administration with distinction by the Northwestern University in 1973.

汪瑞典
独立董事
- 2008年11月14日加入董事会
- 审计委员会主席
- 薪酬委员会、提名委员会和风险管理委员会成员

汪瑞典先生是新加坡商品交易所的非执行董事长和中远投资(新加坡)有限公司的独立董事。

汪先生于1999年至2005年担任新加坡交易所(简称"新交所")总裁。在这期间，新交所成为中国企业挂牌和筹资的首选市场，他在该过程中发挥了积极作用。汪先生在建立亚洲第一个金融期货交易中心——1984年成立的新加坡国际金融交易所(SIMEX)这一项目中，发挥了关键作用；在设立新交所亚洲结算行(AsiaClear，于2006年开始提供场外结算工具)过程中也做出了杰出贡献。在2006年1月退休后至2007年12月，汪先生担任新交所高级顾问。

2007年3月，汪先生成为被选入美国期货协会(FIA)期货名人堂的首位来自亚洲交易所的业者。该奖项的目的在于表彰对期货和期权市场有杰出贡献的人士。

汪先生在1970年毕业于新加坡南洋大学，获得会计学一级荣誉学位。1973年，他以优异的成绩被美国西北大学授予工商管理硕士学位。

Luo Qun
Non-Executive, Non-Independent Director
- Appointed to the Board on 26 February 2010
- Vice Chairman of the Remuneration Committee and the Nominating Committee

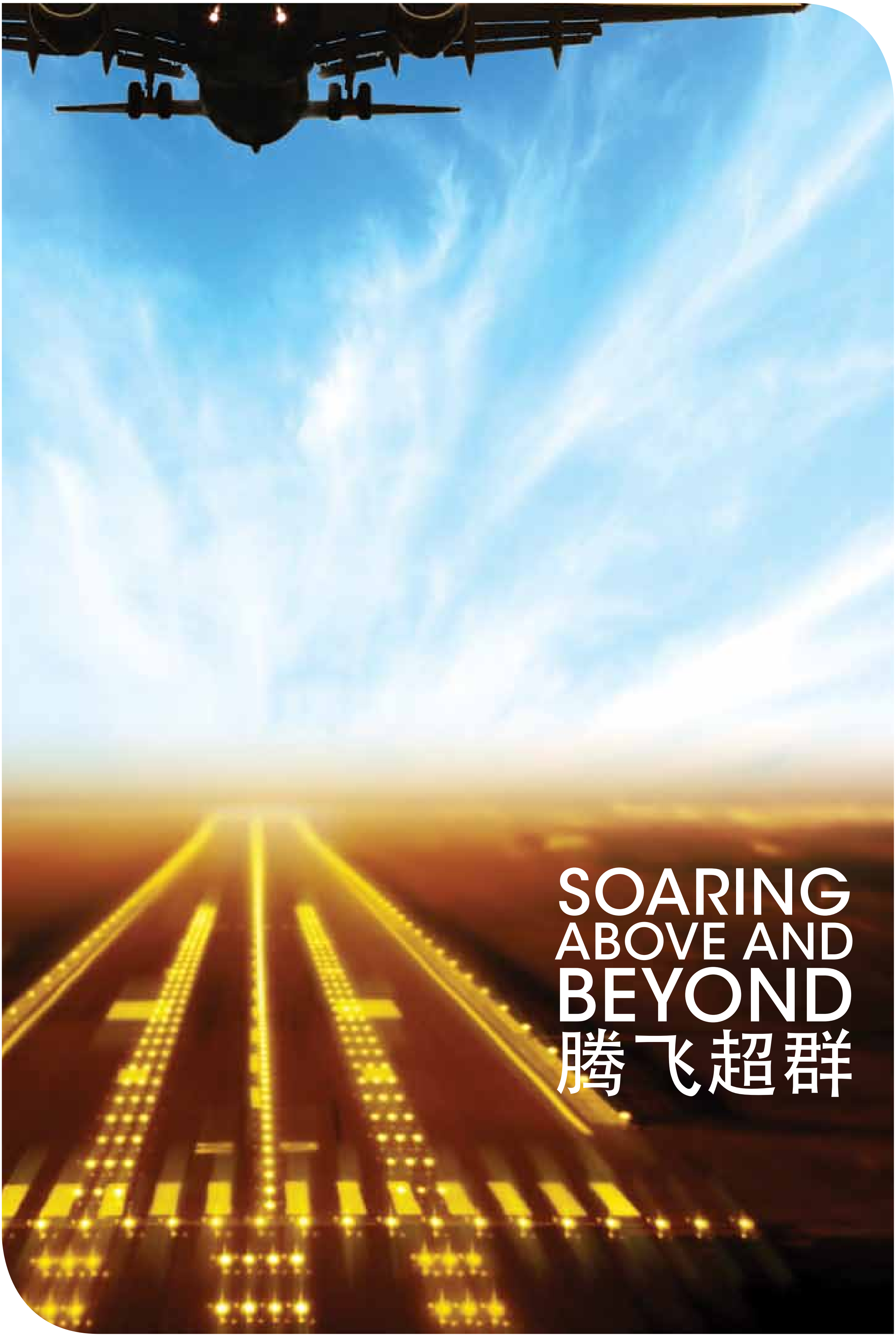
Mr Luo Qun is the Vice President of China National Aviation Fuel Group Corporation ("CNAF"). Prior to this appointment, Mr Luo was the President of CNAF Logistics Co., Ltd (previously known as CNAF Hai Tian Transportation Co., Ltd) from October 2004 to August 2008 and concurrently assumed the position of Assistant to the President of CNAF from December 2007 to August 2008. Mr Luo had held several senior management positions within the CNAF Group. He was the project leader of the construction of the new jet fuel supply facilities at Guangzhou Baiyun International Airport from 1999 to 2004. From 1997 to 2004, he was a director of South China Bluesky Aviation Oil Co., Ltd, a joint-venture between CNAF, BP Global Investments and Fortune Oil PLC.

Mr Luo holds a Master degree in Engineering from South China University of Technology and an Executive Master of Business Administration from National University of Singapore. He is a qualified Senior Engineer, Certified Senior Manager and Certified Senior Risk Manager.

罗群
非执行、非独立董事
- 2010年2月26日加入董事会
- 薪酬委员会和提名委员会副主席

罗群先生是中国航空油料集团公司（简称"CNAF"）副总经理。被任命为CNAF副总经理之前，罗先生在2004年10月至2008年8月间担任中国航油集团物流有限公司（前身为中国航油集团海天航运有限公司）总经理。2007年12月至2008年8月，他还兼任CNAF总经理助理。罗先生在CNAF集团担任过多个领导岗位，曾在1999年至2004年间担任广州新白云国际机场迁建供油工程指挥部指挥长。1997年至2004年间任华南蓝天航空油料有限公司董事(华南蓝天航空油料有限公司为CNAF、BP环球投资有限公司及香港富地石油有限公司的合资公司)。

罗先生曾获中国华南理工大学工程硕士、新加坡国立大学高层管理工商管理硕士学位。他是中国高级工程师、注册高级经理人和高级风险管理师。


SOARING
ABOVE AND
BEYOND
腾飞超群

KEY MANAGEMENT
管理层主要人员简介

Meng Fanqiu
Chief Executive Officer / Executive Director

As the Chief Executive Officer, Mr Meng Fanqiu is responsible for the effective management and smooth running of the entire business of the Group. He develops and implements business strategies and corporate plans to enhance the competitiveness and profitability of the Group. He provides leadership and directions to the various business functions to achieve performance targets, ensures overall business growth and provides supervision and leadership in the business performance of the Group.

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

孟繁秋
首席执行官 / 执行董事

作为首席执行官，孟繁秋先生负责有效管理和平衡经营CAO集团的整体业务。他负责贯彻落实业务发展战略规划，提升本集团的竞争力和盈利能力。他也负责领导和指导各业务部门，使其达到预期目标，确保整体业务增长，并监督和负责审核业绩公告。

关于孟先生更详细的介绍，请参阅“董事会”部分。

Wang Chunyan
Chief Financial Officer

As the Chief Financial Officer, Mr Wang Chunyan directs and manages CAO's overall financial plans and accounting practices. He oversees the treasury, accounting, budget, tax and audit functions of CAO and also assists the Chief Executive Officer to oversee the IT and risk management functions.

Mr Wang has more than 14 years of experience in China's petroleum industry. Prior to joining CAO, Mr Wang was the Deputy Head of Financial Assets Division at Shengli Petroleum Administrative Bureau, a subsidiary of Sinopec Group. Mr Wang began his career with Hekou Oil Production Plant, a subsidiary of Shengli Petroleum Administrative Bureau in 1993. He held several senior positions within the Financial Assets Division of Shengli Petroleum Administrative Bureau before his appointment as Deputy Head of Financial Assets Division in May 2006.

Mr Wang is a qualified Senior International Finance Manager and Senior Accountant. He holds a Bachelor's Degree in Economics majoring in Accountancy from Changchun Taxation College, China.

Standing (left to right) 后排 (从左至右)
Guo Feng (Assistant to CEO) 郭峰 (首席执行官助理),
Chua Teng Hock (Operations Adviser) 蔡丁福 (运作顾问),
Lily Choo (Head of HR & Admin) 朱莉莉 (人事与行政部主管),
Yong Sin Han (Technical Specialist) 熊新漢 (技术专家),
Loh Woon Yen (Head of Investor Relations) 罗文燕 (投资者关系部主管)

王春焱
财务总监

作为财务总监，王春焱先生负责领导和管理CAO整体财务规划与会计事务。他监管CAO的资金运作、会计核算、预算、税收和审计事宜，并协助首席执行官监管公司的IT和风险管理工作。

王先生在中国的石油业有超过14年的经验。在加入CAO之前，王先生是胜利石油管理局财务资产部副主任。胜利石油管理局是中国石油化工集团公司的下属企业。王先生于1993年参加工作，在胜利石油管理局河口采油厂工作。他曾历任胜利石油管理局财务部多个高级职位，并于2006年5月被任命为财务资产部副主任。

王先生拥有高级国际财务管理师和高级会计师资格，并拥有中国长春税务学院会计系会计学专业经济学学士学位。

MANAGEMENT
管理层

Sitting (left to right) 前排（从左至右）
Cheryl Chan (Head of Risk Management) 陈逸雯（风险管理部主管）, **Wang Chunyan** (Chief Financial Officer) 王春燚（财务总监）, **Doreen Nah** (Head of Legal / Company Secretary) 蓝肖蝶（法律部主管兼公司秘书）, **Meng Fanqiu** (Chief Executive Officer / Executive Director) 孟繁秋（首席执行官 / 执行董事）, **Jean Teo** (Chief Operating Officer) 张娜娜（首席运营官）, **Elizza Ding** (Head of Trading) 丁鑫莉（贸易部主管）, **Han Jing Xieng** (Head of Business Development) 韩靖娴（业务发展部主管）, **Tee Siew Kim** (Head of Finance) 郑秀琴（财务部主管）

Jean Teo
Chief Operating Officer

As the Chief Operating Officer, Ms Jean Teo is responsible for the Trading and Operations Departments. This involves the development and execution of trading growth strategies and performance targets for all trading businesses of CAO, which currently include jet fuel, gasoil, fuel oil and petrochemical products. Her responsibilities also include assisting the CEO to identify investment projects or new businesses in line with CAO's growth strategy that can substantially benefit CAO.

Ms Teo has more than 10 years of experience in the oil trading industry. Prior to joining CAO, she was a senior trader of distillates products at Cargill International Pte Ltd. Prior to this, Ms Teo was an employee of BP Singapore Pte. Ltd from July 1997 to September 2010 ("BPS"), where she was seconded to the position of Head of Trading of CAO from January 2008 to August 2010. Other positions that Ms Teo had held in BPS included the Lead Trader of Light Distillates.

Ms Teo holds a Master of Business Administration (Finance) from Manchester Business School, United Kingdom and a Bachelor of Engineering, Chemical (Honours) from National University of Singapore.

张娜娜
首席运营官

作为首席运营官，张娜娜女士负责监管贸易部和运作部，主要职责包括制定并组织实施CAO所有贸易业务(目前包括航油、柴油、燃料油和石化产品)的发展战略及业绩指标。其职责还包括协助CEO寻找符合CAO战略并对CAO有实质效益的投资项目和新业务。

张女士在石油贸易领域拥有超过10年的经验。在加入CAO之前，她是嘉吉国际私人有限公司中馏分产品的高级贸易员。加入嘉吉之前，张女士在1997年7月至2010年9月之间效力于BP新加坡私人有限公司(简称"BPS")，并于2008年1月至2010年8月期间外派至CAO担任贸易部主管。张女士在BPS还担任过轻馏分产品首席贸易员。

张女士拥有英国曼彻斯特商学院工商管理金融专业硕士学位、新加坡国立大学化学工程系(荣誉)学士学位。

CEO'S REVIEW OF OPERATIONS
首席执行官业绩回顾

Dear Shareholders,

2011 marks the 10th anniversary of CAO's listing on the Singapore Exchange. It is also a year where CAO achieved its fourth consecutive year of record-high performance. This is an important milestone for CAO, which has entered into a new growth phase.

In 2011, CAO had successfully overcome the challenges of a weakening global economy and more intense market competition. Key performance indicators including supply and trading volume, revenue, gross profit and net profit hit historical high levels in 2011 and increased significantly over 2010. Total supply and trading volume in 2011 stood at 9.1 million tonnes, up 18.7% over 2010. Group revenue was US$9.0 billion, up 65.3% year-on-year. Gross profit was up 34.4% and net profit increased 15.9% to US$63.4 million. The robust growth of net profit was driven by a significant increase in gross profit due to strong performance of our supply and trading business. This highlights the growing importance of our core business as a profit contributor to the Group's bottom line. Despite challenging global economic and market conditions, we achieved significant growth in the profitability of our supply and trading business, which is testament to CAO's strong trading capability and robust risk management ability.

We achieved breakthroughs in the area of asset investment during the year under review. Furthermore, all three associated companies of the Group achieved good results in 2011 and remained stable sources of profit and provides a firm foundation for CAO's growth.

We continued to practise high standards of corporate governance and stringent risk controls. In 2011, CAO was awarded the "Most Transparent Company" (runner-up in the foreign listings category) by the Securities Investors Association (Singapore).

REVIEW: CONCERTED EFFORTS TO BUILD ON OUR STRENGTHS

2011 is the second year of the implementation of CAO's 2010 – 2014 corporate strategy. During the year, our operating environment was challenging. The jet fuel market in Asia Pacific remained oversupplied and competition had intensified. The international political and economic environment had become more complex and unpredictable, which caused dramatic oil price fluctuations and impacted the pace of recovery of the global economy. Despite the difficult external environment, we continued to expand our existing business and ventured into new business activities according to our corporate strategy. With concerted efforts from all employees of CAO, we successfully built on our strengths and established a strong foundation for our next lap of growth.

During the year under review, we strengthened our position as the key importer of jet fuel into the People's Republic of China ("PRC") as we continued to optimise our jet fuel procurement model and successfully completed all procurement and supply deliveries into the PRC. Our maiden time charter of a vessel effectively strengthened our ability to ensure the quality of jet fuel and timely delivery of the cargoes. Our ability to ensure certainty of jet fuel supply was further strengthened through the use of storage facilities to optimise supply and trading activities. Other business initiatives included opening a new supply route from Thailand to supply jet fuel to Yunnan and supplying jet fuel to the newly approved airports in the PRC eligible to procure imported jet fuel. We also enhanced our value-added services to our customers by providing in-depth oil market information and analyses.


Meng Fanqiu
Chief Executive Officer/
Executive Director

CEO'S REVIEW OF OPERATIONS
首席执行官业绩回顾

We strengthened our co-operation with airline companies as we proactively expanded into jet fuel markets outside the PRC. CAO commenced the business of into-plane jet fuel supply to airline companies at designated airports outside the PRC. We further expanded our geographical footprint beyond China, as we secured supply contracts with airlines including China Southern Airlines, Hainan Airlines and Turkish Airlines to supply jet fuel at several airports outside the PRC.

The ability of our jet fuel trading team to generate profit strengthened significantly in 2011. We expanded into new markets, including the Middle East, Europe and Australia. The profitability of our jet fuel trading activities and capabilities of our trading team were enhanced through storage and freight optimisation and trading on the Platts window.

We continued to develop our business in the trading of other oil products with a focus on establishing structural advantages for these products, which led to improved performance in 2011. We expanded our petrochemicals trading business to North Asia and continued to build up the structural advantage of our fuel oil business. Despite the volatile market conditions, CAO's other oil products trading portfolio was profitable in 2011.

We achieved breakthroughs in the area of assets investment as we made headway in establishing a network of assets in the Asia Pacific to support our supply and trading activities. CAO announced its investment of a 26-percent equity stake in an oil storage terminal in Tanjung Langsat, Malaysia on 6 October 2011 and the acquisition of a 26-percent equity stake in an oil storage hub in Yeosu, Korea on 8 October 2011. Together with the storage tanks that we currently lease in North Asia, these storage facilities will form an asset network to support our trading activities. More recently, we announced the acquisitions of China Aviation Oil (Hong Kong) Company Limited and North American Fuel Corporation in January 2012 and completed these acquisitions in March 2012, thus consolidating the foundation for CAO to establish a global trading network.

We deepened our collaboration with our strategic investor, BP. Following an evaluation of the 2011 collaboration model with BP, CAO and BP agreed on a new business cooperation model, which allows more autonomy and flexibility for CAO and creates more trading opportunities. It also better suits CAO's needs to expand trading activities, build up capabilities and increase revenue.

Even as we proactively expand our business, we remain committed to continuously strengthen our corporate governance and internal control practices. CAO continued to enhance its internal controls system and uphold high standards of corporate governance. In view of the volatility in the oil product markets, CAO attached more importance to risk management, especially in monitoring and mitigating market and credit risks, as well as strengthening our credit assessment and new project risk evaluation processes. To support business development, continuous effort and more resources were devoted to enhance the risk management information system and processes, as well as staff capability.

In 2011, we continued to implement our Corporate Social Responsibility ("CSR") programme to give back to the communities in which we work and live. We continued to work with Tian Fu Association (Singapore) to disburse the CAO-Tian Fu Bursary Fund established jointly by CAO and Tian Fu Association (Singapore). Our staff volunteers flew to Chengdu to interact with the students of a Project Hope school which CAO is providing financial assistance to. We also collaborated with Beyond Social Services to provide financial support to children from underprivileged families in Singapore. The CSR activities have helped to instill a sense of responsibility and raised the awareness of returning to the society amongst our staff.

OUTLOOK: ESTABLISHING A GLOBAL NETWORK AND PROPELLING GROWTH

Looking ahead in 2012, whilst the global economy and energy market is expected to remain volatile, we remain optimistic about CAO's performance.

Despite a slowing growth momentum, China's economy is still expected to sustain robust growth in 2012, which will in turn drive demand growth for jet fuel in the country. Hence, we expect profit contributions from our associated companies to remain stable. These are favourable factors that will help to sustain stable growth for our existing business and provide strong foundation for developing new businesses.

Notwithstanding the uncertain political and economic climate, CAO will continue to adopt a proactive yet prudent trading strategy to optimise supply activities and establish structural advantages whilst leveraging on our competitive strengths to sustain growth.

In 2012, CAO aims to further enhance its trading capabilities and establish a global trading network to strengthen the ability of our trading business to generate sustainable profits. We will continue to build up the structural advantages of other oil products, diversify revenue sources and consolidate our position as the largest physical jet fuel trader in Asia Pacific. We will also continue to seek high quality assets with reasonable expected returns in Asia Pacific, North America and Europe that are synergetic to our trading business to further strengthen the asset base of the Group, focusing on logistics-related assets. We will continue to optimise our risk management system and uphold high standards of corporate governance to ensure all risks are under stringent control.

