



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Full Year Financial Statement For The Period Ended 31 December 2017

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

These figures have not been audited:

Consolidated Statement of Profit or Loss

	4Q 2017	4Q 2016	Variance		Jan-Dec 2017	Jan-Dec 2016	Variance	
	US\$'000	US\$'000	+/-	%	US\$'000	US\$'000	+/-	%
Revenue (Note 1)	4,060,738	3,275,739	23.96%		16,267,606	11,703,191	39.00%	
Cost of sales	(4,052,401)	(3,265,150)	24.11%		(16,228,903)	(11,659,141)	39.19%	
Gross Profit	8,337	10,589	-21.27%		38,703	44,050	-12.14%	
Other operating income (Note 2)	962	459	109.59%		3,748	1,303	187.64%	
Administrative expenses	(5,040)	(5,077)	-0.73%		(16,219)	(16,279)	-0.37%	
Other operating expenses (Note 3)	(2,406)	(762)	215.75%		(2,780)	(2,330)	19.31%	
Finance costs	(1,312)	(194)	576.29%		(2,779)	(1,249)	122.50%	
Operating Profit	541	5,015	-89.21%		20,673	25,495	-18.91%	
Share of results of associates (net of tax) (Note 4)	16,818	13,327	26.19%		71,534	66,363	7.79%	
Profit before tax	17,359	18,342	-5.36%		92,207	91,858	0.38%	
Tax expense (Note 5)	(3,331)	(423)	687.47%		(6,879)	(2,950)	133.19%	
Profit for the period	14,028	17,919	-21.71%		85,328	88,908	-4.03%	
Attributable to:								
Equity holders of the Company	14,028	17,919	-21.71%		85,328	88,908	-4.03%	

Consolidated statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	4Q 2017	4Q 2016	Variance		Jan-Dec 2017	Jan-Dec 2016	Variance	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
PROFIT FOR THE PERIOD/YEAR	14,028	17,919	-21.71%		85,328	88,908	-4.03%	
Other comprehensive income/(loss):								
Items that are or may be reclassified subsequently to profit or loss:								
Translation differences relating to financial statements of foreign associates (Note (a))	8,381	(9,904)	NM		16,243	(12,613)	NM	
Other comprehensive income/(loss) for the period, net of tax	8,381	(9,904)	NM		16,243	(12,613)	NM	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	22,409	8,015	179.59%		101,571	76,295	33.13%	
Total comprehensive income attributable to:								
Owners of the Company	22,409	8,015	179.59%		101,571	76,295	33.13%	

Note (a): For the twelve months ended 31 December 2017, RMB and Korean Won appreciated by approximately 6.94% (2016: -6.49%) and 13.25% (2016: -2.35%) respectively against the US Dollar compared to at end of December 2016 giving rise to the translation gain on RMB and Korean Won foreign associates.

On the disposal of foreign associates or loss of significant influence over foreign associates, all of the accumulated translation differences in respect of the foreign associates will be reclassified to profit or loss.

Profit before income tax is derived at after crediting / (charging):

	4Q 2017	4Q 2016	Var		Jan-Dec 2017	Jan-Dec 2016	Var	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
Depreciation of property, plant and equipment	(166)	(163)	1.84%		(670)	(693)	-3.32%	
Amortisation of intangible assets	(68)	(93)	-26.88%		(267)	(513)	-47.95%	
Bank interest income	931	760	22.50%		3,727	1,575	136.63%	
Interest expense	(957)	(165)	480.00%		(1,617)	(313)	416.61%	
Net foreign exchange loss	(21)	(360)	-94.17%		(31)	(333)	-90.69%	
Allowance for doubtful debts - net	-	(584)	NM		543	556	-2.34%	

Note 1: Revenue

	4Q 2017	4Q 2016	Var		Jan-Dec 2017	Jan-Dec 2016	Var	
	US\$'000	US\$'000	+ / -	%	US\$'000	US\$'000	+ / -	%
Revenue from middle distillates	2,778,782	2,233,343	24.42%		10,233,209	7,754,112	31.97%	
Revenue from other oil products	1,281,956	1,042,396	22.98%		6,034,397	3,949,079	52.81%	
	4,060,738	3,275,739	23.96%		16,267,606	11,703,191	39.00%	

Note 2: Other operating income

	4Q 2017	4Q 2016	Var	Jan-Dec 2017	Jan-Dec 2016	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Bank interest income	931	760	22.50%	3,727	1,575	136.63%
Net foreign exchange loss	(21)	(360)	-94.17%	(31)	(333)	-90.69%
Other income	52	59	-11.86%	52	61	-14.75%
	962	459	109.59%	3,748	1,303	187.64%

Note 3: Other operating expenses

Included in other operating expenses was the recovery of monies of US\$0.54 million in FY 2017 and US\$0.56 million in FY 2016. Excluding the recovery of bad debts, other operating expenses for FY 2017 and FY 2016 were US\$3.32 million and US\$2.89 million respectively.

