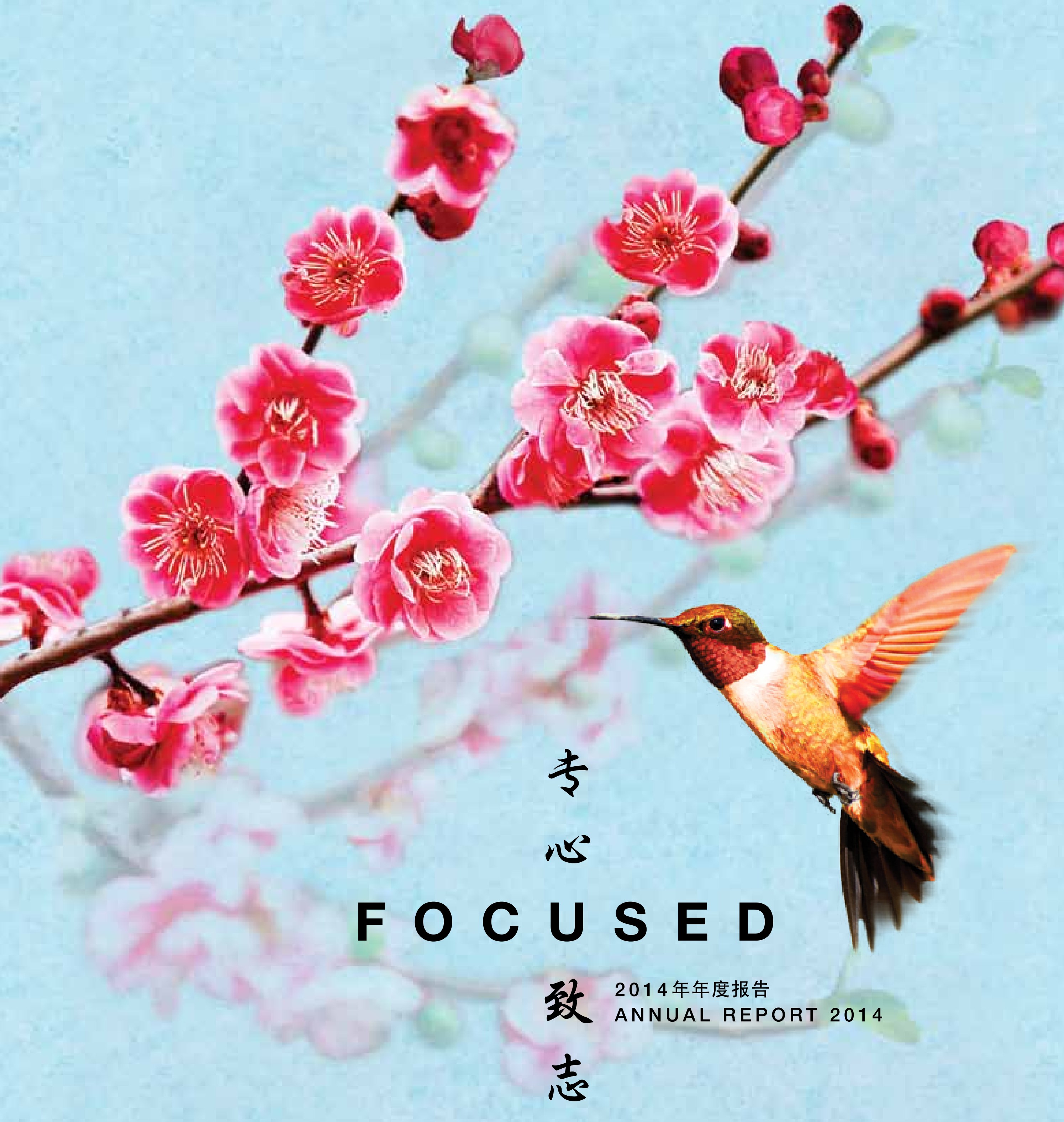
China Aviation Oil (Singapore) Corporation Ltd
中国航油（新加坡）股份有限公司