2012 is crucial in our implementation of the 2010-2014 corporate strategy as it sets the stage for the next phase of growth. We will adhere to our corporate strategy, consolidate our competitive strengths and navigate through the complex and unpredictable external conditions to establish a global trading network. We will continue to innovate and expand our business and work towards our strategic goal of becoming Asia Pacific's leading jet fuel trader and an important player of other oil products.

Joint-ventures with Oilhub Korea Yeosu Co., Ltd (above) and Centralised Terminals Sdn Bhd to develop oil storage facilities in Korea and Malaysia, respectively.
两项投资项目的签约仪式：在韩国的丽水枢纽油库投资项目（上图）及马来西亚的浪沙第三油库投资项目。

ACKNOWLEDGEMENTS

On behalf of CAO, I would like to extend my appreciation to our shareholders for your continuous support, especially to our parent company, CNAF, for its strong support to our strategy and for consolidating its overseas businesses into CAO. I would like to thank BP for its support in the areas of trading and risk management. My appreciation also goes to all other shareholders for your understanding, support and encouragement.

My appreciation also goes to our sister company, China National Aviation Fuel Corporation Ltd, our suppliers, counterparties, ship owners and other business partners. I look forward to deepening our co-operation for mutual benefit.

I would like to thank our associated companies – SPIA, TSN-PEKCL and Xinyuan. They have played critical roles in contributing to CAO's development.

I would also like to express my gratitude to all staff of CAO for your hard work over the past year. CAO would not have achieved such strong performance without your commitment and team work.

Last but not least, I would like to thank the government agencies and friends in China and Singapore for your continuous support to the growth of CAO.

Meng Fanqiu
CEO/Executive Director

尊敬的各位股东：

2011年是CAO在新加坡交易所上市十周年，公司业绩连续四年创历史新高，"十年磨一剑"，标志着公司日臻成熟，已步入崭新的历史发展阶段。

2011年，CAO成功克服全球经济放缓、油品市场竞争加剧等不利因素，公司业务量、营业额、毛利、净利润等主要业绩指标都创下历史新高，且同比均有大幅度增长。2011年油品供应与贸易总量累计达到910万吨，同比增长18.7%；全年累计销售收入达到90亿美元，同比增长65.3%；毛利总额增加34.4%，累计实现净利润 6340万美元，同比增长15.9%。2011年净利润猛增主要得益于供应与贸易业务的强力拉动，促使本集团毛利总额大幅提高，这显示了CAO自营能力显著增强。CAO已经具备了扎实的贸易能力和风险控制能力，尽管全球经济与市场环境严峻，供应与贸易利润仍然强劲增长。

2011年，CAO在实业投资方面取得了突破性的进展。三家联营公司业绩均表现良好，联营公司并账利润仍然是CAO稳定的利润来源，是公司业务发展的坚实基础。

公司继续保持高标准公司治理规范，严格控制风险。2011年，公司再次获得新加坡证券投资者协会颁发的2011年度 "最透明公司奖"（海外公司组第二名）。

回顾2011——上下齐心 蓄势积累

2011年是公司实施五年发展规划（2010 – 2014年）的第二年，公司面临十分严峻的经营形势。亚太航油市场仍然供大于求、竞争激烈。国际政治经济形势复杂多变，国际市场油价剧烈波动，全球经济复苏严重受阻。尽管外部环境充满挑战，公司仍努力克服诸多不利因素，上下齐心、蓄势积累，按照既定的发展战略稳步推进现有业务，成功开拓新业务，为实现跨越式发展奠定了坚实的基础。

公司继续优化采购供应模式，圆满完成2011年进口航油采购和供应任务，中国进口航油采购主体地位得到进一步巩固。首次采用期租船只方式运送航油，有效地保证了质量和船期；继续发挥储罐的供应保障和贸易作用，进一步增强了供应保障能力；继续拓宽采购渠道，开辟了泰国到云南新的供应渠道；增加了新的保税油机场；进一步优化油品市场信息，为国内用户不断提供增值服务。

加强与航空公司合作，积极开拓中国海外航油市场，首次实现了在中国海外向航空公司销售航油。公司先后获得中国南方航空公司、海南航空公司以及土耳其航空公司等航空公司在中国境外多个机场的航油供应权，供应区域由中国开始向海外延伸。

航油自营贸易能力明显提升。开始进入中东、欧洲和澳洲等新市场，贸易区域不断扩大，网络不断拓展；运用库存和船运优化贸易，加大普氏窗口的买卖，贸易盈利显著增长，综合贸易能力显著提高。

以建立结构性优势为重点，稳步推进其他油品贸易，业务状况明显改善。化工品团队将业务拓展到北亚，燃料油继续建立结构性优势。其他油品贸易业务在市场波动剧烈的情况下仍保持盈利。

CEO'S REVIEW OF OPERATIONS
首席执行官业绩回顾

CAO在实业投资方面取得历史性突破，在亚太区支持供应与贸易业务的资产网络雏形已经形成。公司分别于10月6日和10月8日，宣布收购马来西亚浪沙第三油库私人有限公司26%股权和投资韩国丽水枢纽油库26%股权。这两个库区连同我们目前在北亚租赁的储罐，初步构成了支持贸易业务的资产网络。同时，在2012年1月宣布、3月完成收购中国航油（香港）有限公司和北美航油有限公司，为CAO构建全球贸易网络奠定了基础。

2011年，与战略合作伙伴BP的业务合作进一步深化。经过评估与BP 2011年的业务合作模式，与BP达成了新的业务合作模式。新模式进一步增强了CAO贸易的自主性、灵活性，增加了贸易机会，更利于拓展贸易、提升能力、增加收入。

在大力拓展公司业务之际，CAO仍致力于不断提升公司治理和内控水平。在确保公司履行高标准的公司治理结构的基础上，进一步完善内控体系。2011年油品市场波动剧烈，公司更注重风险管理，重点防控市场风险及信用风险，并且强化信用评估和新业务风险评估。为了支持业务发展，我们持续投入资源改进、强化风险管理信息系统、流程和提升人员素质。

2011年，公司全面推进企业社会责任计划，回馈社会、提升公司在社会的影响力。继续推广与新加坡天府会创立的教育助学基金计划，并组织公司员工到访成都与被资助学校进行交流等活动；与彼岸社会福利合作，资助新加坡当地低收入家庭的儿童教育。通过参与一系列社会公益活动，履行企业社会责任，加强员工责任心，回馈社会。

展望2012——全球网络 跨越发展

展望2012年， 虽然预期全球经济和能源市场将持续动荡，我们对CAO的经营状况仍然保持较乐观的看法。

2012年，虽然中国经济预期放缓，但依然会保持快速增长，带动航油需求量也继续强劲增长。联营公司的并账利润预期将依然保持稳定。这些有利因素保障了公司现有核心业务持续稳定发展，为公司保持较好的经营业绩和新业务拓展奠定了基础。

虽然全球政治经济形势变幻莫测，但CAO坚持秉承的“稳健积极”的贸易方针和“供应优化和建立结构性优势”的贸易策略，在目前的市场条件下，凸显优势。

2012年CAO将进一步增强综合贸易能力，着重致力于打造全球贸易网络，提升公司长远贸易盈利能力。将进一步巩固亚太最大航油实货贸易商的地位，继续致力于建立其他油品贸易的结构性优势，扩大利润来源。将进一步巩固实业基础，以物流相关资产为重点，继续在亚太、北美及欧洲寻求与贸易相协同和具合理回报的优质资产。将进一步优化风险管理体系和持续保持高标准的公司治理，严控风险。

2012年是公司实施2010 – 2014年战略规划承上启下的一年，至关重要。我们将继续以公司发展战略为指导，进一步巩固现有优势，顺应复杂多变的宏观经济环境，以构建全球化贸易网络为目标，开拓创新、逆势而上，为公司实现“亚太地区航油贸易的领先者、其他油品贸易的重要参与者”的战略目标，实现跨越式发展积蓄能量、创造条件、奠定基础。

致谢

在此，我谨代表公司向股东长期以来的支持表示感谢。要特别感谢母公司CNAF在战略上和在海外业务整合方面所给予CAO的大力支持。感谢BP在贸易和风险控制方面给予CAO的帮助。最后，感谢全体股民的理解和鼎力支持，激励我们为公司发展不遗余力、坚持不懈。

感谢中国航空油料有限责任公司、供应商、贸易商以及船东等商业伙伴的支持。在不断加深合作的基础上，希望双方继续互利共赢。

感谢上海浦东航油、管输公司和新源公司，联营公司的发展对于CAO的发展十分重要，密不可分。

衷心感谢CAO全体员工一年来的辛勤工作。正是他们的兢兢业业与齐心协力，才能铸就公司今天所取得的成绩。

最后，感谢所有关心和支持CAO的中新两国政府、组织机构和各界朋友，在你们的支持下，CAO才能健康成长。

孟繁秋
首席执行官兼执行董事


CAPITALISING
ON OPPORTUNITIES
把握时机

JET FUEL SUPPLY & TRADING
航油供应与贸易

Global economic woes including the stagnating economy of the United States, Euro Zone debt crisis and global economic slowdown, coupled with natural disasters such as the Japan earthquakes and tsunamis and the political turmoil in Libya, Egypt and other countries in the Middle East, resulted in a year of market volatility for the oil product markets. Refinery fires in Taiwan and Singapore have added to the volatility of oil product prices during the course of the year and resulted in short term disruption to the demand and supply structure of jet fuel and other oil products.

Despite the challenging environment, it was a year of opportunities and remarkable performance for our trading teams. CAO continued to consolidate its position as the largest physical jet fuel trader in Asia Pacific and made progress in its efforts to diversify into other oil products, i.e. gasoil, fuel oil and petrochemicals.

DELIVERING ANOTHER YEAR OF RECORD PERFORMANCE

The sustained growth of China's civil aviation industry, coupled with our proactive yet prudent trading strategy, resulted in another year of record performance for the jet fuel supply and trading team. Jet fuel supply and trading volume hit another record high of 8.4 million tonnes in 2011, an increase of 17% over 2010.

Against a backdrop of 9.2% growth of China's economy in 2011, China's civil aviation industry continued to grow – total passenger turnover increased 11.8% from 2010. On the back of strong growth of China's civil aviation industry, jet fuel volume supplied by CAO to the People's Republic of China ("PRC") saw a healthy growth in 2011. CAO continued to supply well over 90% of jet fuel import requirements, mainly to the three key international airports in the PRC, i.e. Beijing, Shanghai and Guangzhou. We have also expanded our supply locations in the PRC to other burgeoning cities including Nanjing and Hangzhou.

2011 marked CAO's foray into the supply of jet fuel to airlines. This business initiative is a natural extension of our jet fuel wholesale supply business, which creates strong synergies with our trading activities and is an additional income stream for CAO. We have secured into-plane supply contracts with airlines including Hainan Airlines and Turkish Airlines to supply the jet fuel requirements of these airlines at specified international airports outside the PRC. Whilst the scale of this business is currently small, CAO strives to build up its jet fuel sales and marketing expertise to be a supplier of high quality jet fuel.

Through our collaboration with BP, we expanded into new markets including Australia, Middle East and Europe. We also continued to lease storage tanks in China and Korea. Having access to storage strengthened our ability to ensure jet fuel supply, enhanced our logistics management capability and created more optimisation and trading opportunities.

We further strengthened our freight optimisation capability through time charter of a tanker. Not only did this initiative help to strengthen CAO's ability to ensure certainty of jet fuel supply and enhance trading flexibility, it has also boosted our trading profitability. We also participated more actively in the Platts physical and derivatives market and strengthened our paper trading capabilities.

Building a global trading network

In line with CAO's corporate strategy to build up a global company, a key focus for the jet fuel trading team this year is to establish our presence outside Asia Pacific, i.e. in the Middle East, Australia, Europe and North America, through initiatives such as arbitrage trading. We will also continue to strengthen our position in Asia Pacific by proactively expanding our business in the region.

In 2012, CAO will continue to devote more resources to grow its gasoil trading business, which include increasing the headcount and also proactively looking at possible investments to complement gasoil trading.

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

2011年，美国经济停滞不前、欧洲债务危机、全球经济放缓、日本大地震等自然灾害以及利比亚及埃及等中东国家政局动荡等不利因素，使全球经济形势复杂莫测，导致世界油品市场充满了变数。台湾和新加坡炼厂相继发生火患等事件更是雪上加霜，使石油产品价格整年波动剧烈，也造成了航油和其他石油产品市场短期的供需结构出现较大变化 。

尽管市场环境充满了挑战，但也为我们的贸易团队带来了机遇；我们仍取得了骄人业绩。CAO进一步巩固了作为亚洲最大航油实货贸易商的地位，并且在拓展其他油品贸易方面（柴油、燃料油及化工品）取得了积极的进展。

再创纪录的一年

中国民航业的持续健康发展，加上公司采取积极且谨慎的贸易策略，促使CAO的航油供应和贸易业务达到了另一个高峰。2011全年的航油供应及贸易总量达到了840万吨，比2010年同比增长了17%，再次刷新历史记录。

2011年中国经济增长9.2%，推动了民航事业持续发展，全年旅客周转量比2010年增长11.8%。在中国民航业强劲发展的推动下，2011年CAO向中国供应的航油总量也明显增长。CAO持续向中国供应90%以上的进口航油，主要供应中国的三大国际机场，即北京、上海和广州。同时，我们也扩大了在中国的供应地点，开始向南京和杭州等新兴发展城市的机场供应航油。

2011年也是CAO首次涉足向航空公司直接供应航油的一年。这项新业务是CAO现有航油批发业务的自然延伸，与我们的航油贸易业务具有很强的协同效应，并且为公司开创了新的收入渠道。CAO已经与包括海南航空公司和土耳其航空公司在内的航空公司签署了供应协议，为这些航空公司在中国以外的指定机场供应航油。尽管目前业务规模仍相对较小，但我们正在积极加强航油销售和市场行销的能力，力求成为高品质航油供应商。

通过CAO与BP的合作，我们开辟了包括澳大利亚、中东和欧洲在内的新贸易市场。我们也继续在中国和韩国租用储罐，利用储罐的优势提高我们的供应保障能力和运作管理能力，同时创造更多的贸易机会。

我们首次期租了一条油船， 进一步加强了我们的船运优化能力。这不仅帮助我们提升了供应保障能力和贸易灵活性，同时也增加了我们的贸易盈利能力。另外，我们还积极参与普氏的实货及衍生品贸易市场，有效地提高了我们的纸货贸易能力。

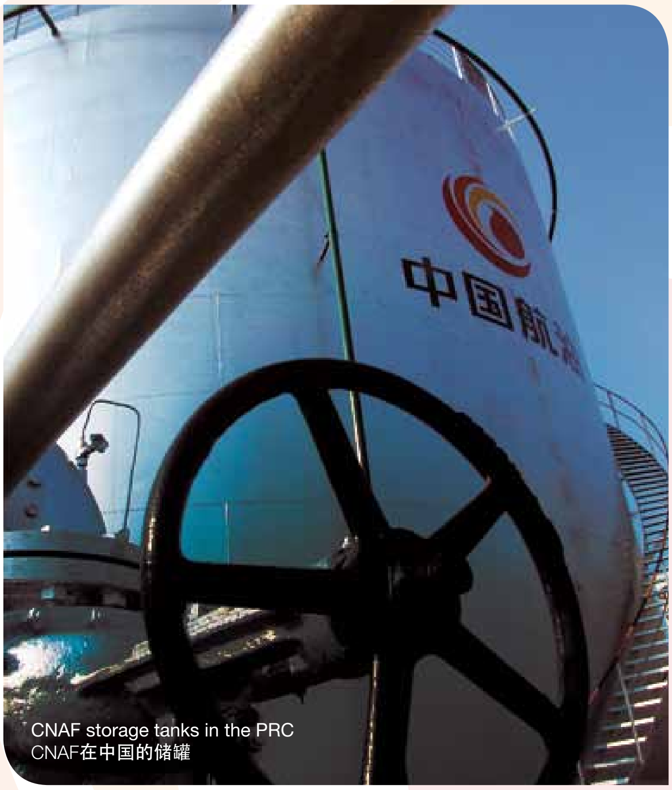
构建全球贸易网络

CAO的战略目标之一是成为一个全球化公司。因此，今年贸易团队的主要任务就是通过开展不同区域的贸易套利业务等方式来开辟亚太地区以外的市场，包括中东，澳大利亚、欧洲以及北美洲。我们也会继续积极在本区域内开拓新业务，不断巩固和加强我们在亚太地区的地位。

2012年我们会投入更多的资源继续努力开辟柴油业务，这包括增加柴油贸易业务方面的人员配置和积极寻找与柴油相关的投资项目，推动这项业务更快速的发展。

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


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



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

TRADING OF OTHER OIL PRODUCTS
其他油品贸易

FUEL OIL

Building up scale and presence in Asia Pacific

The fuel oil trading team, which was established in 2010, remained profitable and continued to build up its scale of business and established its presence in the fuel oil market, particularly the bunker market in Asia Pacific. We built up effective relationships with oil majors, large trading houses and reliable end-users worldwide. We have continued to grow our scale of physical and derivatives trading business in 2011.

We will continue to focus on building up the competitive advantage of our fuel oil trading business in 2012 whilst making proactive efforts to grow this business. Plans include taking up storage tanks, commencing blending activities with more product types and increasing trading volumes.

Ship bunker fuel oil
船用燃料油

PETROCHEMICALS

Leveraging on China's demand growth

After two years of developing the petrochemicals trading business, we made good progress in 2011 in establishing a structural advantage in this field. CAO's petrochemicals trading team has increased its presence in the region. Total physical trading volume increased by 32.7% in 2011 to 138,000 tonnes with a total value of US$187.3 million. Products traded included benzene, toluene and paraxylene, which were sourced from and sold to markets in Asia Pacific, Middle East and the United States.

The petrochemicals team has made a breakthrough in China by supplying aromatic products to counterparties in China. Looking ahead, we will continue to leverage on our links to China to capture opportunities from China's growing demand for petrochemical products. We will also extend our petrochemicals business in other Asia Pacific markets to increase profitability. We will continue to execute previously successful and profitable trading strategies.

燃料油

建立在亚太地区的业务规模

CAO 2010年设立了燃料油贸易团队，去年该贸易账户保持盈利，并持续扩展业务规模和提高市场参与度，特别是在亚太地区的船舶燃料油市场上。我们与全球主要的石油巨头、大型贸易公司以及可靠的终端用户都建立了良好的合作关系。2011年，我们的燃料油业务在实货和衍生品贸易方面均有了一定规模的发展。

2012年，我们会继续着重建立燃料油贸易的竞争优势， 积极努力扩大业务规模，主要计划包括租用储罐、开展调油业务、增加贸易品种，积极扩大贸易量。

化工品

借助于中国市场的需求成长

CAO的化工品贸易业务经历了两年的发展后，2011年在建立结构性优势方面取得积极的进展。化工品贸易团队有效地提升了在本区域的参与度。2011年化工品实货贸易总量达到了13.8万吨，与上年同比增长32.7%，总价值187.3亿美元。贸易产品包括苯、甲苯、对二甲苯等产品。业务区域包括亚太、中东及美国。

2011年，化工品贸易团队在向中国市场供应方面取得了突破。展望今年，我们会利用我们在中国的用户网络优势，抓住中国对化工品需求日益增长的机遇，创造更多的贸易机会。我们还会继续开拓在其他亚太地区的化工业务，进一步提高盈利能力。我们将继续执行目前行之有效的化工贸易策略。

INVESTMENTS IN OIL-RELATED ASSETS
油品相关实业投资

SHANGHAI PUDONG INTERNATIONAL AIRPORT AVIATION FUEL SUPPLY COMPANY ("SPIA")

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 110 Chinese and foreign airlines operating at Pudong Airport. 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 140,000m^3 and a 42-km dedicated jet fuel pipeline connecting Pudong Airport to Waigaoqiao terminal.

Despite complex economic conditions and volatile oil product markets in 2011 and a high-base effect from 2010 due to the Shanghai World Expo, SPIA continued to achieve record high performance in 2011. In 2011, total number of aircraft movements at Pudong Airport increased by 4% to 344,100 times. This led to an increase of about 9% in SPIA's refuelling volume to 3.1 million tonnes in 2011. On the back of higher refuelling volume and revenue, profit contribution from SPIA increased 5.9% to US$37.9 million.