Note 4: Share of results of associates

	4Q 2017	4Q 2016	Var	Jan-Dec 2017	Jan-Dec 2016	Var
	US\$'000	US\$'000	+ / - %	US\$'000	US\$'000	+ / - %
Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong")	16,279	13,603	19.67%	64,171	60,638	5.83%
China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL")	103	(335)	NM	2,608	2,178	19.74%
China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan")	254	57	345.61%	597	312	91.35%
Oilhub Korea Yeosu Co., Ltd ("OKYC")	409	232	76.29%	4,953	4,144	19.52%
CNAF Hong Kong Refuelling Limited ("CNAF HKR")	(227)	(230)	1.30%	(795)	(909)	12.54%
	16,818	13,327	26.19%	71,534	66,363	7.79%

Note 5: Tax expense

Increase in tax expenses was mainly due to the decline in deferred tax assets following the utilization of unabsorbed tax losses from prior years to offset current year's profits, the increase in recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates, tax expenses incurred on transfer of shareholding and provision of income tax by a subsidiary during the period. The undistributed retained earnings from associates incorporated in China is subject to withholding tax.

NM denotes "not meaningful"

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at end of the immediately preceding financial year.

Statement of Financial Position

	Group		Company	
	As at 31 Dec 17 US\$'000 (unaudited)	As at 31 Dec 16 US\$'000 (audited)	As at 31 Dec 17 US\$'000 (unaudited)	As at 31 Dec 16 US\$'000 (audited)
ASSETS				
Non-current assets				
Property, plant and equipment	5,194	5,654	5,101	5,555
Intangible assets	1,525	1,580	344	399
Subsidiaries	-	-	43,318	37,975
Associates	321,171	281,010	113,070	82,625
Trade and other receivables	-	-	5,035	35,480
Deferred tax assets	6,004	7,604	6,000	7,600
	333,894	295,848	172,868	169,634
Current assets				
Inventories	209,613	170,733	181,587	164,809
Trade and other receivables	1,069,112	590,554	1,033,457	568,230
Cash and cash equivalents	300,042	287,286	276,781	244,164
	1,578,767	1,048,573	1,491,825	977,203
Total assets	1,912,661	1,344,421	1,664,693	1,146,837
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	215,573	215,573	215,573	215,573
Reserves	508,006	434,112	313,117	277,331
Total equity	723,579	649,685	528,690	492,904
Non-current liabilities				
Deferred tax liabilities	7,919	6,311	-	-
Current liabilities				
Trade and other payables	1,060,213	587,810	1,016,003	553,933
Loans and borrowings	120,000	100,000	120,000	100,000
Current tax liabilities	950	615	-	-
	1,181,163	688,425	1,136,003	653,933
Total liabilities	1,189,082	694,736	1,136,003	653,933
Total equity and liabilities	1,912,661	1,344,421	1,664,693	1,146,837

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 Dec 2017		As at 31 Dec 2016	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	120,000	0	100,000

Amount repayable after one year

As at 31 Dec 2017		As at 31 Dec 2016	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	0