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



专心 FOCUSED 致志

2014年年度报告
ANNUAL REPORT 2014

Fuel for Future 为明天加油

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

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

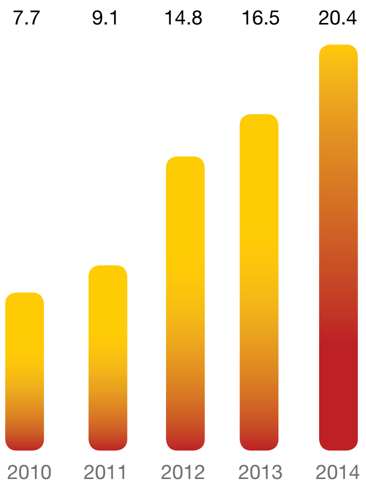
CAO's Annual Report 2014 aims to give readers an account of the Group's integrated approach to value creation and sustainability development. Our report provides an overview of key activities, events and results in 2014, together with commentary on the Group's performance in the year and our priorities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

Contents

Financial Highlights
业绩亮点

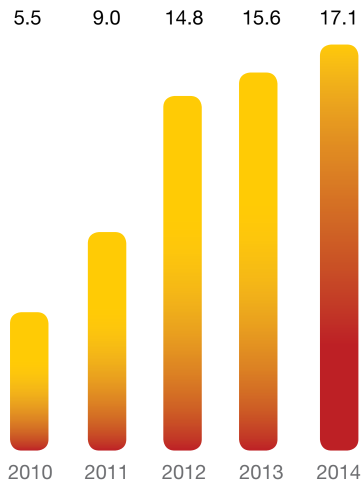
TOTAL VOLUME (MILLION TONNES)
总业务量

20.4
million tonnes



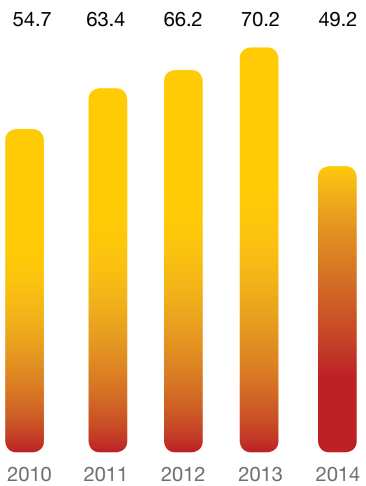
REVENUE (US$ BILLION)
营业额

US$17.1
billion



NET PROFIT (US$ MILLION)
净利润

US$49.2
million



RETURN ON EQUITY
股本回报率

9.1%

RETURN ON ASSETS
资产回报率

3.5%

NET ASSET VALUE/SHARE
每股净资产值

US64.35¢

CAO at A Glance

China Aviation Oil (Singapore) Corporation Ltd ("CAO" or "the Group"), incorporated in Singapore on 26 May 1993, and listed on the mainboard of the Singapore Exchange Securities Trading Limited since 2001, is the largest physical jet fuel trader in the Asia Pacific region and the sole supplier of imported jet fuel to the civil aviation industry of the People's Republic of China ("PRC").

CAO and its wholly owned subsidiaries, China Aviation Oil (Hong Kong) Company Limited ("CAOHK") and North American Fuel Corporation ("NAFCO") supply jet fuel to airline companies at airports outside mainland China, including locations in the Asia Pacific, North America, Europe and the Middle East. CAO and its wholly owned subsidiary, China Aviation Oil (Europe) Limited ("CAOE"), also engages in international trading of jet fuel and other oil products.

The Group owns investments in oil-related businesses that are synergetic to its supply and trading activities, including Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA"), China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL"), China Aviation Oil Xinyuan Petrochemicals Co., Ltd ("Xinyuan"), Oilhub Korea Yeosu Co., Ltd ("OKYC") and CNAF Hong Kong Refuelling Limited ("CNAF HKR").

OUR KEY SHAREHOLDERS

China National Aviation Fuel Group Corporation ("CNAF"), the single largest shareholder of CAO, holds 50.88% of the total issued shares of CAO (including treasury shares). As a state-owned enterprise, CNAF is the largest aviation transportation logistics services provider in the PRC, providing aviation fuel distribution, storage, transportation and refuelling services at over 190 PRC airports.

BP Investments Asia Limited, a subsidiary of oil major, BP Plc, is a strategic investor of CAO, and holds 20% of the total issued shares of CAO (including treasury shares).

OUR BUSINESS PORTFOLIO

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. The Group supplies jet fuel at 15 international airports across China, including major PRC gateways such as Beijing Capital International Airport, Shanghai Pudong International Airport and Guangzhou Baiyun International Airport.