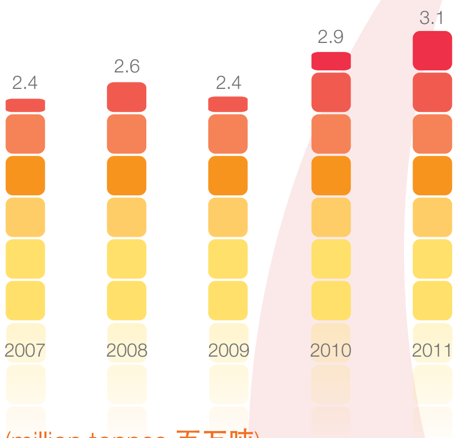
We expect SPIA's refuelling volume to continue to grow in 2012, driven by sustained growth of the civil aviation industry of the PRC, which will mitigate the adverse impact of slower global economic growth and deteriorating situation in Europe and the US.

CHINA NATIONAL AVIATION FUEL TSN-PEK PIPELINE TRANSPORTATION CORPORATION LTD ("TSN-PEKCL")

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"). Connecting Tianjin Nanjiang terminal with Beijing Capital International Airp ort and Tianjin Binhai International Airport, 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.

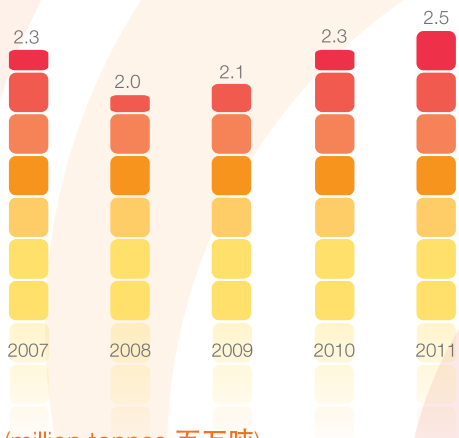
Jet fuel transportation volume increased steadily to 2.5 million tonnes in 2011, up 6.3% year-on-year, representing about 71% of the total volume of jet fuel consumed at the two airports. Share of profits from TSN-PEKCL was US$1.2 million for 2011, an increase of 14.5% attributable to higher revenue from increase in sales volume.

SPIA REFUELLING VOLUMES
浦东航油加油量



(million tonnes 百万吨)

TSN-PEKCL PIPELINE VOLUMES
管输公司管输量



(million tonnes 百万吨)

INVESTMENTS IN OIL-RELATED ASSETS
油品相关实业投资

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 50,000m^3 capacity 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 achieved record high performance in 2011 as it strengthened existing core business of jet fuel trading and storage and proactively expanded new distribution channels and products. CAO's share of profit from Xinyuan increased 40.4% to US$1.1 million in 2011, mainly due to higher gross profit from increase in sales volume and rental of oil storage tanks.

In 2012, Xinyuan will continue to develop new distribution channels to grow its market share. Xinyuan will also modify and expand its storage facilities to increase income from storage business.

Transit storage
中转库

OIL STORAGE TERMINAL IN YEOSU, KOREA^

CAO announced the acquisition of 26% equity stake in Oilhub Korea Yeosu Co., Ltd ("OKYC") on 8 October 2011. OKYC is constructing the Northeast Asia Hub Terminal in Yeosu of Korea ("NEA Hub Terminal"). OKYC will develop, own, operate, manage and maintain the NEA Hub Terminal, which has a total storage capacity of 1.3 million m^3 for crude oil and oil products. CAO is the second largest shareholder of OKYC, after Korea National Oil Corporation ("KNOC"). Other investors include SK Energy Co., Ltd., GS Caltex Corporation, Samsung C&T Corporation, Seoul Line Corporation and LG International Corp.

Korea is a main source of jet fuel supply for CAO. The NEA Hub Terminal is strategically located, requiring only 1.88 days and 1.21 days of shipping time to the cities of Tianjin and Shanghai in China, respectively. The terminal is able to support trading activities to the west coast of the United States and Southeast Asia. The terminal has 4 berths with a draft of 17.8 metres and capacities ranging between 10,000 to 200,000 dead-weight tonnage (DWT). It is able to access the adjacent 330,000 DWT very-large crude carrier (VLCC) jetty owned by KNOC.

This project provides CAO with an important asset located in northeast Asia, highly synergetic with its international oil trading activities. It marks a significant milestone for CAO in establishing its storage asset network in Asia. CAO's access to middle distillates storage in NEA Hub Terminal will also strengthen CAO's ability to ensure certainty of jet fuel supply to its PRC customers and broaden its optimisation and trading opportunities to supply jet fuel and gasoil to other markets, thereby enabling CAO to generate additional trading value from this investment. We expect this investment to contribute positively to CAO's bottom line from 2013 following its completion by 2012.

OIL STORAGE TERMINAL IN TANJUNG LANGSAT, MALAYSIA^

CAO entered into a joint venture with a Malaysian company, Centralised Terminals Sdn Bhd ("CTSB") on 6 October 2011 to construct, develop and operate a 380,000m^3 oil storage terminal for jet fuel, gasoil and fuel oil located at the Port of Tanjung Langsat, Johor, Malaysia ("Terminal Three Facility"), to be built specifically for CAO's use.

Terminal Three Facility is located 32 nautical miles from Singapore Changi International Airport and 42 nautical miles from Jurong Island. CAO will acquire a 26% equity stake in Langsat Terminal (Three) Sdn Bhd ("Langsat Three"), with the right of utilisation and sub-lease. CTSB will own the remaining 74% equity stake in Langsat Three.

Not only is this investment expected to provide CAO with a steady stream of income, it is also highly synergetic to CAO's jet fuel trading business. In addition, this investment will provide a platform for CAO to expand its gasoil and fuel oil trading businesses. Given the current limited access to storage facilities in the greater Singapore region and considering the attractive geographical location of Terminal Three Facility and that CAO will have the right of tank utilisation and sub-lease, the strategic value of this investment is high to CAO.

^ Pending legal completion

INVESTMENTS IN OIL-RELATED ASSETS
油品相关实业投资

上海浦东国际机场航空油料有限责任公司（“浦东航油”）

浦东航油是中国第二大机场——上海浦东国际机场(简称“浦东机场”)的唯一航油供应商。浦东航油向在浦东机场运营的110家中国及其他国家的航空公司提供销售和加注航油服务，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、码头油库，总库容量14万立方米的航油储罐以及连接浦东机场与外高桥码头的42公里专用航油管线。

尽管2011年经济形势复杂多变、油品市场动荡不定，浦东航油继2010年受世博效应带动的基础上仍继续保持增长，业绩再创历史新高。2011年，浦东机场飞机的起降架次增加约4%至34.41万架次。浦东航油的加油量在2011年达到310万吨，比2010年增加9%。销售量及销售收入的增加，带动浦东航油的并账利润增加5.9%至3790万美元。

虽然2012年整体经济展望暗淡，欧美经济恶化的趋势日益显著，但受中国民航运输业的稳定增长的推动，我们预期浦东航油2012年的业务量仍将继续增长。

中国航油集团津京管道运输有限公司(“管输公司”)

管输公司拥有全长185公里的天津—北京管道（简称“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、天津滨海国际机场，是中国民航最长、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分别拥有管输公司51%和49%的股权。

2011年，管输公司航油输送量约250万吨，较2010年管输量增长6.3%，占北京、天津机场航油加注量的71%。管输公司2011年全年并账利润总额达120万美元，比2010年增长14.5%，这主要是因为销售量增加带动销售收入提高。

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运和贸易业务，拥有位于中国广东省茂名库容为5万立方米的水东油库。新源公司的股东为深圳巨正源石化有限公司（拥有60%股权）、CAO（拥有39%股权）和中国航空油料集团公司（拥有1%股权）。

2011年，新源公司在进一步稳定核心航油贸易和仓储业务的基础上，积极开发新的购销渠道并增加新的经营品种，推动了公司整体业绩明显提升，再次创下历史最高水平。2011年对新源的投资收益为110万美元，较上年增加40.4%，主要因为销量增加促使毛利增加以及油品储罐租赁收入增加。

2012年，新源公司计划持续开发新的购销渠道，进一步扩大公司的市场份额；与此同时，将进行水东油库的改造与扩建工程，以增加公司仓储业务的收入。

韩国丽水枢纽油库^

2011年10月8日，CAO宣布认购韩国丽水枢纽油库有限公司（简称“OKYC”）26%的股权。OKYC正在韩国丽水新建东北亚油库枢纽项目。OKYC将开发、拥有、运营、管理和维护该东北亚油库枢纽，原油成品油总库容130万立方。CAO是OKYC的第二大股东；第一大股东是韩国国家石油公司（简称“KNOC”），其他股东包括SK能源、GS加德士、三星C&T、首尔来恩、LG等大型集团。

韩国是CAO的主要航油供应地之一。东北亚油库枢纽地理位置优越，距离中国天津船运时间仅1.88天，距离上海船运时间仅1.21天，同时又可以辐射到美国西海岸和东南亚。油库拥有四个1万吨级到20万吨级不等的泊位，水深17.8米。同时油库还可以共享临近的KNOC码头33万吨级超大油轮泊位。

该项目将为CAO海外贸易在北亚区构成一个重要资产支点，与油品国际贸易高度协同，是CAO实施海外贸易整体布局的重要举措，使得CAO在亚洲区油库网络布局雏形初现，具有里程碑式的意义。CAO在这一地点有自己的中馏分油库也会加强CAO对中国航油供应的保障能力，同时拓宽向其他市场供应航油、柴油的贸易优化机会，使CAO能从投资中获取额外贸易价值。该投资项目预期在2012年年底之前竣工。

马来西亚丹戎浪沙港油库^

2011年10月6日，CAO与马来西亚中央油库公司（简称“CTSB”）签署合资协议，拟共同在马来西亚柔佛州丹戎浪沙港建设、开发、经营总库容38万立方的航油、柴油、燃料油库区（“浪沙第三库区”），为CAO专属油库。

该库区距离新加坡樟宜机场仅32海里，距裕廊岛42海里。CAO持股26%，作为股东方将拥有油库专属使用权及转租权。CTSB持有该公司其余74%的股权。

马来西亚丹戎浪沙港投资项目不仅将为CAO带来稳定的收益，而且它与CAO航油贸易业务高度协同，同时将为CAO拓展柴油和燃料油贸易业务提供有利的平台。由于目前大新加坡地区的储罐资源有限，浪沙第三库区的地理位置十分优越，且CAO对该库区的储罐有独家使用权和转租权，因此该投资项目对CAO而言具有里程碑式的重要战略价值。

^ 待交割

SUBSIDIARIES
子公司

CHINA AVIATION OIL (HONG KONG) COMPANY LIMITED ("CAOHK")#

Established in May 1998, CAOHK is principally involved in the business of jet fuel trading and supply of jet fuel to airline companies at various airports including Hong Kong, London, Taiwan and domestic airports in the People's Republic of China ("PRC"). Its airport sales customers include major airline companies from China and other countries.

NORTH AMERICAN FUEL CORPORATION ("NAFCO")#

NAFCO, which commenced operations in 2010, is an agent and wholesaler of jet fuel in the United States of America ("USA"). NAFCO commenced its agency business for local fuel suppliers and major Chinese airlines since January 2011. NAFCO's geographical presence as a jet fuel supply agent in the USA currently includes various airports. NAFCO has obtained Aircraft Jet Fuel Dealer's Permit in California, Aircraft Distributor Jet Fuel in the State of Washington and Motor Fuel License in Alaska.

CAOHK and NAFCO are highly synergetic to CAO's core business of jet fuel supply and trading and will expand the geographical footprint of CAO's business to new markets, including term contracts to supply jet fuel to airlines at airports at Shenzhen and other PRC domestic airports, Hong Kong, Taiwan and Los Angeles and Anchorage in the USA. This will enable CAO to accelerate its pace of building a global trading network.

The integration of the businesses of CAOHK and NAFCO into the CAO Group will enable CAO to consolidate its trading business and strengthen CAO's position and competitiveness as the largest physical jet fuel trader in the Asia Pacific region. In addition to potential synergies, CAO will be able to realise benefits such as an increase in revenue from the cross-selling of products and savings in storage and freight costs.

中国航油(香港)有限公司("CAOHK")#

CAOHK于1998年5月成立，主要业务为航油贸易以及在中国大陆、香港、台湾以及英国伦敦等地的多个机场向航空公司供应航油。其机场业务的客户包括中国及其他国家和地区的主要航空公司。

北美航油有限公司("NAFCO")#

NAFCO于2010年投入经营，是美国的航油代理和批发商。NAFCO自2011年1月开始其代理业务，为美国航油供应商和中国大型航空公司提供代理，并开始在部分机场直接向航空公司销售航油。美国公司已获得美国加利福尼亚州、华盛顿州和阿拉斯加州的航油销售资质。

CAOHK和NAFCO对CAO航油供应与贸易的核心业务具有很强的协同性，进一步扩大了业务区域，增加了在中国大陆深圳等地、香港、台湾以及美国洛杉矶和安克雷奇等机场的供油长期合同，向航空公司供应航油，这将帮助CAO加快搭建全球贸易网络的速度。

将CAOHK和NAFCO的业务并入CAO集团也将有助于CAO巩固其贸易业务，并且加强CAO作为亚太区最大的航油实货贸易商的地位和能力。此项收购除了带来协同效应以外，CAO还可通过交叉销售油品以及节省储罐租用费和船运费来创造效益。

Acquired on 1 March 2012
于2012年3月1日完成收购

RISK MANAGEMENT
风险管理

EFFECTIVELY NAVIGATING THROUGH MARKET VOLATILITY

We witnessed a few significant events that affected oil trading in 2011, including the Japan earthquakes and tsunami, the Euro Zone debt crisis and turmoil in Libya. These events have increased the risks CAO faced given the global exposure of our business activities, especially in the areas of credit and market risks. However, with a firm risk management foundation that CAO has built up over the years, we were able to effectively identify and manage the risks.

The Risk Management Foundation

The three main pillars of risk management foundation remained unchanged, i.e.: 1) three-tier management and control structure; 2) policies, guidelines and control framework; and 3) systems, processes and people. More resources and effort were devoted to further strengthen our risk management foundation and enhance its value proposition to the Group.

Three-Tier Management Control Structure

Our three-tier management and control structure has enabled strong support and sound governance over the execution of effective risk management practices for CAO.

At the Board level, the Risk Management Committee ("RMC") oversees strategic risk management issues. The RMC sets the limits for various types of risks, such as market, credit, operational, compliance and reputational risks. The RMC also approves new activities that CAO plans to embark on and oversees the risk management practices of CAO.

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

At the Operational level, the Risk Management Department ensures that risk management activities have been executed daily and that all risk-related policies, processes and limits are implemented and adhered to.

Policies, Guidelines and Control Framework

The Risk Management Manual serves as a central repository of policies, procedures and delegation of authorities relating to trading and risk management.

The Trading Guidelines comprises the rules of trading compliance, trading principles and behaviour and general requirements related to an oil trading business. Compliance to the guidelines helps us to achieve the aim of conducting and expanding our business in accordance with good practices, high ethical standards and all applicable laws and regulations.

All employees are required to attend relevant internal training courses and sit for tests to ensure sound understanding of the trading guidelines and risk management practices. New traders are required to pass relevant in-house tests before commencement of trading.

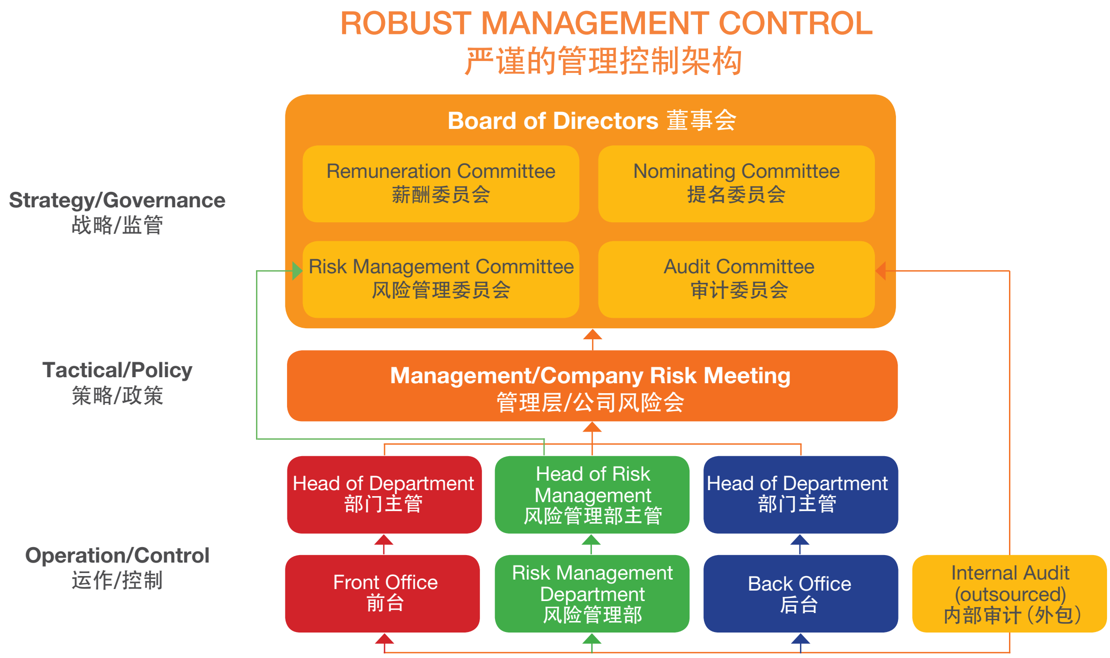
Systems, Processes and People

We continued to invest in strengthening our systems, processes and people to support the business. This is especially important as greater uncertainties and risks have emerged in the global trading environment and CAO is venturing into new businesses.

We commenced a review of our integrated front-to-back risk management information system to evaluate the suitability of the system to cope with anticipated increase of business activities over the next five years.

Phone trading system
电话交易系统

RISK MANAGEMENT
风险管理



Control processes have been strengthened to oversee key risks along the transaction pipeline and mitigating controls have been put in place to manage the risks.

Regular tests of controls are carried out to ensure that effective key controls are in place and our employees follow the standard operating procedures.

The CAO Enterprise Risks Register is being refreshed regularly to capture key risks faced by CAO timely and accurately and we continued to implement actions to mitigate risks.

Supporting Business Growth and Expanded Trading Activities

CAO has a set of internal Investment Governance Standards in place to identify risks associated with new investment projects and to implement mitigating controls before the commencement of any new activity or investment project. Besides obtaining prior approvals from the Board of Directors on new activities or investment projects, the RMC reviews the projects from a risk perspective. New business activities are implemented at the company level within the delegated authorities from the RMC. A review of trading limits was carried out to assess the appropriateness of these limits as control levers for the businesses. This has enabled CAO to ascertain appropriate limits that are relevant to the current trading environment and serve as effective boundaries for our trading activities.

Our Commitment to "Effective Control, Timely Support and Balanced Growth"

We continuously strengthen our ability to manage risks to support business growth. CAO continued to leverage on BP's extensive experience and control processes to improve internal control practices. CAO's risk management team also gave presentations on risk control practices and experiences to key counterparties. In the area of market risk management, regular stress testings were carried out with a dynamic set of scenarios to capture the potential impact on our portfolio in the event of exceptional market conditions.

In the area of credit risk management, we further expanded our sources of information and analytic capabilities through subscriptions to external news sources and credit assessment tools. This enabled us to assess counterparties based in China, where previously information was difficult to obtain. In light of the potential impact of the Euro Zone debt crisis, we reassessed CAO's credit risk appetite and made necessary changes to limits where applicable.