1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

	4Q 2017 US\$'000	4Q 2016 US\$'000	Jan-Dec 2017 US\$'000	Jan-Dec 2016 US\$'000
Cash flows from operating activities				
Profit for the period	14,028	17,919	85,328	88,908
Adjustments for:-				
Depreciation of property, plant and equipment	166	163	670	693
Amortisation of intangible assets	68	93	267	513
Allowance on doubtful debts - net	-	584	(543)	(556)
Fair value (gain)/loss on derivative instruments	(2,861)	(6,828)	1,175	9,596
Share of results of associates (net of tax)	(16,818)	(13,327)	(71,534)	(66,363)
Interest income	(931)	(760)	(3,727)	(1,575)
Interest expense	957	165	1,617	313
Tax expense	3,331	423	6,879	2,950
Unrealised exchange differences	(899)	155	(621)	396
	(2,959)	(1,413)	19,511	34,875
Change in inventories	(103,643)	(34,708)	(38,880)	(113,907)
Change in trade and other receivables	120,223	306,667	(457,106)	(269,103)
Change in trade and other payables	(56,123)	(322,144)	449,911	347,633
Cash used in operating activities	(42,502)	(51,598)	(26,564)	(502)
Tax (paid)/refund	(628)	13	(674)	(14)
Net cash used in operating activities	(43,130)	(51,585)	(27,238)	(516)
Cash flows from investing activities				
Interest received	2,400	682	3,596	1,476
Purchase of property, plant and equipment	(48)	(105)	(210)	(133)
Purchase of intangible assets	(18)	(149)	(212)	(267)
Dividends received from associates	42,594	35,930	45,493	36,181
Net cash from investing activities	44,928	36,358	48,667	37,257
Cash flows from financing activities				
Interest paid	(957)	(165)	(1,617)	(313)
Proceeds from loans and borrowing	130,000	100,000	192,000	209,713
Repayment of loans and borrowing	(10,000)	(30,000)	(172,000)	(109,713)
Dividend paid	-	-	(27,677)	(19,251)
Net cash from/(used in) financing activities	119,043	69,835	(9,294)	80,436
Net increase in cash and cash equivalents	120,841	54,608	12,135	117,177
Cash and cash equivalents at beginning of the period	178,302	232,833	287,286	170,505
Net effect of exchange rate fluctuations on cash held	899	(155)	621	(396)
Cash and cash equivalents at end of the period/year	300,042	287,286	300,042	287,286

1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity

THE GROUP	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Total equity US\$'000
As at 1 January 2016	215,573	346,488	(5,482)	17,238	18,824	592,641
Total comprehensive income for the year	-	88,908	-	(12,613)	-	76,295
Share of associates' accumulated profits transferred to statutory reserve	-	(16,567)	-	-	16,567	-
Dividend paid in respect of 2015, representing total transactions with shareholders recognised directly in equity	-	(19,251)	-	-	-	(19,251)
As at 31 December 2016	215,573	399,578	(5,482)	4,625	35,391	649,685
As at 1 January 2017	215,573	399,578	(5,482)	4,625	35,391	649,685
Total comprehensive income for the year	-	85,328	-	16,243	-	101,571
Share of associates' accumulated profits transferred to statutory reserve	-	(66)	-	-	66	-
Dividend paid in respect of 2016, representing total transactions with shareholders recognised directly in equity	-	(27,677)	-	-	-	(27,677)
As at 31 December 2017	215,573	457,163	(5,482)	20,868	35,457	723,579

Statement of Changes in Equity

THE COMPANY	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Total equity US\$'000
As at 1 January 2016	215,573	243,795	(5,482)	453,886
Total comprehensive income for the year	-	58,269	-	58,269
Dividend paid in respect of 2015, representing total transactions with shareholders recognised directly in equity	-	(19,251)	-	(19,251)
As at 31 December 2016	215,573	282,813	(5,482)	492,904
As at 1 January 2017	215,573	282,813	(5,482)	492,904
Total comprehensive income for the year	-	63,463	-	63,463
Dividend paid in respect of 2016, representing total transactions with shareholders recognised directly in equity	-	(27,677)	-	(27,677)
As at 31 December 2017	215,573	318,599	(5,482)	528,690

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital

There was no change in the Company's share capital for the quarter ended 31 December 2017.

Treasury shares

The Company did not make any purchase of its own ordinary shares during the quarter ended 31 December 2017.

As at 31 December 2017, the Company held 6,000,000 ordinary shares (31 December 2016: 6,000,000) which represents 0.69% (31 December 2016: 0.69%) of the total number of issued shares of the Company (excluding treasury shares).

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Number of Shares	4Q 2017	4Q 2016	YTD 4Q 2017	YTD 4Q 2016
Issued ordinary shares				
Balance at beginning/end of period	866,183,628	866,183,628	866,183,628	866,183,628
Treasury shares				
Balance at beginning	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Additions during the period	-	-	-	-
Balance at end of period	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Total	860,183,628	860,183,628	860,183,628	860,183,628