The Group also markets and supplies jet fuel to airline companies at 34 international airports outside mainland China, covering Asia Pacific, North America, Europe and the Middle East. Leveraging on the growing global air transportation market, the Group will continue to focus on growing and expanding its businesses into new markets, underpinned by robust strategies to create a strong foundation for future growth.

Storage facilities in China
在中国的储罐设施

Trading of Other Oil Products

CAO has diversified its revenue streams and expanded its scale of business by building up supply and trading businesses in other oil products, which include fuel oil, gas oil and petrochemicals. CAO has entrenched its market presence as an active trader of these oil products in the Asia Pacific market and will continue to work at building and optimising structural advantages in these products.

Investments in Oil-related Assets

CAO continuously seeks to create value and deliver sustainable growth through investments and acquisitions in oil-related assets that are synergetic to its core businesses to achieve vertical integration of its value chain. The Group currently holds equity stakes in:

- Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA") – (33% equity stake)
- China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL") – (49% equity stake)
- China Aviation Oil Xinyuan Petrochemicals Co., Ltd ("Xinyuan") – (39% equity stake)
- Oilhub Korea Yeosu Co., Ltd ("OKYC") – (26% equity stake)
- CNAF Hong Kong Refuelling Limited ("CNAF HKR") – (39% equity stake)

公司简介

中国航油（新加坡）股份有限公司（简称“CAO”或“集团”）于1993年5月26日在新加坡注册成立，2001年在新加坡证券交易所主板上市。CAO是亚太地区最大的航油实货贸易商和中国独家航油进口商。

CAO与全资子公司中国航油（香港）有限公司、北美航油有限公司在中国大陆以外的机场向航空公司供应航油，包括亚太、北美、欧洲和中东。CAO与全资子公司中国航油（欧洲）有限公司进行航煤和其他油品的国际贸易。

联营公司的油品相关资产可以为供应贸易业务提供协同性，包括上海浦东国际机场航空油料有限责任公司(“浦东航油”)、中国航油集团津京管道运输有限责任公司（“管输公司”）、中国航油集团新源石化有限公司（“新源公司”）、韩国丽水枢纽油库有限公司（“OKYC”）和中国航油香港供油有限公司(“CNAF HKR”)。

主要股东

CAO最大的股东是中国航空油料集团公司(简称“CNAF”)，CNAF持有CAO全部发行股票(包含库存股）的50.88%，是一家中国国有企业，也是中国最大的航空运输服务保障企业，为中国超过190家机场提供航空油料的分配、存储、运输和加注服务。

石油巨头BP的子公司BP投资亚洲有限公司是CAO的战略投资者，持有CAO全部发行股票（包含库存股）的20%。

业务概况

航油供应与贸易

CAO是亚太地区最大的航油实货贸易商和中国独家航油进口商。集团向分布在中国各地的15家国际机场供应航油，包括中国主要枢纽机场，如北京首都国际机场、上海浦东国际机场和广州白云国际机场等。

Into-plane refuelling operations of CNAF at a Chinese airport
CNAF 在中国的航油加注业务

CAO集团也在中国大陆以外的亚太、北美、欧洲和中东的34个国际机场向航空公司营销并供应航油。在全球航空运输市场快速增长的推动下，集团会继续专注拓展和发展新市场，其稳健的战略为未来的发展打下了坚实的基础。

其他油品贸易业务

公司会继续通过多元化的供应与贸易业务拓展收入来源，提升业务规模。我们的其他贸易品种包括燃料油、柴油和化工品。CAO已在亚太地区成为这些石化产品的活跃贸易商，也会继续优化和打造其他贸易品种的结构性优势。

油品相关实业投资

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

- 上海浦东国际机场航空油料有限责任公司（“浦东航油”）–(CAO持股33%)
- 中国航油集团津京管道运输有限责任公司（“天津管输公司”）–(CAO持股49%)
- 中国航油集团新源石化有限公司（“新源公司”）–(CAO持股39%)
- 韩国丽水枢纽油库有限公司（“OKYC”）–(CAO持股26%)
- 中国航油香港供油有限公司（“CNAF HKR”）–(CAOHK持股39%)