Efforts were made to enhance the effectiveness of our processes and create greater efficiency, for example the use of web-based credit forecast tool. This enabled the risk management team to achieve significant time savings and devote the time saved to providing more in-depth analyses and supporting new businesses. In CAO, building a stronger risk management foundation remains a commitment of the company. As the Group expands into new businesses and geographical regions to achieve its aim of establishing global trading network, our risk management practices will continue to play an important role in ensuring effective control of risks whilst providing timely support for business activities to achieve balanced growth.

Risk Awareness Culture

We remain committed to building up a risk awareness culture that is entrenched in the organisation, where everyone is involved and risks are managed in all aspects, and where all employees are aware of and proactive about preventing and controlling risks.

市场动荡中破浪前行

2011年，一些重大事件接踵发生，包括日本地震和海啸、欧洲债务危机以及利比亚战争等，对油品贸易产生了重要影响。这些事件增加了公司经营风险，尤其是信用风险和市场风险。然而，凭借CAO多年来建立起来的坚实的风险管理体系，我们有效地识别和管理了这些风险。

风险管理基础

继续保持风险管理的三个主要支柱： 三重风险管理体制；政策、指导方针和控制架构；系统、流程和人的因素。为进一步强化管理基础以提升风险管理在公司的价值，我们投入了更多的资源，付出了更多的努力。

三重管理控制架构

三重管理控制架构为CAO实施有效的风险管理提供了强有力的支持和保障。

在董事会层面，风险管理委员会负责监管战略风险。风险管理委员会设定市场、信用、运作、守规和信誉等各类风险的最高限额，审批CAO计划开展的新业务，监督公司的风险管理工作开展情况。

在管理层层面，公司风险会议在风险管理委员会授权之下，具体负责拟定市场、信用、运作、守规和信誉等各类风险管理策略并组织和实施。公司风险会议的主席由风险管理部主管担任，既向首席执行官负责，同时也有独立直接向风险管理委员会汇报的职权。

在运作层面，风险管理部负责日常风险管理业务的执行，并负责确保所有与风险相关的政策、流程和限额得到遵守和落实。

政策、指导方针和控制框架

《风险管理手册》是贸易和风险管理相关政策、流程和授权的主要依据和基础。

《贸易守则》包含了贸易守规准则、贸易原则和行为标准，以及与油品贸易业务相关的一般性要求。遵照该守则有助于我们按照良好的实践范例、较高的道德标准和适用的法律法规指导和开展业务。

所有员工都要参加公司组织的相关培训课程并参加测试，以确保他们全面理解和掌握《贸易守则》和风险管理措施。新交易员在开始交易前，必须通过相关的内部测试。

系统、流程和人的因素

为支持业务发展，我们持续投入资源改进、强化风险管理信息系统、流程和提升人员素质。这在全球贸易环境风云突变、险象迭出，CAO新业务陆续展开的情况下，显得更加重要。

我们对覆盖前中后台的风险管理信息系统进行了评估，以检测其在未来五年，公司有更多业务时系统的适用性。

我们改进了控制流程，监控交易过程中的主要风险，适时采取有效的风险缓解控制措施。此外，我们定期进行控制测试，确保控制有效，以及员工遵守标准操作流程。

定期更新CAO企业风险管理注册表，及时追踪、明确公司面临的主要风险，并落实相关的风险缓解措施。

支持业务发展并扩展贸易活动

CAO有一系列内部投资治理标准，其主要目的是识别与新投资项目有关的各种风险，并在开展新业务或投资项目之前把相应的风险缓解措施落实到位。除开展新业务或新投资项目需要事先获得董事会的批准之外，风险管理委员也会从风险的角度审查新项目。公司在风险管理委员授权下实施新业务。

我们对贸易限额进行了回顾审查，以评估这些限额对于风险管控的科学性，确定了与贸易环境波动相匹配的限额，为贸易活动设定了适当的边界和限额。

"管控有效、支持有力、平衡发展"的承诺

我们不断强化风险管理的能力以支持业务的发展。CAO继续借鉴BP的先进经验和做法以改善内部控制。CAO的风险管理团队也向主要交易对家介绍了风险管理方面的经验和做法。

在管理市场风险方面，设定一组动态场景，定期进行压力测试，预测在异常的市场情况下可能对公司造成的影响，特别关注小概率事件对公司可能造成的风险。

在管理信用风险方面，我们通过订阅外部新闻和信用评估资料，进一步扩大了信息来源，获得了一些以前难以获得的信息，增强了分析的可靠性。这使得我们可以更好地评估贸易对家。考虑到欧洲的债务危机的影响，我们重新评估了公司的信用风险偏好，并对信用限额做了必要的调整。

我们也致力于强化流程的有效性以提高效率，比如使用以网络为基础的信用预测工具，为风险管理团队节省了可观的工作时间，从而可以腾出更多的时间从事更深层次的分析及支持新业务工作。

我们将继续致力于打造更加坚实的风险管理基础。在CAO集团不断扩展业务范围和扩大业务区域、建立全球贸易网络的过程中，风险管理工作将为业务活动提供及时支持，在确保有效控制风险方面发挥至关重要的作用。

风险管理文化

我们始终坚持打造"全程管理、全员参与"的风险管理文化，使风险意识成为全体员工共同的价值观，防控风险成为全体员工主动自觉的行动。

FINANCIAL REVIEW
业绩回顾

Group revenue for FY 2011 increased by US$3,559.4 million (65.3%) to US$9,012.0 million from US$5,452.6 million for FY 2010. This was mainly attributable to higher volume of jet fuel supply and trading coupled with higher jet fuel prices which averaged at US$125.45 per barrel for FY 2011 compared to an average price of US$90.15 per barrel for FY 2010.

Driven by higher gains from oil trading activities and higher demand for imported jet fuel from the PRC, gross profit derived from jet fuel supply and trading and trading of other oil products was US$40.0 million for FY 2011, an increase of 34.4% compared to US$29.7 million for FY 2010.

Other operating income was US$2.2 million for FY 2011 compared to US$0.6 million for FY 2010, an increase of 246.2%. This was mainly due to a foreign exchange gain of US$1.9 million derived from the strengthening of the Renminbi and the Singapore dollar against the US dollar. Bank interest income of US$0.3 million for FY 2011 was 55.4% lower, mainly due to lower time deposits placed with banks.

Total expenses were US$16.5 million for FY 2011, an increase of 34.1% compared to US$12.3 million for FY 2010. The increase in expenses was mainly due to the provision of doubtful debts for amount due from MF Global following the bankruptcy proceedings of its holding company, higher finance costs relating to bank charges for the issuance of letters of credit and interest expense on bank borrowings, increase in professional fees incurred for evaluation of potential new business and travelling expenses as a result of increased business activities, partially offset by the reversal of an over-provision in staff costs.

The share of profits from associated companies was US$40.2 million for FY 2011 compared to US$37.6 million for FY 2010, an increase of 6.9%. SPIA contributed US$37.9 million for FY 2011, an increase of 5.9% compared to US$35.8 million for FY 2010, which was mainly due to higher gross profit on the back of higher refuelling volume. Share of profits from TSN-PEKCL was US$1.2 million for FY 2011 compared to US$1.0 million for FY 2010, an increase of 14.5% due to higher revenue from an increase in sales volume. Share of results in Xinyuan increased by 40.4% to US$1.1 million for FY 2011, mainly due to higher gross profit derived from increase in sales volume and rental of oil storage tanks.

Tax expense of US$2.5 million for FY 2011 was 150.9% higher than FY 2010, due to the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associated companies.

The Group turned in a creditable performance for FY 2011. Net profit for FY 2011 was US$63.4 million compared to US$54.7 million for FY 2010, an increase of US$8.7 million (15.9%), mainly due to higher gross profit and higher share of profits from associated companies. Earnings per share was 8.84 US cents for FY 2011 compared to 7.61 US cents for FY 2010.

The Group's financial position remains healthy. Total assets stood at US$1,194.3 milion as at 31 December 2011 compared to US$957.9 million as at 31 December 2010. Current assets increased by US$210.9 million to US$964.8 million due to an increase in (i) trade and other receivables; and (ii) cash and cash equivalents. Non-current assets increased US$25.4 million to US$229.5 million mainly attributable to the share of profits in associated companies.

Current liabilities, which comprise trade and other payables and bank borrowings, increased by US$178.8 million to US$786.6 million, mainly due to increases in supply and trading volume and oil prices.

The Group's net assets stood at US$401.3 million as at 31 December 2011, or 55.99 US cents per share, compared to US$345.2 million as at 31 December 2010 or 48.07 US cents per share. The increase was primarily due to an increase in retained earnings.

Cash and cash equivalents stood at US$88.1 million, an increase of US$30.1 million, which was mainly attributable to cash inflow of US$25.5 million from operating activities, cash inflow of US$19.1 million from investing activities less the cash outflow of US$14.8 million for financing activities.

Storage facilities of SPIA
浦东航油的储罐

2011年总销售收入累计为90.1亿美元，较去年同期的54.5亿美元，增加35.6亿美元，增长65.3%，主要是由于航油供应和贸易总量增加以及航油价格上升。2011年平均航油价格为125.45美元/桶，而上年同期为90.15美元/桶。

贸易活动收益增加以及来自中国的航油进口量增加，推动来自航油供应与油品贸易的毛利较2010年的2970万美元增长34.4%，达4000万美元。

2011年其他营业收入为220万美元，较2010年的60万美元增长246.2%，主要是由于2011年人民币及新元兑美元汇率增强而形成汇兑收益190万美元。2011年银行利息收入为30万美元，较2010年减少55.4%，主要是由于银行存款降低导致利息收入减少。

2011年总费用为1650万美元，较上年同期的1230万美元升高34.1%。总费用增加主要是由于：继曼氏金融的控股公司申请破产后的计提坏账准备，开取信用证费用、银行贷款利息费用增加导致财务费用增加，业务活动增加导致差旅费增加以及为评估潜在新业务所支出的专业费用增加；其中，冲回以前年度多提的人工成本抵消了部分的费用增加。

2011年对联营公司的投资收益为4020万美元，较2010年的3760万美元增加6.9%。其中来自对浦东航油的投资收益3790万美元，2010年同期为3580万美元，同比增长5.9%，主要因为航油加注量上升导致的毛利增加。

2011年管输公司的并账利润为120万美元，较2010年同期的100万美元增长14.5%，主要因为销售量增加引起的收入增加所致。 2011年对新源的投资收益增加40.4%至110万美元，主要因为销量增加引起的毛利增加以及油品储罐租赁收入增加。

2011年所得税费用为250万美元，同比增长150.9%，主要为联营公司可分配利润中向中国境外分红时代扣代缴税所确认的递延所得税负债。

本集团2011年表现良好，净利润为6340万美元，较2010年的5470万美元增加870万美元（15.9%），主要是由于毛利增长以及联营公司投资收益增加所致。2011年每股净收益为8.84美分，2010年为7.61美分。

本集团的财务状况保持稳健，截至2011年12月31日的总资产为11.9亿美元，截至2010年12月31日为9.6亿美元。流动资产增加2.1亿美元至9.6亿美元，主要来自于贸易应收款及其他应收款，以及现金和现金等价物余额的增加。联营公司投资收益增加，促使非流动资产增加2540万美元至2.3亿美元。

主要包括应付款、其他应付款以及银行借款的流动负债增加1.8亿美元至7.8亿美元，主要是由于供应与贸易量增加及油价上涨。

截至2011年12月31日，本集团的净资产为4.0亿美元，每股净资产为55.99美分。2010年底净资产为3.5亿美元，每股净资产为48.07美分。净资产增加主要是因为2011年累计未分配利润增加。

现金和现金等价物余额增加3010万美元至8810万美元，主要来源为：经营活动产生的净现金流入2550万美元；投资活动产生的净现金流入1910万美元；扣除财务活动产生的净现金流出1480万美元。

REVENUE 营业额

US$ 9,012.0m
+ 65.3%

GROSS PROFIT 毛利

US$ 40.0m
+ 34.4%

ASSOCIATED COMPANIES 联营公司

US$ 40.2m
+ 6.9%

NET PROFIT 净利润

US$ 63.4m
+ 15.9%

TOTAL ASSETS 总资产

US$ 1,194.3m
+ 24.7%

NET ASSETS 净资产

US$ 401.3m
+ 16.3%

CORPORATE SOCIAL RESPONSIBILITY
企业社会责任

STRENGTHENING OUR COMMITMENT TO THE SOCIETY

Following the implementation of our Corporate Social Responsibility ("CSR") programme in 2010, CAO employees continued to devote more time and effort towards contributing to our society, particularly in the areas of children, new immigrants and the environment, through partnerships with non-profit organisations and promoting environmentally-friendly practices to encourage socially responsible behavior amongst CAO employees.

Through our partnership with Beyond Social Services, we worked hand in hand with Healthy Start Child Development Centre ('HSCDC"), which is dedicated to offer help and provide quality childcare and pre-school education to less privilleged children from the neighbouring Bukit Merah and Redhill estates. Besides providing financial support, CAO volunteers participated in several activities such as hosting a Lunar New Year reception for the children and bringing the children from HSCDC on a field trip to the Jurong Bird Park where the children had fun learning about the avian world. CAO sponsored the HSCDC Awards Day, which was held to celebrate the children's academic achievements for the past year. CAO volunteers also assisted with logistical and coordination support for the Awards Day, such as venue setup and packing of food hampers.

CAO-Tian Fu Bursary Fund awards were given out to students from lower-income new immigrant families who have excelled in their studies. By committing to the educational needs of the needy and underprivileged in the Chinese migrant community, CAO aims to help the students and working adults to fulfill their academic and professional aspirations. CAO donated another S$30,000 to the CAO-Tian Fu Bursary Fund in February 2012. In 2012, besides disbursing the fund to children of new immigrant families in Singapore through the provision of education bursaries, we will also assist low-income new immigrants working in Singapore in their skills training to enhance employability.

As CAO expands its global footprint, we aim to use our resources and expertise to make a sustainable difference in the communities where we do business. Through a partnership with Tian Fu Association (Singapore), CAO volunteers travelled to Chengdu, China in October 2011 to contribute time, energy and skills to enhance the learning experience of the children of Chinese migrant workers and/or left-behind children at a Project Hope school. While there, our volunteers played basketball and other games with the children and introduced Singapore through an English Language lesson to foster cross-cultural awareness among the children. We also signed a MOU with the school to demonstrate our commitment to provide assistance to the school over the next five years, in the form of donations to improve the facilities of the school, bursaries and other appropriate forms of assistance.

The CAO Green Fund that was set up in 2010 with the Community Foundation of Singapore to support environmental sustainability projects continued to seek promising opportunities for our employees to contribute and make a difference in the communities where we live and work. Through this partnership, we have identified a student-initiated project, Project Green Paradise, run by Singapore Management University students, which aims to create and raise environmental consciousness in local communities. Mentoring the youth on project management and beautifying our surroundings will be one of many volunteering opportunities through which our employees will participate and apply our commitment to environmental sustainability.

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

(Top) Spending time with children of HSCDC at Jurong Bird Park and doing handicraft
（上图）与HSCDC的儿童同游裕廊飞禽公园及与HSCDC的儿童一起做手工

Cheque presentation ceremony for the CAO-Tian Fu Bursary Fund
CAO-天府会助学金支票捐赠仪式

Pledging our support to the Project Hope School in Sichuan, China
承诺资助中国四川省希望小学

Interacting with students at the Project Hope School
与希望小学学生互动

Bonding with children of HSCDC
与HSCDC的小朋友郊游

加大承诺，持续回馈

继2010年成功开展一系列企业社会责任活动之后，CAO的员工在2011年再接再厉，继续投身社会公益活动。公司尤其关注儿童、新移民和环保问题，通过与非营利机构合作，倡导环保并鼓励员工从自我做起，履行社会责任。

在与彼岸社会服务的合作中，我们积极支持“健康起点儿童发展中心”（简称“HSCDC”）的工作，帮助该中心为武吉美拉和红山区来自困难家庭的学前儿童提供保育和学前教育。除了提供经济支援之外，CAO的志愿者还亲自参与HSCDC的活动中，比如为小朋友举办春节活动、带领小朋友参观裕廊飞禽公园等。在飞禽公园的远足活动中，HSCDC的小朋友在游玩过程中也增长了对飞禽世界的知识。公司赞助了HSCDC的年终颁奖日，活动当天CAO的志愿者也参与了后勤工作，帮助布置场地和包装礼品，陪伴小朋友度过了愉快的一天。

公司还与天府会共同设立了CAO—天府会助学基金，资助来自低收入新移民家庭中成绩优异的学生。通过该基金，CAO为身处经济困难、有求学需求的中国移民伸出援手，帮助学生和在职人士一圆学业和事业的理想。CAO在2012年2月再次向该基金捐赠3万新元。在2012年，除了继续向新移民家庭中的儿童提供助学金外，我们还将支持新加坡在职移民接受职业培训、提升就业技能。

在CAO努力打造全球业务网络的过程中，我们也不忘为社区发展尽心尽力。通过与天府会的合作，CAO的志愿者们在2011年10月奔赴四川，为当地希望小学的农民工子弟和贫困家庭学生带来了新加坡朋友的关怀。我们的志愿者在那里与当地的学生一起进行了篮球和其他比赛，还在英语课上向他们介绍了新加坡的历史和民俗，为两地友好搭建了桥梁。CAO还与该学校签署谅解备忘录，承诺在今后五年通过捐赠物品、改善学校设施、提供助学金等方式为该小学提供援助。

CAO在2010年与新加坡社区基金携手成立环保基金，支持本地可持续性发展的环保项目，并号召员工参与其中，为社会做出贡献。通过与这一基金的合作，我们参与支持由新加坡管理大学学生发起的绿色天堂项目，该项目旨在提高居民的环保意识。我们的志愿者还将辅导青年学生进行项目管理、美化社区，真正履行我们对环保的诺言。

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("**Board**") and Management of China Aviation Oil (Singapore) Corporation Ltd ("**Company**") are committed to achieving the highest standards of corporate governance and in keeping with the Company's corporate philosophy of transparency and integrity. We strive to surpass the minimum requirements of openness, integrity and accountability prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the recommendations of the Code of Corporate Governance ("**2005 Code**").

With the view to preserving and growing shareholder value through strong and effective corporate governance, the Board has put in place a set of well-defined controls and processes.

This report primarily describes the Company's corporate governance practices for the financial year ended 31 December 2011 with specific reference to the 2005 Code.

(A) BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1

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

Commentary

The current Board comprises eight Non-Executive Directors and the Chief Executive Officer/Executive Director. All Independent Directors as well as those nominated by the two major shareholders, namely China National Aviation Fuel Group Corporation ("**CNAF**") and BP Investments Asia Limited ("**BP**"), were appointed on the strength of their expertise, experience and stature. The details, qualifications and major appointments of each Director are provided under the "Board of Directors" section of this Annual Report.

The Directors collectively consider and decide on issues of strategy, performance, resources and standard of conduct. They provide the Company with the core competencies, drive and direction for its businesses, so as to enhance long-term shareholder value.

The Board is in a unique position to implement new thinking, strategies and direction for the Company without being restrained by the past. As such, the Board has implemented many new internal controls and processes for the benefit of the Company.

Some of the businesses that the Board transacts include:

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

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

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

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

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

Matters that are specifically reserved for the Board's consideration and decision include, but are not limited to, corporate planning, material acquisitions and disposals of assets, corporate or financial restructuring, declaration of dividends and interested person transactions.