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.
- These figures have not been audited or reviewed.
- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).
- Not applicable.
4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.
- Except for the adoption of new and revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT-FRS") as mentioned in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted for the audited consolidated financial statements for the year ended 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all new and revised FRS and INT-FRS that are relevant to its operations and effective for annual periods beginning after 1 January 2017. The adoption of the new and revised FRS had no significant impact on the financial statements of the Group.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	4Q 2017		4Q 2016		YTD 4Q 2017		YTD 4Q 2016	
Earnings per ordinary share for the period based on net profit attributable to owners of the Company:-								
(a) Based on weighted average number of ordinary share on issue	1.63	US cents	2.08	US cents	9.92	US cents	10.34	US cents
- Weighted average number of shares ('000)	860,184		860,184		860,184		860,184	
(b) On a fully diluted basis	1.63	US cents	2.08	US cents	9.92	US cents	10.34	US cents
- Adjusted weighted average number of shares ('000)	860,184		860,184		860,184		860,184	

- 7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:
- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Net asset value per ordinary share based on issued share capital at the end of the period reported on (US cents)	84.12	75.53	61.46	57.30
Number of ordinary shares issued ('000)	860,184	860,184	860,184	860,184

Net asset value per ordinary share is determined based on net asset value attributable to owners of the Company and the number of shares in issue of the Company as at 31 December 2017 and 31 December 2016 (excluding treasury shares).

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

PERFORMANCE REVIEW

BACKGROUND

The principal activities of the Group are jet fuel supply and trading, trading of other oil products and investments in oil-related assets. Consequently, income is derived from (i) supply and trading of jet fuel (ii) trading in other oil products and (iii) investments in oil related businesses.

CAO is the largest physical jet fuel trader in the Asia Pacific region and the key supplier of imported jet fuel to the civil aviation industry of the People's Republic of China ("PRC"). CAO also engages in trading of jet fuel and other oil products. The Company has wholly-owned subsidiaries located in Hong Kong, North America, United Kingdom, and Singapore; viz. China Aviation Oil (Hong Kong) Company Limited ("CAOHK"), North American Fuel Corporation ("NAFCO"), China Aviation Oil (Europe) Limited ("CAO Europe") and CAOT Pte Ltd ("CAOT") respectively. As part of the Group's ongoing efforts to streamline its group structure, CAOT was placed under members' voluntarily liquidation ("MVL") in the fourth quarter of 2017. The liquidation of CAOT did not have any material impact on the consolidated net tangible assets of the Group for financial year ended 31 December 2017. The MVL is expected to be completed in the second quarter of 2018.

In addition, CAO Group owns investments in strategic oil-related businesses, which include Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong"), China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL"), Oilhub Korea Yeosu Co., Ltd ("OKYC"), China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") and CNAF Hong Kong Refuelling Limited ("CNAF HKR").

Consolidated Statement of Comprehensive Income

4th Qtr 2017 v 4th Qtr 2016

Total supply and trading volume decreased by 0.05 million tonnes (0.60%) to 8.20 million tonnes for the fourth quarter ended 31 December 2017 ("4Q 2017") compared to 8.25 million tonnes for the fourth quarter ended 31 December 2016 ("4Q 2016"). Volume for middle distillates products increased 0.24 million tonnes (4.98%) to 5.06 million tonnes from 4.82 million tonnes, of which, trading volume for gas oil increased by 0.50 million tonnes (66.67%) to 1.25 million tonnes for 4Q 2017 from 0.75 million tonnes for 4Q 2016. The volume of jet fuel supply and traded decreased by 0.26 million tonnes (6.39%) to 3.81 million tonnes for 4Q 2017 compared to 4.07 million tonnes for 4Q 2016. Trading volume of other oil products decreased by 0.29 million tonnes (8.45%) to 3.14 million tonnes for 4Q 2017 compared to 3.43 million tonnes for 4Q 2016 attributable mainly to lower trading volume of fuel oil.

Total revenue increased by US\$785.00 million (23.96%) to US\$4,060.74 million for 4Q 2017 from US\$3,275.74 million for 4Q 2016, primarily due to the increase in oil prices.

Total gross profit was US\$8.34 million for 4Q 2017, a decrease of US\$2.25 million (21.27%) compared to US\$10.59 million for 4Q 2016 mainly due to lower profits from trading and optimisation activities.

Other operating income increased by US\$0.50 million (109.59%) to US\$0.96 million for 4Q 2017 compared to US\$0.46 million for 4Q 2016, mainly attributable to higher interest income after offsetting foreign exchange loss in both quarters. Bank interest income which was derived from time deposits placed with banks was US\$0.93 million for 4Q 2017 compared to US\$0.76 million for 4Q 2016, an increase of 22.50%.