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

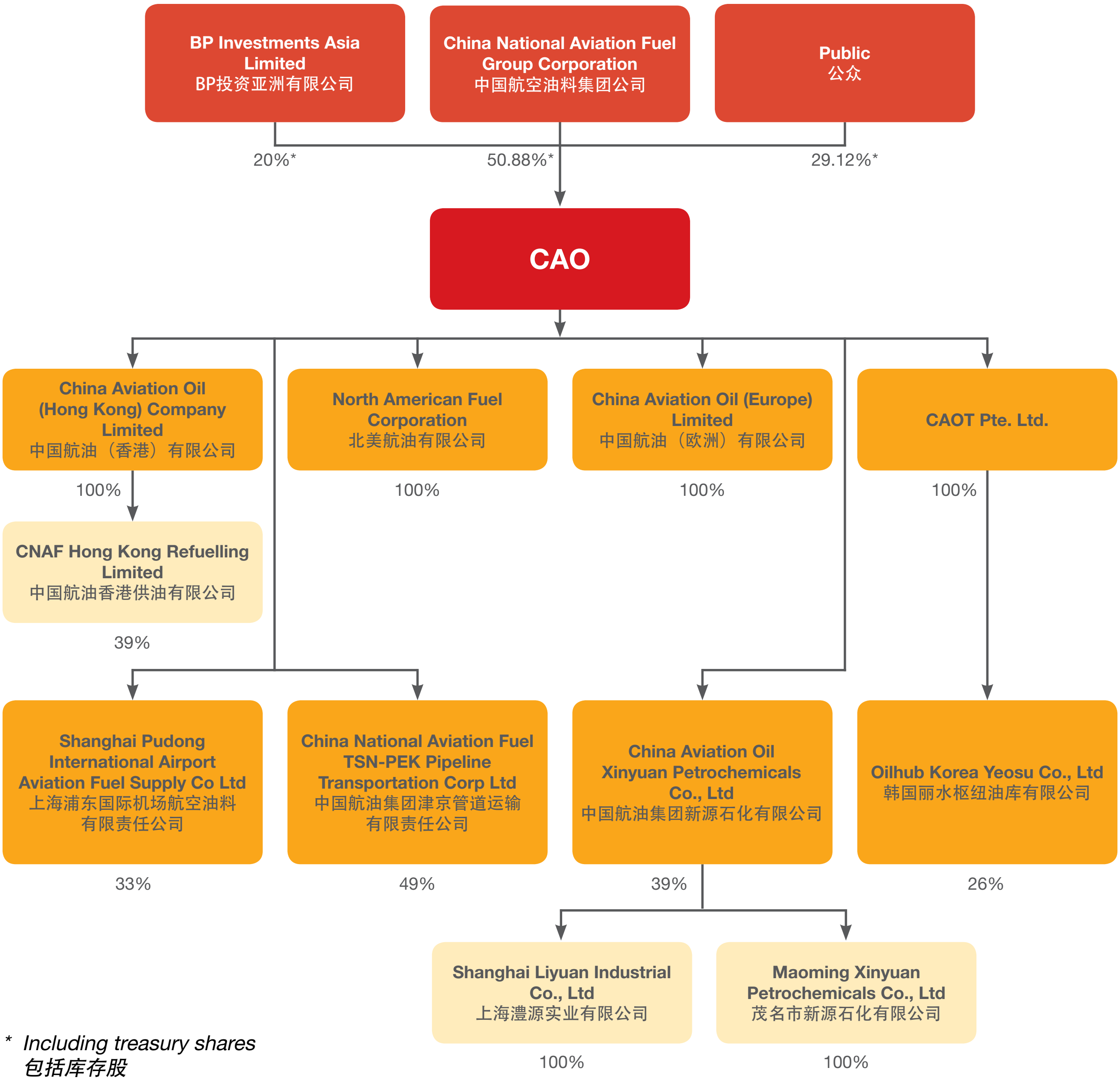
FOCUSED ON
VALUE CREATION

致力于价值创造

Strengthening our core businesses and developing CAO's integrated value chain to enhance stakeholder value.

Responsible for the pollination of countless flowering plants, hummingbirds are vital to biodiversity preservation and sustenance production; they are the epitome of value creation. At CAO, our corporate vision outlines our integrated business model and drives our performance. Together with our global supply and trading network, it forms the nexus of CAO's diversified growth platform to create value for our stakeholders.