STATEMENT OF CORPORATE GOVERNANCE

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

Board meetings are held at least once a quarter, and as required by business imperatives, to review and approve the release of the quarterly and full-year results and to discuss reports by Management including significant acquisitions and divestments, approving the annual budget and reviewing performance of the Group's businesses. The Board met four times in 2011. When Directors cannot be physically present, telephonic attendance and conference via audio-visual communication at Board and Board committee meetings are allowed under the Company's Articles of Association. The number of meetings of the Board and Board Committees held in 2011, as well as the attendance of each Board member at these meetings, are disclosed below:

	Board Meetings	Board Committee Meetings			
		Audit	**Nominating**	**Remuneration**	**Risk Management**
Sun Li	4	N.A.	N.A.	N.A.	N.A.
Wang Kai Yuen	4	4	1	4	N.A.
Meng Fanqiu	4	N.A.	N.A.	N.A.	N.A.
Zhao Shousen	4	4	N.A.	N.A.	4
Liu Fuchun	4	4	1	4	N.A.
Timothy Bullock(1)	1	1	N.A.	N.A.	1
Alan Haywood(1)	3	3	N.A.	N.A.	3
Ang Swee Tian	4	4	1	4	4
Chen Liming	4	N.A.	1	4	N.A.
Luo Qun	3	N.A.	1	4	N.A.
Number of Meetings Held	**4**	**4**	**1**	**4**	**4**

Notes:

(1) Mr Alan Haywood was appointed as Non-Executive/Non-Independent Director, Chairman of the Risk Management Committee and a member of the Audit Committee on 24 February 2011 in place of Mr Timothy Bullock who resigned as a Director on 24 February 2011.

A formal letter is sent to newly appointed Directors upon their appointment explaining their duties and obligations as a Director as well as the governance policies and practices of the Group. Appropriate training is provided for all new Directors appointed to the Board as part of their orientation to ensure that they are familiar with the Company's businesses, operations, governance practices and regulatory requirements. Facility visits to our associated companies' premises are also arranged to enable newly appointed Directors to acquire an understanding of the Group's business operations.

To ensure that the Directors are competent in carrying out their roles and responsibilities, regular and on-going training is provided for the Directors. These include attendance of courses co-organised by the Singapore Exchange Limited and the Singapore Institute of Directors. Courses attended by some Directors included a luncheon presentation and panel discussion on the SGX's Reminder To Audit Committees on (I) Implementing proper controls to safeguard cash and other assets; and (II) Incorporating provisions in articles of association of key PRC subsidiaries to change legal representative.

All Directors are required to officially disclose their interests in the Company including any interested person transactions with the Company. All Directors practise good governance by updating the Company about changes to their interests in a timely manner.

STATEMENT OF CORPORATE GOVERNANCE

Board Composition and Balance

Principle 2

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

Commentary

The Nominating Committee determines on an annual basis whether or not a Director is independent, taking into consideration the 2005 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a director not to be independent. Of the nine members on the Board, six are nominated by substantial shareholders and are deemed as non-independent. The three Independent Directors namely, Dr Wang Kai Yuen, Mr Liu Fuchun and Mr Ang Swee Tian, constitute at least one-third of the Board. Currently, at least two Independent Directors are resident in Singapore. These two Independent Directors are Dr Wang Kai Yuen and Mr Ang Swee Tian. None of the nine Board members is related to one another.

Mr Liu Fuchun has been appointed as an Independent Director of a newly constituted Board of Directors of CNAF, for a term of two years commencing from 30 November 2011. The Nominating Committee (with Mr Liu Fuchun, the Chairman of the Nominating Committee, abstaining from review and determination) is of the view that other than his appointment as an Independent Director of CNAF, Mr Liu has no relationship with CNAF and its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment. Accordingly, the Nominating Committee has determined that Mr Liu remains an Independent Director of the Company.

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

Chairman and Chief Executive Officer

Principle 3

There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Commentary

The Chairman, with the assistance of the Deputy Chairman, is primarily responsible for overseeing the overall management and strategic development of the Company. With the assistance of the Company Secretary, schedules Board meetings and prepares meeting agendas as well as ensures that all procedures and good governance practices are complied with.

The Chairman, Mr Sun Li, is familiar with the business environment and the industry issues relevant to the Company in the People's Republic of China ("PRC"), having had extensive experience in the industry in the PRC since 1975. Mr Sun Li is also familiar with the corporate governance practices and procedures of listed company boards in Singapore.

The Deputy Chairman/Lead Independent Director of the Board, Dr Wang Kai Yuen has extensive experience as Director of public-listed companies in Singapore. He has good working relationships with the various regulators in Singapore.

The Chief Executive Officer of the Company, Mr Meng Fanqiu, executes the Board's decisions and is responsible for the day-to-day running of the Company's business, making operational decisions for the Company and implementing the Company's business, direction, strategies and policies.

STATEMENT OF CORPORATE GOVERNANCE

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

The Chairman and the Chief Executive Officer are not related to each other.

Board Membership

Principle 4

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

Commentary

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

Nominating Committee

Liu Fuchun	Chairman
Luo Qun	Vice Chairman
Wang Kai Yuen	Member
Chen Liming	Member
Ang Swee Tian	Member

Other than being an Independent Director of CNAF, Mr Liu Fuchun, the Chairman of the Nominating Committee is not associated with any substantial shareholder of the Company.

The responsibilities of the Nominating Committee include:

a) evaluation and nomination of suitable candidates or, as the case may be, re-nominate retiring Directors to the Board;

b) determination of each Board member's independence status on an annual basis; and

c) evaluation of the effectiveness of the Board as a whole and independently evaluate each Board member's performance and contribution to the Board.

CNAF and BP have agreed under a Shareholders' Agreement that each shall nominate four and two Directors respectively to the Board, out of a maximum nine Directors. The remaining three shall be Independent Directors.

Pursuant to Article 91, one-third of the members of the Board of Directors shall retire. For the AGM, Mr Sun Li, Mr Luo Qun and Mr Chen Liming are due for retirement and re-election. The Nominating Committee has recommended and the Board agreed that all retiring directors be nominated for re-election at the AGM.

STATEMENT OF CORPORATE GOVERNANCE

Board Performance

Principle 5

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

Commentary

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

The Nominating Committee completed a Board assessment and effectiveness questionnaire for 2011 and evaluated the Board's performance based on how the Board has enhanced the long-term shareholder value. The Nominating Committee is satisfied with the current composition and performance of the Board as a whole.

In its evaluation, the Nominating Committee considered the expertise and experience of each member, his attendance, participation and contributions to the Board both inside and outside of Board meetings. The Nominating Committee is satisfied with the performance of the Board and its members.

Access to Information

Princitple 6

In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

Commentary

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

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

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

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

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

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

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

(B) REMUNERATION MATTERS

Procedures for developing Remuneration Policies

Principle 7

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

Level and Mix of Remuneration

Principle 8

The level of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the company successfully but companies should avoid paying more for this purpose. A proportion of the remuneration, especially that of executive Directors, should be linked to performance.

Disclosure on Remuneration

Principle 9

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report.

Commentary

The Board adopted the recommendations of the 2005 Code and established a Remuneration Committee to consider and to make recommendations on remuneration matters for the Directors and senior executives of the Group. Apart from ensuring consistencies with good practices, the Remuneration Committee is also mindful of the need to ensure that the Company and the Group are able to attract and retain good Directors and senior executives to the business.

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

Remuneration Committee

Wang Kai Yuen	Chairman
Luo Qun	Vice Chairman
Liu Fuchun	Member
Chen Liming	Member
Ang Swee Tian	Member

The Remuneration Committee assists the Board and Management by assessing and making remuneration recommendations for the Executive Directors and senior executives of the Company. The Remuneration Committee also administers the performance bonus scheme and China Aviation Oil Share Option Scheme of the Company ("**CAO Share Option Scheme**"). The CAO Share Option Scheme expired on 9 November 2011.

Broadly, remuneration for the Executive Directors and senior executives for the financial year ended 31 December 2011 are based on the Company's and individual performances and the remuneration for Non-Executive Directors in the form of fees is based on responsibilities and memberships in the Board and its committees.

The remuneration of Directors for the financial year ended 31 December 2011, in bands of S$250,000 are set out below:

Remuneration Band & Name of Director	Fee	Base/fixed salary and allowance	Variable/ performance	Others	Share options/ Long Term incentives	Total
Above S$750,000 to S$1,000,00	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Meng Fanqiu	0	51	47	1	1	100
Above S$500,000 to S$750,000	–	–	–	–	–	–
Above S$250,000 to S$500,000	–	–	–	–	–	–
Below S$250,000	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Sun Li	81	0	0	15	4	100
Wang Kai Yuen	96	0	0	4	0	100
Zhao Shousen	90	0	0	7	3	100
Liu Fuchun	96	0	0	4	0	100
Timothy Bullock[(1)]	100	0	0	0	0	100
Alan Haywood[(2)]	92	0	0	8	0	100
Chen Liming	87	0	0	13	0	100
Ang Swee Tian	96	0	0	4	0	100
Luo Qun	85	0	0	12	3	100

Notes:

(1) Mr Timothy Bullock resigned as a Director on 24 February 2011. He concurrently relinquished his appointments as Chairman of Risk Management Committee and as a member of the Audit Committee.

(2) Mr Alan Haywood was appointed as Non-Executive/Non-Independent Director, Chairman of the Risk Management Committee and a member of the Audit Committee on 24 February 2011 in place of Mr Timothy Bullock.

The number of six key executives (who are not also Directors) for the financial year ended 31 December 2011 in remuneration bands is set out below:

Remuneration Bands	Number of Executives
Above S$500,000 to S$600,000	3
Above S$300,000 to S$500,000	3

For confidentiality reasons, the Company is not disclosing each individual executive's remuneration and their names.

There are no employees in the Group who are immediate family members of the Chairman or any of the Directors during the financial year ended 31 December 2011. "immediate family member" means the spouse, child, adopted child, step child, brother, sister and parent.

The remuneration of the Group's top six key executives takes into consideration the pay and employment conditions within the same industry and is performance related. The remuneration package of Directors and senior executive officers include the following:

Basic/fixed salary - The basic salary (inclusive of statutory employer contributions to Central Provident Fund) for each Executive Director or key management personnel is recommended by the Remuneration Committee, taking into account the performance of the individual for the financial year 2011, the inflation price index and information from independent sources on the pay scale for similar jobs in a selected group of comparable organisations.

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

Variable/Performance - The Group operates a bonus scheme for all employees including the Executive Director. The criteria for the bonus scheme are the level of profit achieved from certain aspects of the Group's business activities against targets, together with an assessment of the Company's and individual's performance during the year. The remuneration disclosed above for the Executive Director and the six key executives included the 2011 variable bonuses payable in relation to profit targets achieved for the Company's oil trading activities during the financial year 2011.

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

- Allowances include travel allowance.

Share Options - The Non-Executive Directors of the Company are eligible to participate in the CAO Share Option Scheme which was established since 9 November 2001. On 9 October 2011, the Company made its first and only grant of 5,860,000 share options to eligible participants of the CAO Share Option Scheme which did not include the Independent Directors of the Company. To maintain the internal equity between the Independent Directors and the other Directors of the Company, the Company enlisted the assistance of Hay Group to compute the option value with the purpose of converting the share options grant of 150,000 each to the other Directors into the cash equivalent value for the Independent Directors of the Company. ("Cash Value In Lieu of Options").

- To better align the interest of the Independent Directors who are not granted share options, Independent Directors are encouraged to acquire Shares of the Company each year from the open market to the extent of one-third of their Cash Value In Lieu of Options until they hold the equivalent of the Cash Value In Lieu of Options in Shares of the Company while they remain on the Board. The Cash Value In Lieu of Options to Independent Directors would be a one-off payment to be made to the Independent Directors for the financial year 2011.

Details on the CAO Share Option Scheme are disclosed in the Appendix to this report. The CAO Share Option Scheme expired on 9 November 2011.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10

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

Commentary

The Board, through the Audit Committee and the Group's external auditors KPMG LLP ("**KPMG**") and internal auditors, Grant Thornton Specialist Services Pte Ltd ("**Grant Thornton**"), scrutinises Management's conduct of the Company's and Group's business processes and financials. Each area of the Company and Group is audited on an ongoing basis to ensure that the Company and Group maintain good corporate practices and governance and financial integrity.

The Board, with the assistance of the Audit Committee, reviews all financial statements of the Company and Group. The Board is accountable to shareholders and always aims to present a balanced and understandable assessment of the Company's and Group's financial position and prospects to shareholders on a timely basis. The quarterly, half-year and full-year results are announced or issued within the mandatory period.

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

Audit Committee

Principle 11

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

Commentary

The Audit Committee comprises five members, all of whom are Non-Executive Directors and the majority, including its Chairperson, are Independent Directors:

Audit Committee

Ang Swee Tian	Chairman
Zhao Shousen	Vice-Chairman
Wang Kai Yuen	Member
Liu Fuchun	Member
Alan Haywood [1]	Member

Note:
(1) Mr Alan Haywood was appointed as a member of the Audit Committee on 24 February 2011 in place of Mr Timothy Bullock

The Audit Committee held four meetings in 2011 where it met with external and internal auditors to review both the Company and Group's financials and audit reports. A key issue for discussion is the financial statements and announcements made by the Company to shareholders. The members of the AC, collectively, have expertise or experience in financial management and are qualified to discharge the Audit Committee's responsibilities.

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

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

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

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

The Audit Committee monitors all interested person transactions, including transactions under the general mandate on Interested Person Transactions approved by shareholders at the Extraordinary General Meeting held in April 2011, and conflict of interest situations including transactions, procedures or actions taken which may raise issues about the Management's integrity.

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

The Audit Committee nominated KPMG for re-appointment as auditors of the Company at the AGM. The Audit Committee has also conducted an annual review of non-audit services and is satisfied that the nature and extent of such services provided by KPMG will not prejudice their independence and objectivity before confirming their re-nomination.

The Company has put in place a suitable whistle blowing policy and procedure, by which staff of the Company may, in confidence, raise concerns about possible improprieties regarding financial reporting or other matters.

Further, CAO has also put in place a Fraud Control Plan and an Enterprise Risk Management Framework and Process. The Fraud Control Plan comprises periodic fraud risk assessments on the Company. The Enterprise Risk Management Framework and Process ensures that the Company has a structured approach and framework to regularly assess its enterprise-wide risks. An Enterprise Risk Assessment has been conducted to identify and deliver an inventory of key risks for the Company and to develop a list of key risk indicators that can help the Company monitor its key risks.

(D) INTERNAL CONTROLS

Principle 12

The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Commentary

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

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

Risk Management Committee

Alan Haywood(1)	Chairman
Zhao Shousen	Member
Ang Swee Tian	Member

Note:
(1) Mr Alan Haywood was appointed as Chairman of the Risk Management Committee on 24 February 2011in place of Mr Timothy Bullock.

The Risk Management Committee is responsible for assessing and making recommendations to the Board concerning how to manage the Company's and the Group's business risks. The Head of the Risk Management Department reports directly to the Risk Management Committee. The Risk Management Committee has reviewed the Risk Management Manual by which the Company identifies and manages business risks.

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

In addition to the Risk Management Manual, the Board has also developed the Financial Management Manual. These two manuals are strict guidelines which the Management and all staff of the Company and the Group must comply with.

Corporate Policy on Anti-Money Laundering Measures, including the appointment of an Anti-Money Laundering Compliance Officer, together with other trading related policies such as Out-of-Office Dealing policy, Telephone Taping/Instant Messaging/Mobile Phone policy and Deal Entry policy have been adopted by the Risk Management Committee.

The internal audit function, as discussed under Principle 13, assists the Audit Committee and the Board in evaluating internal controls, financial and accounting matters, compliance and business and financial risk management. The Audit Committee's responsibilities in the Group's internal controls are complemented by the work of the in-house Legal Counsels.

Having considered the financial statements audit carried out by the external auditor, the internal controls in place in CAO and the reviews carried out by the internal auditor as well as the Audit Committee and Risk Management Committee, the Board opines that CAO's framework of internal controls is adequate to provide satisfactory assurance on the integrity and effectiveness of CAO in safeguarding its assets and shareholders' interests. We believe CAO's framework serves to provide reasonable assurance against material misstatement, misrepresentation or loss.

Internal Audit

Principle 13

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

Commentary

Both the Board and the Audit Committee agree that it is important to have a strong professional internal audit function to enhance their ability to manage risk and safeguard shareholders' interest.

The Audit Committee thus appointed Grant Thornton as the Company's independent internal auditor. The internal auditors review the Company's processes and procedures on a continual basis to ensure compliance with the best corporate governance practices. It also reviews interested person transactions. The Audit Committee is satisfied that Grant Thornton has the adequate resources to perform its functions and has appropriate standing within the Company.

Grant Thornton had presented their internal audit plan 2011 to the Audit Committee. The Audit Committee adopted the proposed audit plan.

(E) COMMUNICATION WITH SHAREHOLDERS

Principle 14

Companies should engage in regular, effective and fair communication with shareholders.

Commentary

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

Principle 15

Companies should encourage greater shareholder participation at Annual General Meetings and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Commentary

The Company's Articles of Association allows a shareholder to appoint up to two proxies to attend and vote in his/her place at general meetings. While the Company does not have a specific limit in the Articles of Association on the number of proxy votes for nominee companies, there is a limit for the number of proxies. This is to prevent the creation of separate classes of rights in shareholders. Moreover, on a show of hands, only one vote is counted, under the current law.

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

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

The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon their requests.

DEALINGS IN THE COMPANY'S SECURITIES

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

INTERESTED PERSON TRANSACTIONS

Shareholders have approved the renewal of the general mandate for interested person transactions of the Group on 28 April 2011 ("IPT Mandate"). The IPT Mandate sets out the levels and procedures to obtain approval for such transactions. Information regarding the IPT Mandate is available on the Company's website at www.caosco.com. All business units are required to be familiar with the IPT Mandate and report any such transactions to the Finance Department. The Finance Department keeps a register of the Group's interested person transactions. Information on interested person transactions for 2011 is found under "Supplementary Information" on page 107.

REVIEW OF SYSTEM OF INTERNAL CONTROLS

As part of the Company's ongoing process of ensuring effectiveness of its system of internal controls, the Board decided that the established system of internal controls of the Company be subject to review by an independent external reviewer with appropriate experience in corporate governance and risk management processes on a biennial basis.

Following a review of the Company's established system of internal controls ("**Review of System of Internal Controls**") undertaken by BDO Consultants Pte Ltd ("**BDO Consultants**") in late 2010 ("**2010 Review**"), the Company engaged BDO Consultants to undertake a follow-up review on the implementation status of issues arising from its 2010 Review. Upon completion of its follow-up review in late 2011, BDO concluded that nothing had come to their attention that the internal controls of the processes reviewed were not satisfactory or operating as intended.

Appendix

(1) Details of the CAO Share Option Scheme

CAO Share Option Scheme was approved by shareholders at an extraordinary general meeting of the Company held on 9 November 2001 which allows share options to be granted to full-time confirmed employees and Directors (including Non-Executive Directors) of the Group. Full-time confirmed employees and directors (excluding non-executive Directors) of the parent company and its subsidiaries ("**Parent Group Executives/Directors**") are also eligible to participate in the Share Option Scheme if, in the opinion of the Remuneration Committee, such persons have contributed or will contribute to the success of the Company. Persons who are controlling shareholders of the Group or their associates are not eligible to participate in the Share Option Scheme.

The aggregate number of ordinary shares in the capital of the Company ("**Shares**") over which the Remuneration Committee may grant options on any date, when added to the number of Shares issued and issuable in respect of all options granted under the Share Option 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 an 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 Offer Date of the Option, as determined by reference to the website of the 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 local English newspapers, the Business Times or other publication published by the SGX-ST for the 5 consecutive trading days immediately preceding the Offer Date of that 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 Options under this Scheme at a discount not exceeding the maximum discount as aforesaid in a separate resolution,

Provided always that the Remuneration Committee shall have the discretion to revise the Exercise Price for each Share in respect of which an 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.

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 Offer Letter, 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 and Parent Company Executives/Directors) (collectively referred to as "**Executive Options**"); and before the fifth anniversary of the relevant offer date, in the case of non-Executive Options, or such earlier date as may be determined by the Remuneration Committee.

Options granted with the exercise price set at a 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 option, provided always that options shall be exercised before the tenth anniversary of the relevant offer date in the case of Executive Options or the fifth anniversary of the relevant offer date in the case of non-Executive Options, or such earlier date as may be determined by the Remuneration Committee.