Total expenses increased by US\$2.73 million (45.27%) to US\$8.76 million for 4Q 2017 compared to US\$6.03 million for 4Q 2016. The increase in expenses was mainly due to higher professional fee incurred for business development and higher interest expenses from short-term bank borrowings drawdown for working capital purposes.

The share of profits from associates was US\$16.82 million for 4Q 2017 compared to US\$13.33 million for 4Q 2016, an increase of 26.19% mainly due to higher profit contributions from Pudong. The share of profits from Pudong was US\$16.28 million for 4Q 2017 compared to US\$13.60 million for 4Q 2016, increased by 19.67% mainly attributable to higher operating profit as a result of higher refuelling volume and higher oil price.

Share of results from OKYC was US\$0.41 million for 4Q 2017 compared to US\$0.23 million for 4Q 2016, an increase of 76.29%. Share of results from OKYC for 4Q 2017 was mainly comprised of operating profit contribution from its tank storage leasing activities while a mark-to-market (“MTM”) loss from its cross currency interest rate swap contracts (“CRS”) had partially offset a relatively higher operating profit in 4Q 2016.

Share of results from TSN-PEKCL was US\$0.10 million for 4Q 2017 compared to negative US\$0.34 million for 4Q 2016, mainly due to higher operating expenses in 4Q 2016.

The share of results in Xinyuan increased by US\$0.19 million (345.61%) to US\$0.25 million for 4Q 2017 compared to US\$0.06 million for 4Q 2016, mainly due to the increase in profit margin and higher rental income from its oil storage tanks.

The share of loss from CNAF HKR was level at US\$0.23 million for 4Q 2017 and 4Q 2016.

Income tax expense was US\$3.33 million for 4Q 2017 compared to US\$0.42 million for 4Q 2016, an increase of US\$2.91 million (687.47%) mainly attributable to the decline in deferred tax assets as a result of the utilisation of unabsorbed tax losses from prior years to offset current year’s profits, the increase in recognition of deferred tax liabilities on the Company’s share of undistributed retained earnings from associates and tax expenses incurred on transfer of shareholding in OKYC consequent to the liquidation procedures of CAOT.

The Group’s net profit for 4Q 2017 was US\$14.03 million compared to US\$17.92 million for 4Q 2016, a decrease of US\$3.89 million (21.71%). Earnings per share was 1.63 US cents for 4Q 2017 compared to 2.08 US cents for 4Q 2016.

4th Qtr 2017 v 3rd Qtr 2017

Total supply and trading volume for middle distillates and other oil products decreased by 5.26 million tonnes (39.08%) to 8.20 million tonnes for 4Q 2017 compared to 13.46 million tonnes for the third quarter ended 30 September 2017 (“3Q 2017”), mainly due to lower trading volume in other oil products.

Total revenue decreased by US\$1,162.31 million (22.25%) to US\$4,060.74 million for 4Q 2017 from US\$5,223.05 million for 3Q 2017 attributable mainly to the decrease in trading volume of other oil product.

Gross profit derived from jet fuel supply and trading of middle distillates and other oil products was higher at US\$8.34 million for 4Q 2017 compared to US\$4.33 million for 3Q 2017 mainly attributable to higher optimisation gains from jet fuel trading.

Other operating income was US\$0.96 million for 4Q 2017 compared to US\$0.79 million for 3Q 2017, an increase of US\$0.17 million (21.52%) mainly due to higher bank interest income.

Total expenses was US\$8.76 million for 4Q 2017 compared to US\$3.79 million for 3Q 2017, an increase of US\$4.97 million (131.13%) mainly due to higher professional fees, higher bank interest expense and the reversal of bad debts of US\$0.54 million in 3Q 2017.

The share of profits from associates was US\$16.82 million for 4Q 2017 compared to US\$21.51 million for 3Q 2017, a decrease of US\$4.69 million (21.80%) mainly attributable to lower share of profits from Pudong.

The share of profits from Pudong was US\$16.28 million for 4Q 2017 compared to US\$18.85 million for 3Q 2017, decreased by 13.63% mainly attributable to higher operating expenses.

Share of results from OKYC was US\$0.41 million for 4Q 2017 compared to US\$1.81 million for 3Q 2017, decreased by 77.35% mainly due to lower operating profit and higher foreign exchange loss.

Share of results from TSN-PEKCL was US\$0.10 million for 4Q 2017 compared to US\$0.94 million for 3Q 2017, mainly due to higher operating expenses in 4Q 2017.