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

(2) Charter of Lead Independent Director

China Aviation Oil (Singapore) Corporation Ltd (the "**Company**") shall have a Lead Independent Director who shall be an independent director as defined under the Code of Corporate Governance 2005 ("**2005 Code**").

Purpose

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

Duties and Responsibilities

In addition to the duties of Board members as set forth in the 2005 Code, the specific duties and responsibilities of the Lead Independent Director shall be as follows:

Function as Principal Liaison with the Chairman and Senior Management

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

Call Meetings of Independent Directors

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

Preside at Meetings

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

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

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

Initiate Actions to Address any Concerns on Corporate Compliance Matters

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

Function as Principal Liaison in Shareholder Communication

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

FINANCIAL STATEMENTS

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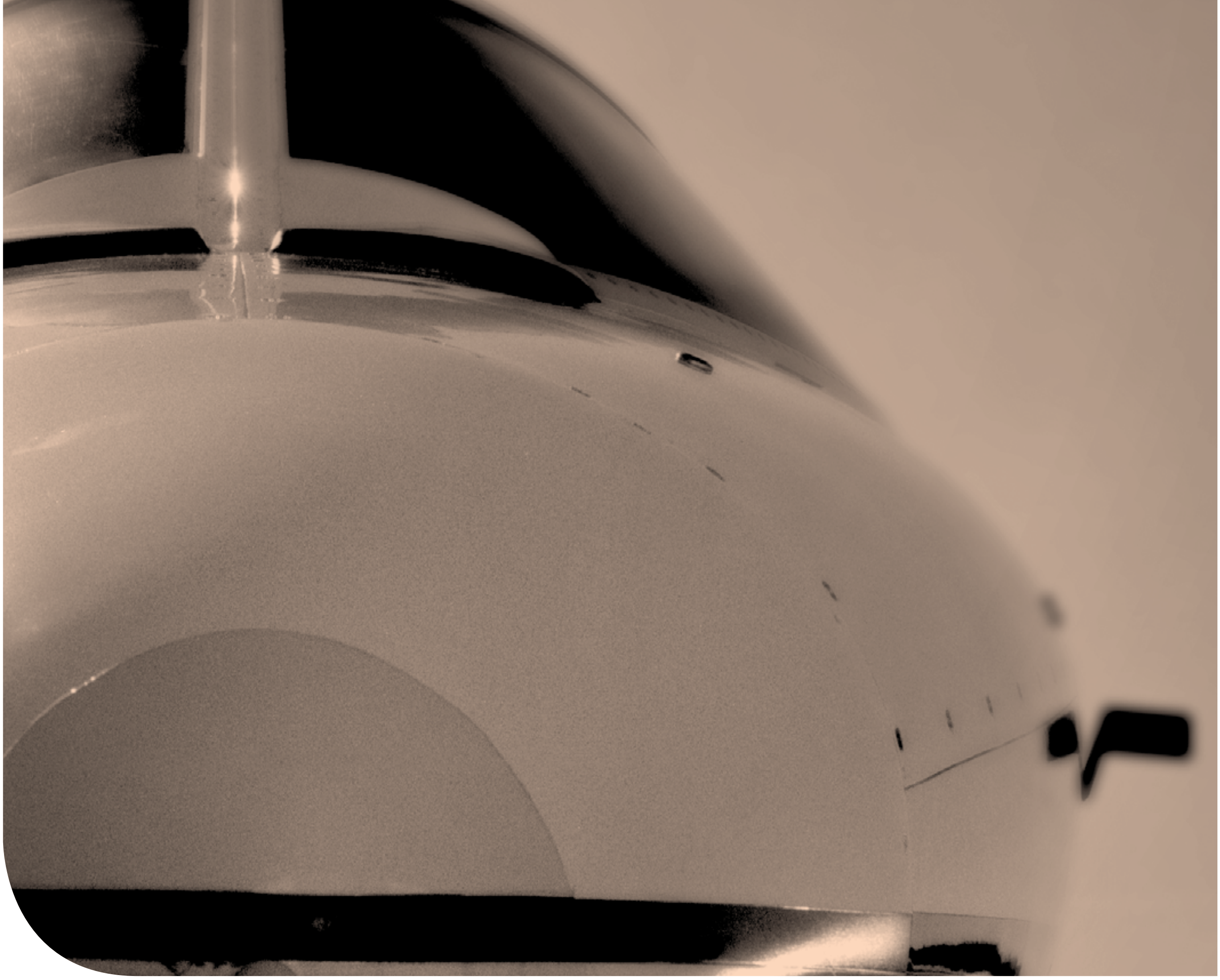


DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2011.

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	
Liu Fuchun	
Luo Qun	
Zhao Shousen	

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, date of appointment if later, 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 2011	At 31 December 2011	At 1 January 2011	At 31 December 2011
The Company				
Sun Li				
– Options to subscribe for ordinary shares at:				
– S$0.91 per share from 10 October 2013 to 9 October 2016	–	300,000	–	–
Wang Kai Yuen				
– Ordinary shares	–	–	100,000[(1)]	100,000[(1)]
Meng Fanqiu				
– Options to subscribe for ordinary shares at:				
– S$0.91 per share from 10 October 2013 to 9 October 2021	–	498,000	–	–
Luo Qun				
– Options to subscribe for ordinary shares at:				
– S$0.91 per share from 10 October 2013 to 9 October 2016	–	150,000	–	–
Zhao Shousen				
– Options to subscribe for ordinary shares at:				
– S$0.91 per share from 10 October 2013 to 9 October 2016	–	150,000	–	–

(1) Held by Wang Kai Yuen's spouse.

DIRECTORS' INTEREST (CONT'D)

The Directors' interest in the ordinary shares of the Company as at 21 January 2012 were the same as those as at 31 December 2011.

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 financial statements, neither at the end of, nor at any time during the 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 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, Liu Fuchun 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 ("Shares") are granted to full-time confirmed employees and Directors (including Non-Executive Directors) of the Group.

– The aggregate number of ordinary shares in the capital of the Company (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 ("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.

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.

SHARE OPTIONS (CONT'D)

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 9 October 2011	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2011	Number of options holders at 31 December 2011	Exercise period
9 October 2011	S$0.91	5,260,000	–	–	5,260,000	49	10 October 2013 to 9 October 2021
9 October 2011	S$0.91	600,000	–	–	600,000	3	10 October 2013 to 9 October 2016
		5,860,000	–	–	5,860,000		

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 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 2011	Aggregate options granted since commencement of Scheme as at 31 December 2011	Aggregate options exercised since commencement of Scheme as at 31 December 2011	Aggregate options outstanding as at 31 December 2011
Sun Li	300,000	300,000	–	300,000
Meng Fanqiu	498,000	498,000	–	498,000
Zhao Shousen	150,000	150,000	–	150,000
Luo Qun	150,000	150,000	–	150,000

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.

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.

SHARE REPURCHASES

For the period ended 30 April 2011, the Company purchased 1,332,000 of its own shares by way of market acquisition pursuant to the authority given to the directors under the Share Purchase Mandate approved by the shareholders at the Extraordinary General Meeting of the Company held on 18 September 2009. The Share Purchase Mandate was last renewed at the Extraordinary General Meeting of the Company held on 28 April 2011.

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
- Liu Fuchun, 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 Code of Corporate Governance.

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

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

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

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

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

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Wang Kai Yuen
Deputy Chairman

Meng Fanqiu
Chief Executive Officer/Executive Director

14 March 2012

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 66 to 106 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Wang Kai Yuen
Deputy Chairman

Meng Fanqiu
Chief Executive Officer/Executive Director

14 March 2012

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 subsidiary (the Group), which comprise the statement of financial position of the Group and the Company as at 31 December 2011, the income statement, 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 note, as set out on pages 66 to 106.

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 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date.

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
Certified Public Accountants

Singapore
14 March 2012

STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	Group 2011 US$'000	Group 2010 US$'000 Restated	Company 2011 US$'000	Company 2010 US$'000 Restated
Non-current assets					
Property, plant and equipment	4	8,568	8,777	8,568	8,777
Intangible assets	5	243	104	243	104
Subsidiary	6	–	–	–	–
Associates	7	216,686	191,175	81,236	81,236
Deferred tax assets	8	3,980	3,980	3,980	3,980
		229,477	204,036	94,027	94,097
Current assets					
Inventories	9	38,213	154,230	38,213	154,230
Trade and other receivables	10	838,506	541,642	838,506	541,642
Cash and cash equivalents	11	88,065	57,988	88,063	57,980
		964,784	753,860	964,782	753,852
Total assets		1,194,261	957,896	1,058,809	847,949
Equity attributable to owners of the parent					
Share capital	12	215,573	215,573	215,573	215,573
Reserves	13	185,762	129,658	56,597	24,574
Total equity		401,335	345,231	272,170	240,147
Non-current liabilities					
Deferred tax liabilities	8	6,282	4,858	–	–
Current liabilities					
Trade and other payables	14	756,644	577,283	756,639	577,278
Loans and borrowings	15	30,000	30,524	30,000	30,524
		786,644	607,807	786,639	607,802
Total liabilities		792,926	612,665	786,639	607,802
Total equity and liabilities		1,194,261	957,896	1,058,809	847,949

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2011

	Note	2011 US$'000	2010 US$'000
Revenue	18	9,011,978	5,452,639
Cost of sales		(8,972,012)	(5,422,905)
Gross profit		39,966	29,734
Other income	19	2,209	638
Administrative expenses		(7,598)	(9,456)
Other operating expenses		(6,132)	(1,475)
Results from operating activities		28,445	19,441
Finance costs	20	(2,757)	(1,371)
Share of profits of associates (net of income tax)		40,232	37,643
Profit before income tax		65,920	55,713
Income tax expense	21	(2,519)	(1,004)
Profit for the year	19	63,401	54,709
Attributable to:			
Owners of the Company		63,401	54,709
Earnings per share:			
Basic earnings per share (cents)	22	8.84	7.61
Diluted earnings per share (cents)	22	8.83	7.61

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	2011 US$'000	2010 US$'000
Profit for the year	63,401	54,709
Other comprehensive income		
Translation differences relating to financial statements of foreign associates	5,837	5,128
Other comprehensive income for the year, net of income tax	5,837	5,128
Total comprehensive income for the year	69,238	59,837
Attributable to:		
Owners of the Company	69,238	59,837

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Note	Share capital US$'000	Foreign currency translation reserve US$'000	Statutory reserve US$'000	Reserve for own shares US$'000	Share option reserve US$'000	Accumulated profits US$'000	Total equity US$'000
At 1 January 2010		215,573	12,175	7,377	(721)	–	75,331	309,735
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	54,709	54,709
Other comprehensive income								
Translation differences relating to financial statements of foreign associates		–	5,128	–	–	–	–	5,128
Total other comprehensive income		–	5,128	–	–	–	–	5,128
Total comprehensive income for the year		–	5,128	–	–	–	54,709	59,837
Contributions by and distributions to owners								
Share of associates' accumulated profits transferred to statutory reserve		–	–	449	–	–	(449)	–
Own shares acquired		–	–	–	(3,185)	–	–	(3,185)
Dividends to equity holders	13	–	–	–	–	–	(21,156)	(21,156)
Total transactions with owners		–	–	449	(3,185)	–	(21,605)	(24,341)
At 31 December 2010		215,573	17,303	7,826	(3,906)	–	108,435	345,231

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Note	Share capital US$'000	Foreign currency translation reserve US$'000	Statutory reserve US$'000	Reserve for own shares US$'000	Share option reserve US$'000	Accumulated profits US$'000	Total equity US$'000
At 1 January 2011		215,573	17,303	7,826	(3,906)	–	108,435	345,231
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	63,401	63,401
Other comprehensive income								
Translation differences relating to financial statements of foreign associates		–	5,837	–	–	–	–	5,837
Total other comprehensive income		–	5,837	–	–	–	–	5,837
Total comprehensive income for the year		–	5,837	–	–	–	63,401	69,238
Contributions by and distributions to owners								
Share of associates' accumulated profits transferred to statutory reserve		–	–	340	–	–	(340)	–
Own shares acquired		–	–	–	(1,576)	–	–	(1,576)
Dividends to equity holders	13	–	–	–	–	–	(11,612)	(11,612)
Share-based payment transactions		–	–	–	–	54	–	54
Total transactions with owners		–	–	340	(1,576)	54	(11,952)	(13,134)
At 31 December 2011		215,573	23,140	8,166	(5,482)	54	159,884	401,335

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	2011 US$'000	2010 US$'000 Restated
Cash flows from operating activities		
Profit for the year	63,401	54,709
Adjustments for:		
Depreciation of property, plant and equipment	564	359
Amortisation of intangible assets	52	89
Gain on sale of property, plant and equipment	–	(33)
Property, plant and equipment written off	–	24
Allowance for impairment loss on doubtful debts	4,276	–
Share-based payment	54	–
Share of profits of associates (net of tax)	(40,232)	(37,643)
Income tax expense	2,519	1,004
Interest income	(270)	(605)
Interest expense	1,080	–
Unrealised exchange differences	(228)	(38)
	31,216	17,866
Change in inventories	116,017	(116,624)
Change in trade and other receivables	(296,393)	(161,561)
Change in trade and other payables	175,757	128,141
Cash generated from/(used in) operating activities	26,597	(132,178)
Income tax paid	(1,095)	(111)
Net cash from/(used in) operating activities	25,502	(132,289)
Cash flows from investing activities		
Proceed from disposal of property, plant and equipment	–	85
Interest received	269	637
Acquisition of property, plant and equipment	(410)	(1,000)
Acquisition of intangible assets	(191)	(93)
Deposit for acquisition of associate	(1,505)	–
Dividends from associate	20,969	2,235
Net cash from investing activities	19,132	1,864
Cash flows from financing activities		
Interest paid	(1,073)	–
Proceeds from loans and borrowings	508,887	30,524
Repayment of loans and borrowings	(509,411)	–
Repurchase of own shares	(1,576)	(3,185)
Dividends paid	(11,612)	(21,156)
Net cash (used in)/from financing activities	(14,785)	6,183
Net increase/(decrease) in cash and cash equivalents	29,849	(124,242)
Cash and cash equivalents at 1 January	57,988	182,192
Effect of exchange rate fluctuations on cash held	228	38
Cash and cash equivalents at 31 December	88,065	57,988

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 March 2012.

1 DOMICILE AND ACTIVITIES

China Aviation Oil (Singapore) Corporation Ltd (the "Company") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 8 Temasek Boulevard, #31-02 Suntec Tower Three, Singapore 038988.

The financial statements of the Company as at and for the year ended 31 December 2011 comprise the Company, its subsidiary and the Group's interests in associates (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Company are those relating to trading in aviation oil and petroleum products, and investment holding.

The principal activity of the subsidiary is set out in note 6 below.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and in arriving at estimates with a significant risk of resulting in a material adjustment in the following year are discussed in note 28.

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies

Identification of related party relationships and related party disclosures

From 1 January 2011, the Group has applied the revised FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) did not result in additional parties being identified as related to the Group.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) has no impact on earnings per share.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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

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

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

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

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investment in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income it earns from the joint operation.

Transactions eliminated on consolidation

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

Accounting for subsidiary and associates

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

3.2 Foreign currencies

Foreign currency transactions

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currencies (Cont'd)

Foreign operations

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

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

3.3 Property, plant and equipment

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

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

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

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

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

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

	Current period	Comparative period
Leasehold properties	50 years	50 years
Motor vehicles	8 years	10 years
Furniture and fittings	8 years	5 years
Office equipment	4-8 years	5 years
Renovations	5 years	5 years
Computers	4-5 years	3 years

During the year, the Group reviewed the useful lives of each category of property, plant and equipment and revised the useful lives of the respective categories of property, plant and equipment in order to better reflect their expected rate of utilisation. The effect of the revision in useful lives resulted in an increase in depreciation expense of US$80,000 in the current year.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Intangible assets

Goodwill

Goodwill represents the excess of:

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

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

Other intangible assets

Other intangible assets that are acquired by the Group, and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Other intangible assets are amortised in profit or loss on a straight-line basis over the estimated useful lives of 3 years, from the date on which they are available for use.

3.5 Financial instruments

Non-derivative financial instruments

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Company has the following non-derivative financial assets: loans and receivables, and cash and cash equivalents.

Loans and receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with original maturities of three months or less. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (Cont'd)

Non-derivative financial liabilities

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

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

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

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

Derivative financial instruments

The Group holds oil commodity derivatives that are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. These derivative financial instruments are not designated in a hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

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

When share capital recognised as equity is repurchased, the amount of the consideration paid which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

3.6 Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (Cont'd)

Financial assets (including receivables) (Cont'd)

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amounts of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would be determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.7 Inventories

Inventories held for trading purposes are stated at fair value less costs to sell and any changes in fair value less costs to sell are recognised in profit or loss in the period of change.

Inventories held by associates, for sale to customers, are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average basis and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.10 Revenue recognition

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Trading of paper swaps

Gains or losses on oil commodity derivatives which are classified as held for trading purposes are recognised in profit or loss on a net basis.

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Dividend income

Dividend income is recognised on the date that the Group's right to receive payment is established.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.12 Finance costs

Finance costs comprise bank charges and interest expenses on loan and borrowings. Interest expenses are recognised in profit or loss using the effective interest method.

3.13 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Company believes that certain positions may not be fully sustained upon review by tax authorities, despite the Company's belief that its tax return positions are supportable. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.14 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to directors and employees.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Segment total assets are the total assets utilised by the respective operating segment in its operations.

3.16 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except for the amendments to FRS 107 Financial Instruments: Disclosures – Transfers of Financial Assets which will become mandatory for the Group and the Company's financial statements for 2012. The adoption of these amendments would result in additional disclosures in the financial statements with respect to transferred financial assets that are not derecognised in their entirety, and transferred financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The adoption of these amendments would only affect the disclosures made in the financial statements. There will be no effect on the results and financial position of the Group and the Company. The Group does not plan to adopt these amendments early.

4 PROPERTY, PLANT AND EQUIPMENT

Group and Company	Leasehold properties US$'000	Motor vehicles US$'000	Furniture and fittings US$'000	Office equipment US$'000	Renovations US$'000	Computers US$'000	Total US$'000
Cost							
At 1 January 2010	9,205	216	69	177	647	350	10,664
Additions	–	232	13	77	759	70	1,151
Disposals	–	(216)	(61)	(25)	(549)	(43)	(894)
At 31 December 2010	9,205	232	21	229	857	377	10,921
Additions	–	–	–	88	–	267	355
At 31 December 2011	9,205	232	21	317	857	644	11,276
Accumulated depreciation							
At 1 January 2010	1,484	162	66	140	538	213	2,603
Depreciation for the year	184	23	1	12	49	90	359
Disposals	–	(162)	(60)	(25)	(528)	(43)	(818)
At 31 December 2010	1,668	23	7	127	59	260	2,144
Depreciation for the year	272	25	3	26	168	70	564
At 31 December 2011	1,940	48	10	153	227	330	2,708
Carrying amounts							
At 1 January 2010	7,721	54	3	37	109	137	8,061
At 31 December 2010	7,537	209	14	102	798	117	8,777
At 31 December 2011	7,265	184	11	164	630	314	8,568

The following are properties held by the Group and Company:

Location	Description/ Uses of property	Land area/ Built-up area (square meters)	Leasehold term
8 Temasek Boulevard #31-01 Suntec Tower Three Singapore 038988	Office	324	99 years from 1 March 1989
8 Temasek Boulevard #31-02 Suntec Tower Three Singapore 038988	Office	440	99 years from 1 March 1989

5 INTANGIBLE ASSETS

Group and Company	US$'000
Cost	
At 1 January 2010	363
Additions	93
At 31 December 2010	456
Additions	191
At 31 December 2011	647
Accumulated amortisation	
At 1 January 2010	263
Amortisation for the year	89
At 31 December 2010	352
Amortisation for the year	52
At 31 December 2011	404
Carrying amounts	
At 1 January 2010	100
At 31 December 2010	104
At 31 December 2011	243

The intangible assets of the Group and the Company comprise purchased software systems.

6 SUBSIDIARY

	Company 2011 US$'000	Company 2010 US$'000
Unquoted equity investment, at cost	–	–

Details of the subsidiary are as follows:

Name of subsidiary	Country of incorporation	Ownership 2011 %	Ownership 2010 %
CAOT Pte Ltd [(1)] (CAOT)	Singapore	100	100

(1) Audited by KPMG LLP, Singapore.

As of 31 December 2011, no activities were carried out by CAOT.

The above subsidiary is not considered a significant subsidiary of the Group. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profit accounts for 20% or more of the Group's consolidated pre-tax profit.

7 ASSOCIATES

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Investments in associates	216,686	191,175	82,625	82,625
Impairment losses	–	–	(1,389)	(1,389)
	216,686	191,175	81,236	81,236

In 2011, dividends declared by associates amounted to US$20,558,177 (2010: US$2,531,695) of which US$20,558,177 (2010: US$2,235,295) was received during the financial year.

Details of the associates are as follows:

Name of associate	Country of incorporation	Ownership 2011 %	Ownership 2010 %
# Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (SPIA)	People's Republic of China	33	33
@ China Aviation Oil Xinyuan Petrochemicals Co. Ltd (Xinyuan)	People's Republic of China	39	39
@ China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd (TSN-PEKCL)	People's Republic of China	49	49

Audited by Crowe Horwath China Certified Public Accountants, LLP Shanghai Branch, a member of the Chinese Institute of Certified Public Accountants, for statutory audit purposes. Audited by a member firm of KPMG International for consolidation purpose.

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

Summary financial information of associates not adjusted for the percentage ownership held by the Group are as follows:

	2011 US$'000	2010 US$'000
Assets and liabilities		
Non-current assets	88,110	95,269
Current assets	781,666	629,825
Total assets	869,776	725,094
Current and total liabilities	(390,159)	(326,036)
Results		
Revenue	3,544,846	2,333,165
Expenses	(3,421,118)	(2,216,985)
Profit after taxation	123,728	116,180
Group's share of associates' contingent liabilities (refer to Note 25)	18,365	17,556

8 DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Deferred tax asset				
Tax losses carry-forward	3,980	3,980	3,980	3,980
Deferred tax liabilities				
Investments in associates	(6,282)	(4,858)	–	–

Movements in temporary differences during the year are as follows:

	At 1 January 2010 US$'000	Recognised in profit or loss US$'000	At 31 December 2010 US$'000	Recognised in profit or loss US$'000	At 31 December 2010 US$'000
Group					
Investments in associates	–	4,858	4,858	1,424	6,282
Tax losses carry-forward	–	(3,980)	(3,980)	–	(3,980)
	–	878	878	1,424	2,302
Company					
Tax losses carry-forward	–	(3,980)	(3,980)	–	(3,980)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Other temporary differences	488	168	488	168
Tax losses carry-forward	215,345	240,678	215,345	240,678
	215,833	240,846	215,833	240,846

The tax losses carry-forward relate to losses arising from prior years during which the Company was granted concessionary rate of tax under the Global Trader Programme (GTP). In accordance with Section 37B of the Income Tax Act, the utilisation of these tax losses is adjusted after considering the tax rate applicable for the Company's chargeable income prior to set-off.

Tax losses and other temporary differences do not expire under current tax legislations. Deferred tax assets have not been recognised in respect of these items due to the uncertainty of the availability of future taxable profit against which the Group can utilise the benefits therefrom.

9 INVENTORIES

	Group and Company	
	2011	2010
	US$'000	US$'000
Trading inventories at fair value less costs to sell	38,213	154,230

In the current year, trading inventories recognised in cost of sales amounted to US$8,758,477,000 (2010: US$5,343,835,000) for the Group and the Company.

10 TRADE AND OTHER RECEIVABLES

	Group and Company	
	2011	2010
	US$'000	US$'000
		Restated
Trade receivables	296,066	160,285
Other receivables	3,416	1,085
Deposits	18,776	9,035
Amounts due from:		
- immediate and ultimate holding company (non-trade)	–	193
- associate (non-trade)	–	282
- related corporations (trade)	344,927	273,104
- related corporation of a corporate shareholder (trade)	161,865	85,427
	506,792	359,006
Total receivables	825,050	529,411
Less: Allowance for impairment loss on doubtful debts	(4,276)	–
	820,774	529,411
Derivatives financial assets-oil commodity derivatives	15,516	12,058
Loans and receivables	836,290	541,469
Prepayments	2,216	173
	838,506	541,642

Transactions with related parties are unsecured and priced on terms agreed between the parties. There is no allowance for impairment loss arising from the outstanding balances.

The non-trade amounts due from the immediate and ultimate holding company, and an associate were unsecured and interest-free, and were repaid during the financial year.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trade receivables are due mainly from customers in the jet fuel industry, which are pre-dominantly located in the People's Republic of China.

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 17.

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Cash at bank and in hand	26,154	5,875	26,152	5,867
Deposits with financial institutions	61,911	52,113	61,911	52,113
Cash and cash equivalents in the statement of cash flows	88,065	57,988	88,063	57,980

The weighted average effective interest rates per annum relating to deposits with financial institutions at the balance sheet date are as disclosed below (Interest rates reprice at intervals of one, three or six months):

	2011		2010	
	Interest rate %	Carrying amount US$'000	Interest rate %	Carrying amount US$'000
Group and Company				
US$ deposits	0.09	58,731	0.25	49,962
RMB deposits	2.70	3,180	1.60	2,151
		61,911		52,113

The Group and the Company's exposure to foreign currency risk and interest rate risk are disclosed in note 17.

12 SHARE CAPITAL

	Company	
	2011 Number of shares ('000)	2010 Number of shares ('000)
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December	722,821	722,821

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Company defines capital as share capital and reserves. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends declared to ordinary shareholders.

From time to time, the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily, the shares are intended to be used for issuing shares under the Group's share option programme. The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for the shares is determined by the Directors or such authorised personnel as appointed by the Board of Directors for the purposes of effecting purchases or acquisitions of shares by the Company under the Share Purchase Mandate.

There were no changes in the Group's approach to capital management during the year. The Company and its subsidiary are not subject to externally imposed capital requirements.

13 RESERVES

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Foreign currency translation reserve	23,140	17,303	–	–
Statutory reserve	8,166	7,826	–	–
Reserve for own shares	(5,482)	(3,906)	(5,482)	(3,906)
Share option reserve	54	–	54	–
Accumulated profits	159,884	108,435	62,025	28,480
	185,762	129,658	56,597	24,574

(a) The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

(b) The associates of the Group established in the People's Republic of China ("PRC") follow the accounting principles and relevant financial regulations of the PRC applicable to enterprises established in the PRC (PRC GAAP) in the preparation of the accounting records and its financial statements. Pursuant to accounting regulations for foreign-invested PRC enterprises and the PRC Company Law, the associates are required to appropriate 10% of the profit arrived at in accordance with PRC GAAP for each year to a statutory reserve. The profit arrived at must be used to set off against any accumulated losses. The appropriation to statutory reserve, after offsetting against any accumulated losses, must be made before the distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends. During the current financial year, SPIA did not appropriate any profit to the statutory reserve as the statutory reserve of SPIA has reached 50% of its registered capital.

(c) The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2011, the Group held 6,000,000 (2010: 4,668,000) of the Company's shares.

(d) The share option reserve comprise the cumulative value of services received from directors and employees for the issue of the share options.

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

	Group and Company	
	2011 US$'000	2010 US$'000
Final exempt dividends paid in respect of the previous financial year of S$0.02 (2010: S$0.02) per share	11,612	10,184
Interim exempt dividends paid in respect of the current financial year of S$ Nil (2010: S$0.02) per share	–	10,972
	11,612	21,156

(f) The Directors have proposed a final (one-tier tax exempt) ordinary dividend of S$0.02 (2010: S$0.02) per share, amounting to US$11,039,000 (2010: US$10,184,000). The dividends have not been provided for.

14 TRADE AND OTHER PAYABLES

	Group 2011 US$'000	Group 2010 US$'000 Restated	Company 2011 US$'000	Company 2010 US$'000 Restated
Trade payables	520,360	466,668	520,360	466,668
Accrued operating expenses	13,288	14,592	13,283	14,587
Other payables	196	1,785	196	1,785
Amount due to:				
- immediate and ultimate holding company (non-trade)	52	–	52	–
- related corporation of a corporate shareholder (trade)	205,894	79,296	205,894	79,296
Derivatives financial liabilities – oil commodity derivatives	16,854	14,942	16,854	14,942
	756,644	577,283	756,639	577,278

Amount due to immediate and ultimate holding company is unsecured, interest-free, and is repayable on demand.

The Group and the Company's exposures to foreign currency risk are described in note 17.

15 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 17.

	Group and Company 2011 US$'000	Group and Company 2010 US$'000
Current liabilities		
Trust receipts – unsecured	–	30,524
Short-term loan – unsecured	30,000	–
	30,000	30,524

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	Face value U$'000	Carrying amount U$'000
2011					
Short-term loan	USD	2.78	2012	30,000	30,000
2010					
Trust receipts	USD	1.45	2011	30,524	30,524

16 SHARE-BASED PAYMENT ARRANGEMENTS

On 9 November 2001, the Company established a share-based payment programme that entitles directors and employees to purchase shares in the Company. On 9 October 2011, a grant on similar terms (except for exercise price and option period) was offered to directors and employees subject to approval by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of the People's Republic of China (PRC). Subsequently, SASAC granted its approval for the offer and grant of options on 8 November 2011. In accordance with this programme, holders of vested options are entitled to purchase shares at the exercise price determined at the date of grant. All options are to be settled by delivery of shares.

Information on the share-based payment programme are as follows:

(i) The exercise price of the options is set at S$0.91 per share.

(ii) The options granted to directors and employees (other than to senior executives of the Company who are secondees of the parent company, China National Aviation Fuel Group Corporation ("CNAF Secondees") are subject to the following vesting conditions:

(a) 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;

(b) 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), 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

(c) The remaining number of option shares and any number of option shares in respect of which the option has not been exercised under paragraphs (ii) (a) and (ii) (b), 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.

(iii) The options granted to the CNAF Secondees are subject to the following vesting conditions:

(a) 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;

(b) 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 (iii) (a), 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

(c) 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 (iii) (a) and (iii) (b), 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 (iii) (a), (iii) (b) and (iii) (c) above, shall be exercisable only after the end of the secondment term of the CNAF Secondees.

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

(a) service on the Company's board of directors and/or employment service with the Company over the vesting period;

(b) 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

(c) achievement of individual's performance targets set by the Company or by its immediate holding company.

(v) The options granted expire after five or ten years from the date of grant.

16 SHARE-BASED PAYMENT ARRANGEMENTS (CONT'D)

The number of share options and their related weighted average exercise prices are as follows:

	Weighted average exercise price	2011 No. of options ('000)
At 1 January		–
Granted during the year	S$0.91	5,860
31 December		5,860

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimated fair value of the services is measured based on the Black-Scholes-Merton Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability exercise restrictions and behavioural considerations.

Fair value of share options and assumptions are set out below:

Date of grant options	9 October 2011
Fair value of measured date	S$0.23
Share price	S$0.95
Exercise price	S$0.91
Expected volatility	44.46%
Expected dividend rate	2.53%
Risk-free interest rate	2.50%

The expected volatility is based on the historical volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

The market condition associated with the share options granted are factored in the measurement of fair value. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of services to be received at the grant date.

17 FINANCIAL INSTRUMENTS

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group Carrying amount		Company Carrying amount	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Loans and receivables	836,290	541,469	836,290	541,469
Cash and cash equivalents	88,065	57,988	88,063	57,980
	924,355	599,457	924,353	599,449

The Group's maximum exposure to credit risk for loans and receivables are predominantly located in the People's Republic of China.

17 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (Cont'd)

Impairment losses

The ageing of trade receivables (including trade amounts due from related corporations and related corporation of a corporate shareholder) at the reporting date is:

	Gross 2011 US$'000	Impairment losses 2011 US$'000	Gross 2010 US$'000	Impairment losses 2010 US$'000
Group and Company				
Not past due	802,858	–	518,816	–

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due. These receivables are arising mainly from customers and related parties that have a good repayment record.

Liquidity risk

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 2 to 5 years	More than 5 years
	US$'000	US$'000	US$'000	US$'000	US$'000
Group					
2011					
Non-derivative financial liabilities					
Trade and other payables	739,790	(739,790)	(739,790)	–	–
Loans and borrowings	30,000	(30,044)	(30,044)	–	–
Derivative financial liabilities					
Oil commodity derivatives	16,854*	(16,854)*	(16,854)*	–	–
	786,644	(786,688)	(786,688)	–	–
2010					
Non-derivative financial liabilities					
Trade and other payables	562,341	(562,341)	(562,341)	–	–
Loans and borrowings	30,524	(42,819)	(42,819)	–	–
Derivative financial liabilities					
Oil commodity derivatives - restated	14,942*	(14,942)*	(14,942)*	–	–
	607,807	(620,102)	(620,102)	–	–

17 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (Cont'd)

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 2 to 5 years	More than 5 years
	US$'000	US$'000	US$'000	US$'000	US$'000
Company					
2011					
Non-derivative financial liabilities					
Trade and other payables	739,785	(739,785)	(739,785)	–	–
Loans and borrowings	30,000	(30,044)	(30,044)	–	–
Derivative financial liabilities					
Oil commodity derivatives	16,854*	(16,854)*	(16,854)*	–	–
	786,639	(786,683)	(786,683)	–	–
2010					
Non-derivative financial liabilities					
Trade and other payables	562,336	(562,336)	(562,336)	–	–
Loans and borrowings	30,524	(42,819)	(42,819)	–	–
Derivative financial liabilities					
Oil commodity derivatives - restated	14,942*	(14,942)*	(14,942)*	–	–
	607,802	(620,097)	(620,097)	–	–

* The carrying amount and the contractual cash flows relate to the negative fair value of the derivative financial instruments.

Currency risk

Exposure to currency risk

The Group's and Company's exposures to foreign currency risk were as follows based on notional amounts:

	31 December 2011		31 December 2010	
	Singapore dollar	Renminbi	Singapore dollar	Renminbi
	US$'000	US$'000	US$'000	US$'000
Group				
Trade and other receivables	815	–	518	507
Cash and cash equivalents	494	3,286	333	2,153
Trade and other payables	(4,736)	(282)	(6,552)	(144)
	(3,427)	3,004	(5,701)	2,516

17 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (Cont'd)

Exposure to currency risk (Cont'd)

	31 December 2011		31 December 2010	
	Singapore dollar US$'000	Renminbi US$'000	Singapore dollar US$'000	Renminbi US$'000
Company				
Trade and other receivables	815	–	518	507
Cash and cash equivalents	491	3,286	325	2,153
Trade and other payables	(4,730)	(282)	(6,547)	(144)
	(3,424)	3,004	(5,704)	2,516

Sensitivity analysis

A 10% strengthening of the US dollar against the following currencies at 31 December would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group and Company Profit or loss	
	2011 US$'000	2010 US$'000
Singapore dollar	342	570
Renminbi	(300)	(252)

A 10% weakening of the US dollar against the above currencies at 31 December would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Carrying amount	
	2011 US$'000	2010 US$'000
Group and Company		
Fixed rate instruments		
Financial assets	88,065	57,988
Financial liabilities	(30,000)	(30,524)
	58,065	27,464

17 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (Cont'd)

Fair value sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Fair values

Fair values versus carrying amounts

The carrying amounts of the Company's financial instruments carried at cost or amortised cost approximate their fair values as at 31 December 2011 and 31 December 2010 because of the short period to maturity.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group and Company				
31 December 2011				
Derivative financial assets	–	15,516	–	15,516
Derivative financial liabilities	–	(16,854)	–	(16,854)
	–	(1,338)	–	(1,338)
31 December 2010- restated				
Derivative financial assets	–	12,058	–	12,058
Derivative financial liabilities	–	(14,942)	–	(14,942)
	–	(2,884)	–	(2,884)

18 REVENUE

	Group	
	2011 US$'000	2010 US$'000
Revenue from middle distillates	8,630,797	5,211,001
Revenue from other oil products	381,181	241,638
	9,011,978	5,452,639

Included in revenue are net loss of US$16,177,000 (2010: net gain of US$18,650,000) recognised in relation to derivative financial instruments.

19 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Group	
	2011 US$'000	2010 US$'000
Other income		
Gain on sale of property, plant and equipment	–	33
Interest income	270	605
Foreign exchange gain	1,939	–
	2,209	638
Foreign exchange loss	–	(453)
Audit fees paid and payable to:		
- auditor of the Company	(247)	(238)
- other auditors	(127)	(120)
Non-audit fees paid and payable to auditors of the Company	(173)	(16)
Property, plant and equipment written off	–	(24)
Allowance for impairment loss on doubtful debts	(4,276)	–
Operating lease expense	(14,400)	(4,110)
Staff costs (including traders' commission)	(10,217)	(9,681)
Contributions to defined contribution plans, included in staff costs	(283)	(211)
Share-based payment, included in staff costs	(54)	–

20 FINANCE COSTS

	Group	
	2011 US$'000	2010 US$'000
Bank charges	1,677	1,371
Interest expense	1,080	–
	2,757	1,371

21 INCOME TAX EXPENSE

	Group 2011 US$'000	Group 2010 US$'000
Deferred tax expense		
Origination and reversal of temporary differences	1,424	4,858
Recognition of previously unrecognised tax losses	–	(3,980)
	1,424	878
Withholding tax expense	1,095	126
Total tax expense	2,519	1,004

Reconciliation of effective tax rate	Group 2011 US$'000	Group 2010 US$'000
Profit before income tax	65,920	55,713
Income tax using Singapore tax rate of 17% (2010: 17%)	11,206	9,471
Tax effects of revenue at concessionary tax rate	(3,055)	(1,547)
Effects of results of associates presented net of tax	(6,839)	(6,399)
Other income not subject to tax	–	(6)
Expenses not deductible for tax purposes	125	87
Utilisation of tax losses	(1,437)	(1,606)
Recognition of previously unrecognised tax losses	–	(3,980)
Temporary differences arising from investments in associates	1,424	4,858
Withholding tax expense	1,095	126
	2,519	1,004

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

22 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2011 was based on the profit attributable to ordinary shareholders of US$63,401,000 (2010: US$54,709,000), and a weighted average number of ordinary shares outstanding of 716,938,000 (2010: 718,585,000), calculated as follows:

Profit attributable to ordinary shareholders	2011 US$'000	2010 US$'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	63,401	54,709

22 EARNINGS PER SHARE (CONT'D)

Weighted average number of ordinary shares	2011 Number of shares ('000)	2010 Number of shares ('000)
Issued ordinary shares at 1 January	718,153	722,821
Effect of own shares held	(1,215)	(4,236)
Weighted average number of ordinary shares at 31 December	716,938	718,585

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2011 was based on the profit attributable to ordinary shareholders of US$63,401,000, and a weighted average number of ordinary shares outstanding of 717,805,000, calculated as follows:

Weighted average number of ordinary shares (diluted)	2011 Number of shares ('000)
Weighted average number of ordinary shares (basic)	716,938
Effect of share options on issue	867
Weighted average number of ordinary shares (diluted)	717,805

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding. Management assessed that earnings per share was not dilutive in 2010.