The share of loss from CNAF HKR was higher at US\$0.23 million for 4Q 2017 compared to US\$0.20 million for 3Q 2017 mainly due to higher operating expenses.

Income tax expense was US\$3.33 million for 4Q 2017 compared to US\$1.42 million for 3Q 2017, an increase of US\$1.91 million (134.51%) mainly attributable to the decline in deferred tax assets as a result of the utilisation of unabsorbed tax losses from prior years to offset current year's profits and tax expenses incurred on transfer of shareholding in OKYC.

The Group's net profit for 4Q 2017 was US\$14.03 million compared to US\$21.42 million for 3Q 2017, a decrease of US\$7.39 million (34.50%) mainly due to the lower contributions from associates in 4Q 2017. Earnings per share was 1.63 US cents for 4Q 2017 compared to 2.49 US cents for 3Q 2017.

FY 2017 v FY 2016

Total supply and trading volume for middle distillates and other oil products increased by 4.76 million tonnes (14.62%) to 37.31 million tonnes for the financial year ended 31 December 2017 ("FY 2017") compared to 32.55 million tonnes for the financial year ended 31 December 2016 ("FY 2016"). Volume for middle distillates increased 1.24 million tonnes (6.68%) to 19.80 million tonnes from 18.56 million tonnes, of which, the volume of jet fuel supply and trading increased by 1.16 million tonnes (7.75%) to 16.12 million tonnes for FY 2017 compared to 14.96 million tonnes for FY 2016. The trading volume of other oil products increased by 3.52 million tonnes (25.16%) to 17.51 million tonnes for FY 2017 compared to 13.99 million tonnes for FY 2016 due primarily to increased trading of fuel oil.

Total revenue increased by US\$4,564.42 million (39.00%) to US\$16,267.61 million for FY 2017 from US\$11,703.19 million for FY 2016. This was mainly attributable to the increase in oil prices and trading volume. Please see breakdown under Note 1 on page 2.

Gross profit derived from jet fuel supply and trading of middle distillates and other oil products was US\$38.70 million for FY 2017, a decrease of US\$5.35 million (12.14%) compared to US\$44.05 million for FY 2016. This was mainly due to: i) lower gross profit derived from China produced oil; and ii) lower gains from trading and optimisation activities as markets declined to backwardation in 3Q 2017 further exacerbated by increase in supply & operational costs incurred due to various supply disruptions caused by weather and refineries outages.

Other operating income was US\$3.75 million for FY 2017 compared to US\$1.30 million for FY 2016 an increase of US\$2.45 million (187.64%) mainly due to higher bank interest income and lower foreign exchange loss. Bank interest income was US\$3.73 million for FY 2017 compared to US\$1.58 million for FY 2016, an increase of US\$2.15 million (136.63%) from time deposits placed with banks and financial institutions. This was partially offset by higher finance costs from short-term borrowings to meet working capital needs.

Total expenses increased by US\$1.92 million (9.67%) to US\$21.78 million for FY 2017 compared to US\$19.86 million for FY 2016, mainly attributable to higher professional fees incurred for business development and higher interest expense from short-term borrowings.

The share of profits from associates was US\$71.53 million for FY 2017 compared to US\$66.36 million for FY 2016, an increase of US\$5.17 million or 7.79%, mainly attributable to higher share of profits from Pudong. The profit contribution from Pudong was US\$64.17 million for FY 2017 compared to US\$60.64 million for FY 2016, an

increase of US\$3.53 million (5.83%) mainly attributable to higher operating profit as a result of higher oil price and refuelling volume in FY 2017.

The share of profit from OKYC was US\$4.95 million for FY 2017 compared to US\$4.14 million for FY 2016, an increase of US\$0.81 million (19.52%), attributable mainly to higher operating profit from its tank storage leasing activities.

Share of profits from TSN-PEKCL was US\$2.61 million for FY2017 compared to US\$2.18 million for FY 2016, an increase of US\$0.43 million (19.74%), attributable mainly to lower amortisation of expenses in FY2017.

The share of results in Xinyuan increased by US\$0.29 million (91.35%) to US\$0.60 million for FY 2017 compared to US\$0.31 million for FY 2016, mainly due to the increase in profit margin and higher rental income from its oil storage tanks.

The share of loss from CNAF HKR was US\$0.80 million in FY 2017 compared to US\$0.91 million in FY 2016, an improvement of US\$0.11 million mainly due to higher revenue generated from the increased refuelling volume which was still insufficient to offset the administrative expenses and finance costs.

Income tax expense was US\$6.88 million for FY 2017 compared to US\$2.95 million for FY 2016, an increase of 133.19% due mainly to the decline in deferred tax assets following the utilization of unabsorbed tax losses from prior years to offset current year's profits, the increase in recognition of deferred tax liabilities on the Company's share of undistributed retained earnings from associates, tax expenses incurred on transfer of shareholding in OKYC and higher provision of income tax by a subsidiary.

The Group's profit before tax increased by 0.38% to US\$92.21 million for FY 2017 compared to US\$91.86 million for FY 2016. After offsetting the increase in income tax expense, the Group's net profit for FY 2017 was US\$85.33 million compared to US\$88.91 million for FY 2016, a decrease of US\$3.58 million (4.03%). Earnings per share was 9.92 US cents for FY 2017 compared to 10.34 US cents for FY 2016.

Statement of Financial Position

The Group's current assets stood at US\$1,578.77 million as at 31 December 2017 compared to US\$1,048.57 million as at 31 December 2016. The increase of US\$530.20 million in current assets resulted mainly from the increase of US\$478.56 million in trade and other receivables to US\$1,069.11 million as at 31 December 2017 from US\$590.55 million as at 31 December 2016 mainly due to higher monthly trading volume and oil price in December 2017 compared to December 2016.

Non-current assets stood at US\$333.89 million as at 31 December 2017, compared to US\$295.85 million as at 31 December 2016. The increase of US\$38.04 million was mainly attributable to the share of profits in associates of US\$71.53 million and the increase in foreign currency translation reserve of US\$16.24 million partially offset by the distribution of dividends of US\$47.89 million.

Current liabilities which comprised trade and other payables, bank borrowings and tax payables, increased by US\$492.73 million to US\$1,181.16 million as at 31 December 2017 compared to US\$688.43 million as at 31 December 2016, mainly due to higher monthly trading volume and oil price in December 2017 compared to December 2016.

Non-current liabilities were attributable to the recognition of deferred tax liabilities on the Company's share of undistributed retained earnings of associates. The undistributed retained earnings from associates is subject to withholding tax.

The Group's net assets stood at US\$723.58 million as at 31 December 2017, or 84.12 US cents per share, compared to US\$649.69 million as at 31 December 2016 or 75.53 US cents per share.

Consolidated Statement of Cash Flows

4Q 2017 v 4Q 2016

The net cash used in operating activities was US\$43.13 million in 4Q 2017 compared to US\$51.59 million in 4Q 2016, a decrease of US\$8.46 million attributable mainly to lower working capital requirements for trading activities.

Cash flows generated from investing activities amounted to US\$44.93 million in 4Q 2017 compared to US\$36.36 million in 4Q 2016, mainly attributable to higher bank interest income and dividend income received from associates.

Cash flows generated from financing activities in 4Q 2017 was US\$119.04 million compared to US\$69.84 million in 4Q 2016 attributable mainly to higher net proceeds from bank borrowings.

FY 2017 v FY 2016

The net cash used in operating activities was US\$27.24 million in FY 2017 compared to US\$0.52 million in FY 2016, an increase of US\$26.72 million mainly due to higher working capital requirements for trading activities.

Cash flows generated from investing activities amounted to US\$48.67 million in FY 2017 compared to US\$37.26 million in FY 2016, an increase of US\$11.41 million mainly attributable to higher bank interest income and dividend income received from associates.

Cash flows used in financing activities in FY 2017 was US\$9.29 million compared to cash flows generated from financing activities of US\$80.44 million in FY 2016, mainly attributable to higher repayment of bank borrowings and dividend payout in FY 2017.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Since the beginning of 2017, the Organisation of Petroleum Exporting Countries (“OPEC”) and its allies have sought to reduce oil production that led to exports in crude being curbed and crude inventories declined. With effects from weather conditions, supply disruptions and an oil market structure backwardation; all these contributed to a complex and unpredictable trading environment. Nevertheless, CAO Group built on its strength in China’s civil aviation and expanded on its global jet supply and trading value chain in 2017.