23 OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Middle distillates:* Jet fuel and gas oil supply and trading
- *Other oil products:* Fuel oil and petrochemicals products supply and trading
- *Others:* Investments in oil-related assets

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

23 OPERATING SEGMENTS (CONT'D)

	Middle distillates US$'000	Other oil products US$'000	Others US$'000	Total US$'000
2011				
Revenue	8,630,797	381,181	–	9,011,978
Gross profit	38,784	1,182	–	39,966
Other operating expenses	(8,796)	(548)	(3,770)	(13,114)
Depreciation and amortisation	(616)	–	–	(616)
Foreign exchange gain	1,939	–	–	1,939
Interest income	270	–	–	270
Finance costs	(2,582)	(174)	(1)	(2,757)
Share of profits of associates (net of income tax)	–	–	40,232	40,232
Income tax expense	–	–	(2,519)	(2,519)
Reportable segment profits/(losses) after income tax	28,999	460	33,942	63,401
Reportable segment total assets	946,652	30,923	216,686	1,194,261
2010				
Revenue	5,211,001	241,638	–	5,452,639
Gross profit	30,355	(621)	–	29,734
Other operating expenses	(6,742)	(684)	(2,604)	(10,030)
Depreciation and amortisation	(448)	–	–	(448)
Foreign exchange loss	(453)	–	–	(453)
Interest income	605	–	–	605
Other operating income	33	–	–	33
Finance costs	(1,264)	(107)	–	(1,371)
Share of profits of associates (net of income tax)	–	–	37,643	37,643
Income tax expense	3,980	–	(4,984)	(1,004)
Reportable segment profits/(losses) after income tax	26,066	(1,412)	30,055	54,709
Reportable segment total assets - restated	723,648	43,073	191,175	957,896

23 OPERATING SEGMENTS (CONT'D)

Geographical segments

The People's Republic of China is a major market for trading in aviation oil and petroleum products. The Group also operates in other regions including Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the revenue transacted. Segment assets are based on the geographical location of the assets.

Geographical information	Revenue US$'000	Non-current assets US$'000
2011		
People's Republic of China	6,651,646	216,686
Hong Kong	894,557	–
Singapore	466,438	8,811
Middle East	476,575	–
Malaysia	190,448	–
Other regions	332,314	–
	9,011,978	225,497
2010		
People's Republic of China	4,222,145	191,175
Hong Kong	421,703	–
Singapore	420,431	8,881
United States of America	194,547	–
Korea	74,265	–
Other regions	119,548	–
	5,452,639	200,056

Major customers

Revenue from an associate and related corporations of the Company totalled approximately US$6,154,204,000 (2010: US$3,768,988,000), representing 68% (2010: 69%) of the Group's total revenue.

24 FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk
- market risk
- commodity price risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Additional quantitative disclosures are included throughout these financial statements.

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment which all employees understand their roles and obligations.

The Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from its customers and financial assets. The Group has procedures in place to manage credit risk and exposure to such risk is monitored on an ongoing basis.

Trade and other receivables

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance is a specific loss component that relates to individually significant exposures. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At the balance sheet date, there was no significant concentration of credit risk except for amounts receivable due from 3 (2010: 2) major customers amounting to US$261,848,000 (2010: US$128,725,000) which accounted for 88% (2010: 80%) of the Group's total trade receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

In respect of the Group's associates, there was an amount due from a major customer amounting to US$139,655,000 (2010: US$99,105,000) to an associate, which accounted for 55% (2010: 38%) of the associate's total trade receivables. Except for this receivable, there was no significant concentration of credit risk.

Liquidity risk

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

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

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk

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

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

Foreign currency risk

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

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

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group buys and sells derivatives in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee.

Commodity price risk

The Group's policy is to manage its costs of purchase and sales of jet fuel using commodity paper swaps. The Group enters into commodity paper swaps, in which it agrees to exchange the difference between the fixed and floating oil prices, calculated by reference to an agreed-upon principal quantity, with its counterparties. The commodity paper swaps commit the Group to buy or sell commodities at a pre-determined price with settlement dates that range from one month to three months.

Sensitivity analysis

A change of 10% in oil forward price at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Profit or loss	
	10% increase US$'000	**10% decrease US$'000**
2011		
Oil physical and paper forward contracts	1,800	(1,800)
2010		
Oil physical and paper forward contracts	(19,314)	19,314

The Group considers holding oil inventory as part of their overall trading strategy. An increase of 10% in the fair value of oil inventory would have increased profit or loss by US$3,821,000 (2010: US$15,423,000). A 10% weakening of the fair value of oil inventory would have an equal but opposite effect on oil inventory.

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

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Estimation of fair values

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

Derivative financial instruments

The fair value of commodity paper swaps is determined based on price indices.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

25 CONTINGENT LIABILITIES

Claim of customs duties and value added tax

The turnover of SPIA comprises domestic sales and international sales. Domestic sales refer to aviation fuel supplied to airlines for consumption in domestic air lanes which are subject to a value added tax rate (VAT) of 17%. International sales refer to aviation fuel supplied to airlines for consumption in international air lanes which are exempt from VAT. SPIA obtained exemption of VAT from the relevant authorities for international sales generated from 1 July 2001 onwards. International sales recognised prior to 1 July 2001 were subject to VAT at 17%. In addition, SPIA is exempt from the payment of customs duties in respect of aviation fuel imported for international sales.

On 29 July 2003, SPIA received a letter of demand from an existing customer which claimed that they should be the beneficiary of the exemption from VAT and customs duty in respect of the international sales from 1999 onwards as they had paid the customs duty and VAT to SPIA during that period. Accordingly, the customer requested the refund of the overcharged customs duties and VAT for the first half of 2003 amounting to RMB42 million (US$5.3 million). On 28 September 2004, SPIA received a legal letter from the customer which claimed that they should be paid for overcharged customs duties and VAT for the period from October 1999 to June 2004 amounting to RMB570 million (US$71.8 million). In the previous and current financial years, SPIA did not receive any claim for overcharged custom duties and VAT from this customer.

SPIA's management is of the opinion that the claim made by the customer is invalid. No claims from other customers has been received by the associate.

Although an agreement to settle this claim has not been reached as at the end of the current financial year, the accumulated claim indicated by the customer has been substantially reduced. Management of SPIA and the immediate holding company of the Company, CNAF, will continue to negotiate with this customer to reach an amicable settlement of this claim.

26 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2011 US$'000	2010 US$'000
Within one year	3,531	5,677
Between one and five years	599	364
	4,130	6,041

27 RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and monitoring the activities of the Group. The directors of the Company and the executive officers of the Group are considered as key management personnel of the Group.

Key management personnel compensation comprises:

	Group	
	2011 US$'000	2010 US$'000
Directors' fees	565	427
Directors' remuneration	830	801
Key executive officers' remuneration	2,146	1,207
Share-based payments	20	–
	3,561	2,435

The 2011 variable bonuses of US$997,276 were approved by the Remuneration Committee on 22 February 2012 and payable on 30 March 2012.

Other related party transactions

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

	Group	
	2011 US$'000	2010 US$'000
Related corporation of a corporate shareholder		
Sale of jet fuel	1,508,299	729,781
Sale of gas oil	29,939	14,136
Sale of fuel oil	11,368	–
Purchase of jet fuel	2,026,562	1,181,724
Purchase of gas oil	–	8,614
Purchase of fuel oil	20,081	–
Related corporations		
Sale of jet fuel	2,736,804	1,812,168
Sale of fuel oil	–	32,359
Associate		
Sale of jet fuel	2,706,529	1,680,265

28 ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

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

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

Key source of estimation uncertainty

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

Impairment loss on trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Impairment loss on investment in associates

The Group evaluates whether there are any indicators of impairment in the investment in associates. If there are indicators of impairment, management performs an evaluation of the investment's recoverable amount. The recoverable amount is based on the higher of value-in-use or fair value less cost to sell.

Value-in-use is estimated based on management's forecast of future cash flows discounted to present value using the pre-tax discount rate. The fair value less cost to sell requires an estimate of the market value of the investments. Significant estimates and assumptions are made in determining value-in-use and fair value less cost to sell.

Income taxes

Significant judgement is required in determining the capital allowances, taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes and deferred tax liabilities.

The Company exercise significant judgement to determine the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Fair value of derivative financial instruments

The Company holds derivative financial instruments to hedge the changes in jet fuel prices. The Company has not applied hedge accounting to derivative financial instruments that economically hedge the exposure of the changes in jet fuel prices. All outstanding derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement as revenue.

The fair value of the derivative financial instruments is based on the price index, Platts. The use of a different price index may impact the Company's estimate of the fair value of its derivative financial instruments.

29 COMPARATIVE INFORMATION

Change in classification

During the year, the Group and Company reclassified derivatives financial assets, previously presented net in derivatives financial liabilities, to trade and other receivables to reflect more appropriately the way in which economic benefits are derived. Comparative amounts of US$12,058,000 were reclassified from trade and other payables to trade and other receivables. Management assessed that the impact of the reclassification is not significant to the statement of financial position as of 1 January 2010.

30 SUBSEQUENT EVENTS

On 1 March 2012, the Company completed the acquisition of all the shares of China Aviation Oil (Hong Kong) Company Limited ("CAOHK") and North American Fuel Corporation ("NAFCO") for a total consideration of US$15,734,000.

SUPPLEMENTARY INFORMATION

INTERESTED PERSON TRANSACTIONS

	Aggregate value of interested person transactions excluding transactions conducted under shareholders mandate pursuant to Rule 920 of the SGX Listing Manual		Aggregate value of interested person transactions conducted under shareholders mandate pursuant to Rule 920 of the SGX Listing Manual	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Sales revenue from related corporations	–	–	2,736,804	1,844,527
Sales revenue from related corporation of a corporate shareholder	–	–	1,549,606	743,917
Purchases from related corporation of a corporate shareholder	–	–	2,046,643	1,190,338
(Loss)/Gain from trading of derivative financial instruments with related corporation of a corporate shareholder	–	–	(5,295)	622
Supply chain services rendered from related corporation	–	–	3,092	2,364
Supply chain services rendered from related corporation of a corporate shareholder	–	–	322	578
Transportation revenue earned by associate from related corporations	–	–	8,987	7,853
Purchases from related corporation by associate	–	–	114	–

STATISTICS OF SHAREHOLDINGS
as at 9 March 2012

Number of Issued Shares	:	722,820,537
Number of Issued Shares (excluding Treasury Shares)	:	716,820,537ordinary shares
Number/Percentage of Treasury Shares	:	6,000,000 (0.83%)
Class of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares)	:	1 vote per share

Based on information available to the Company as at 9 March 2012, 28.53% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	2,721	16.91	1,321,589	0.18
1,000 - 10,000	10,295	63.98	45,697,565	6.38
10,001 - 1,000,000	3,059	19.01	111,697,721	15.58
1,000,0001 AND ABOVE	17	0.10	558,103,662	77.86
TOTAL	16,092	100.00	716,820,537	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS VICKERS SECURITIES (S) PTE LTD	369,725,397	51.58
2	BP INVESTMENTS ASIA LIMITED	144,564,119	20.17
3	OCBC SECURITIES PRIVATE LTD	6,919,298	0.97
4	DBS NOMINEES PTE LTD	6,251,782	0.87
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	6,188,274	0.86
6	CITIBANK NOMINEES SINGAPORE PTE LTD	4,806,429	0.67
7	UOB KAY HIAN PTE LTD	3,645,088	0.51
8	LEE FOOK CHOY	2,500,000	0.35
9	PHILLIP SECURITIES PTE LTD	2,097,996	0.29
10	BANK OF SINGAPORE NOMINEES PTE LTD	1,839,000	0.26
11	HSBC (SINGAPORE) NOMINEES PTE LTD	1,641,191	0.23
12	OCBC NOMINEES SINGAPORE PTE LTD	1,611,558	0.22
13	CHNG GIM HUAT	1,500,000	0.21
14	CIMB SECURITIES (SINGAPORE) PTE LTD	1,369,200	0.19
15	DBSN SERVICES PTE LTD	1,225,214	0.17
16	KANG HIAN SOON	1,160,000	0.16
17	BANK OF CHINA NOMINEES PTE LTD	1,059,116	0.15
18	LER HOCK SENG	1,000,000	0.14
19	LAM YEW CHONG	973,000	0.14
20	CITIBANK CONSUMER NOMINEES PTE LTD	925,068	0.13
	TOTAL	561,001,730	78.27

STATISTICS OF SHAREHOLDINGS

as at 9 March 2012

SUBSTANTIAL ORDINARY SHAREHOLDERS

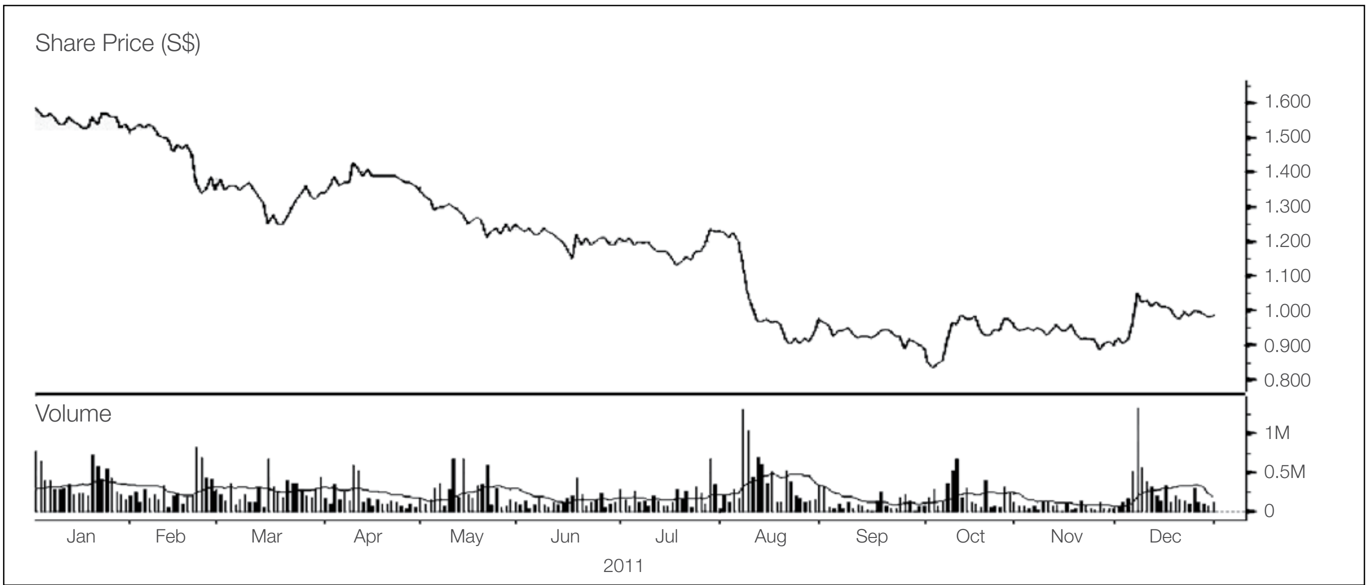
(As shown in the Register of Substantial Shareholders as at 9 March 2012)

NO.	NAME	No. of Shares Direct Interest	No. of Shares Deemed Interest	%
1	China National Aviation Fuel Group Corporation	–	367,777,427*	51.31
2	BP Investments Asia Limited	144,564,119	–	20.17

* China National Aviation Fuel Group Corporation is deemed to have an interest in 367,777,427 shares of CAO held by DBS Vickers Securities (S) Pte Ltd.

SHARE PRICE INFORMATION / CORPORATE CALENDAR

2011 CAO SHARE PRICE MOVEMENT AND TRADING VOLUME



Share Price (S$)	2007	2008	2009	2010	2011
As at last trading day of the year	2.08	0.77	1.14	1.54	**0.985**
High	3.28	2.15	1.32	1.79	**1.590**
Low	0.98	0.48	0.57	1.09	**0.835**
Average	2.00	1.28	1.01	1.41	**1.179**

Source: Bloomberg

CORPORATE CALENDAR

2012	
Announcement of 2011 full-year results	22 February
Despatch of Summary Reports to shareholders	On or about 30 March
18th Annual General Meeting/Extraordinary General Meeting	26 April
Proposed First and Final Dividend for FY2011 Books closure date Payment date	 11 May 21 May
Announcement of 1Q 2012 results	April
Announcement of 2Q 2012 results	August
Announcement of 3Q 2012 results	November
2013	
Announcement of 2012 full-year results	February

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 18th Annual General Meeting of the Company will be held at Suntec Singapore International Convention and Exhibition Centre, Meeting Rooms 325 - 326, 1 Raffles Boulevard, Singapore 039593 on Thursday, 26 April 2012 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 2011 together with the auditors' report thereon. **(Resolution 1)**

2. To declare a final (one-tier, tax exempt) dividend of S$0.02 per ordinary share for the year ended 31 December 2011. **(Resolution 2)**

3. To approve Directors' Fees of S$732,200 for the year ended 31 December 2011 (2010: S$561,964). **(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)**
   Mr Chen Liming **(Resolution 6)**

5. 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:

6. 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,

   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 20% 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)

7. 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
30 March 2012

NOTICE OF ANNUAL GENERAL MEETING

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 24 April 2012.

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 Vice Chairman of the Nominating Committee and the Remuneration Committee. He is considered a Non-Executive, Non-Independent Director.

Resolution 6 Mr Chen Liming will upon re-appointment continue as a member of the Nominating Committee and the Remuneration Committee. He is considered a Non-Executive, Non-Independent Director.

Resolution 8 The ordinary resolution proposed in item 6 above, if passed, will empower 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 twenty per cent. (20%) 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.

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.

NOTICE OF ANNUAL GENERAL MEETING

Notice of Book Closure Date and Payment Date for Final Dividend (One-Tier, Tax-Exempt) ("Dividend")

The Company gives notice that, subject to the approval of the shareholders to the Dividend at the Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 11 May 2012 for the preparation of dividend warrants. The Register of Members and the Transfer Books will re-open on 14 May 2012. 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 10 May 2012, 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 21 May 2012.

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**	**Proportion of Shareholdings**	
		Number of Shares	**%**
Address			
and/or (delete as appropriate)			
Name	**NRIC/Passport**	**Proportion of Shareholdings**	
		Number of Shares	**%**
Address			

or failing him/her/them, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the 18th Annual General Meeting of the Company, to be held at Suntec Singapore International Convention and Exhibition Centre, Meeting Rooms 325-326, 1 Raffles Boulevard, Singapore 039593 on Thursday, 26 April 2012 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	Directors' Report and Audited Accounts		
2	Declaration of Dividend		
3	Directors' fees		
4	Re-election of Mr Sun Li as a Director		
5	Re-election of Mr Luo Qun as a Director		
6	Re-election of Mr Chen Liming as a Director		
7	Auditors and their remuneration		
	Special Business		
8	Authority to Directors to issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited		

Dated this ______________ day of ________________ 2012

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

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)

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 (2)

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.

CORPORATE INFORMATION
(as at 12 March 2012)

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)
Liu Fuchun
(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
Liu Fuchun
Alan Haywood

Remuneration Committee
Wang Kai Yuen (Chairman)
Luo Qun (Vice Chairman)
Liu Fuchun
Chen Liming
Ang Swee Tian

Nominating Committee
Liu Fuchun (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 Certified Public Accountants
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., Singapore Branch
Agricultural Bank of China, Singapore Branch
ANZ Bank
Bank of China Limited, Singapore Branch
Bank of Communications Co., Ltd, Singapore Branch
China Development Bank, Hong Kong Branch
Crédit Agricole, Singapore Branch
Industrial and Commercial Bank of China, Singapore Branch
ING Bank N.V., Singapore Branch
J.P.Morgan
Rabobank International, Singapore Branch
United Overseas Bank Limited

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

公司信息
（截至2012年3月12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)
刘福春
(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
刘福春
Alan Haywood

薪酬委员会
王家園 (主席)
罗群 (副主席)
刘福春
陈黎明
汪瑞典

提名委员会
刘福春 (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 Certified Public Accountants
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
ABN AMRO Bank N.V., Singapore Branch
Agricultural Bank of China, Singapore Branch
ANZ Bank
Bank of China Limited, Singapore Branch
Bank of Communications Co., Ltd, Singapore Branch
China Development Bank, Hong Kong Branch
Crédit Agricole, Singapore Branch
Industrial and Commercial Bank of China, Singapore Branch
ING Bank N.V., Singapore Branch
J.P.Morgan
Rabobank International, Singapore Branch
United Overseas Bank Limited

注册办公室
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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

Company Registration No. 199303293Z
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