Notwithstanding the uncertainties in the oil markets and global economic and geopolitical outlook, CAO will continue to build on its stable jet fuel supply business benefiting from the growth in China’s civil aviation industry and expanding its aviation marketing business outside of mainland China. As the Group persists on its expansion in the global jet supply and trading network complemented with trading in other oil products, it endeavours to seek opportunities for expansion through investments in synergetic and strategic oil related assets and businesses. The Group will remain focused on pursuing its long term strategy to ensure steady and sustainable growth as well as the development of its businesses.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? Yes

Name of dividend	Proposed Final One-tier Tax Exempt Ordinary
Dividend Type	Cash
Net Dividend Amount (Singapore cents per share)	4.50

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Final One-tier Tax Exempt Ordinary
Dividend Type	Cash
Net Dividend Amount (Singapore cents per share)	4.50

(c) Date payable

The Directors have proposed a first and final dividend of S\$0.045 per ordinary share, tax exempt (one-tier) for approval by shareholders at the forthcoming annual general meeting to be convened. Details on payment of dividend will be announced in due course.

(d) Book closure date

Details on closure of books will be announced in due course.

12 If no dividend has been declared/recommended, a statement to that effect.

Not Applicable.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segment revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

	Middle distillates		Other oil products		Investment in oil related assets		Total	
	2017 US\$'000	2016 US\$'000	2017 \$'000	2016 \$'000	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Revenue	10,233,209	7,754,112	6,034,397	3,949,079	-	-	16,267,606	11,703,191
Gross profit	35,787	41,652	2,916	2,398	-	-	38,703	44,050
Other administrative/operating expenses	(13,681)	(13,019)	(999)	(804)	(3,643)	(3,580)	(18,323)	(17,403)
Depreciation and amortisation	(930)	(1,206)	-	-	-	-	(930)	(1,206)
Foreign exchange loss	(31)	(333)	-	-	-	-	(31)	(333)
Interest income	3,727	1,575	-	-	-	-	3,727	1,575
Other income	52	61	-	-	-	-	52	61
Finance costs	(1,268)	(1,002)	(1,258)	(247)	-	-	(2,526)	(1,249)
Share of results of associates (net of tax)	-	-	-	-	71,534	66,363	71,534	66,363
Profit before taxation	23,656	27,728	659	1,347	67,891	62,783	92,206	91,858
Income tax expense	(2,603)	(626)	-	-	(4,275)	(2,324)	(6,878)	(2,950)
Profit after taxation	21,053	27,102	659	1,347	63,616	60,459	85,328	88,908

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not Applicable.

15. A breakdown of sales as follows:

Group	2017	2016	%
	US\$'000	US\$'000	Increase/ (Decrease)
Sales reported for first half year	6,983,816	4,487,588	55.63%
Profit after tax before deducting minority interests reported for first half year	49,878	47,770	4.41%
Sales reported for second half year	9,283,790	7,215,603	28.66%
Profit after tax before deducting minority interests reported for second half year	35,450	41,138	-13.83%

16. A breakdown of the total annual dividend (in dollar value) for the issuer's most latest full year and its previous full year as follows: (a) ordinary, (b) preference and (c) total.

Total distribution paid and proposed in respect of the financial year ended 31 December 2017 will be S\$0.045 per ordinary share (2016: S\$0.045 per ordinary share).

	Latest Full Year US\$'000	Previous Full Year US\$'000
Ordinary - interim dividend	-	-
Ordinary - final dividend	28,954*	27,677
Total:	28,954	27,677

* Estimated based on a total number of issued ordinary shares of 860,183,628 at the end of the financial year.

17. Interested Person Transactions.

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual

Aggregate value of interested person transactions entered from 1 January 2017 to 31 December 2017.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	4Q 2017 US\$'000	4Q 2017 US\$'000	YTD 4Q 2017 US\$'000	YTD 4Q 2017 US\$'000
Sales revenue from related corporations	-	804,397	-	2,942,634
Sales revenue from related corporation of a corporate shareholder	-	-	-	99,048
Purchases from related corporation	-	747,386	-	1,986,552
Purchases from related corporation of a corporate shareholder	-	86,039	-	158,725
Purchases from associate	-	27	-	107
Services rendered from related corporation of a corporate shareholder	-	125	-	492
Interest income earned from principal deposited with related corporations	-	3,820	-	6,609
Interest income by associate from loan granted to related corporations	-	-	-	220
Supply chain services rendered from related corporation	-	3,530	-	17,052
Transportation revenue earned by associate from related corporations	-	2,379	-	9,021
Principal deposited with related corporations	-	241,815	-	262,050
Loan granted to related corporation	-	-	-	1,441

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
28 February 2018