Group Structure (as at 26 March 2015)
集团结构图（截至2015年3月26日）



* *Including treasury shares*
包括库存股

Sustainable Business Model
可持续的业务模式

Our Vision

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

International Oil Markets
国际油品市场

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

Procurement
采购

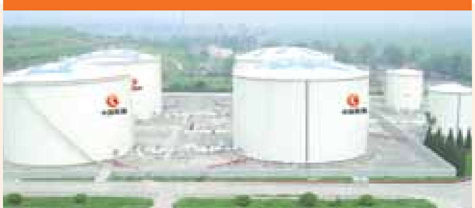
Optimisation & Trading
优化与贸易

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

Secure Resources
锁定资源

Optimise Logistics
优化物流

Storage
优化物流

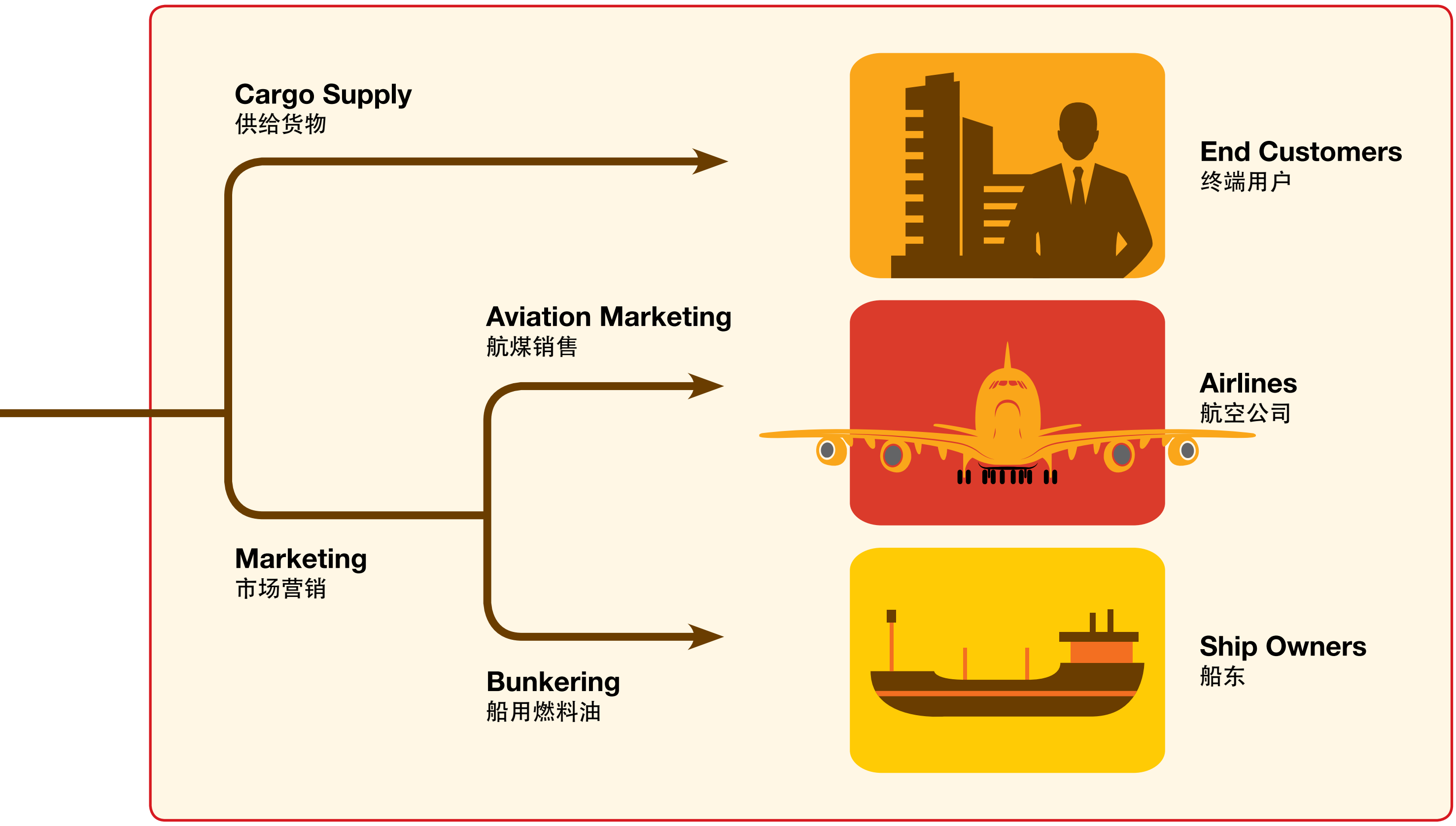


- Xinyuan 新源公司
- OKYC 韩国丽水枢纽油库有限公司

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

愿景

成为富有创新精神的**全球**一流
运输燃料一体化方案提供商

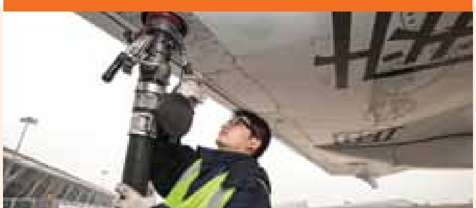


Create Demand
创造需求

Pipelines
管线

TSN - PEKCL
天津管输公司

Airport Refuelling Facilities
机场加注设施



- SPIA
  浦东航油
- CNAF HKR
  中国航油香港供油有限公司

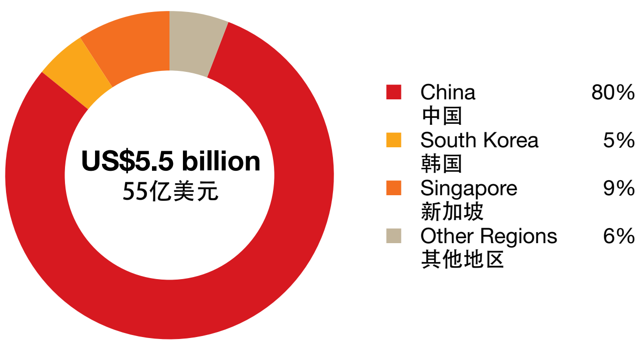
International Reach
国际触角

CAO Headquarter & Subsidiaries
CAO 总部及其子公司

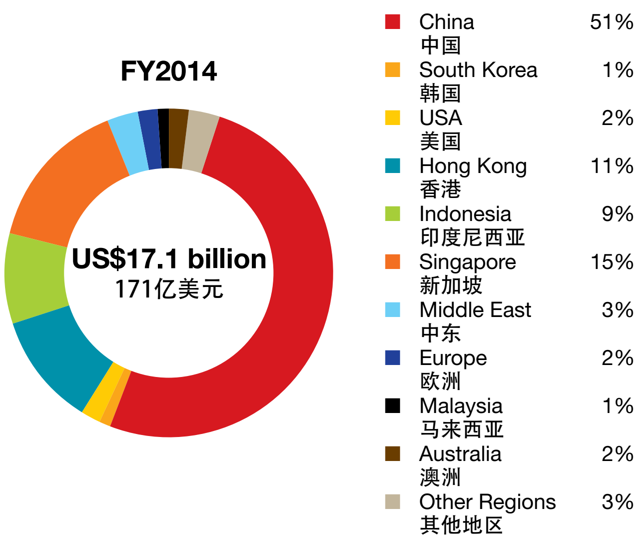
Supply & Trading Network
供应与贸易网络

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

FY2010



FY2014



FOCUSED ON

SUSTAINABLE GROWTH

致力于可持续发展

Capitalising on our diversified and international growth platform to deliver sustainable long-term growth.

The plum blossom is often regarded as a symbol of perseverance and resilience, thriving in the harshest of conditions, blossoming in the thick of winter. As CAO enters a new phase of sustainable growth, we will similarly demonstrate our resilience and remain focused on developing our 2020 Corporate Strategy – to transform our business and enhance the Group in relevant and dynamic ways. We will work in synergy to achieve greater success, pull together amid challenging times and realise our strategic goal to deliver sustainable growth for our businesses and shareholder value.

SUN LI
Chairman

孙立
董事长

Chairman's Statement

Dear Shareholders,

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

OUR PERFORMANCE IN 2014

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

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

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

FOCUSED ON SUSTAINABLE GROWTH

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

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

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

Chairman's Statement

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

OUTLOOK

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

China's economic growth may be growing at a slower pace but the world's second largest civil aviation industry is expected to continue its rapid growth momentum through to 2020, with total turnover projected to reach 170 billion tonne-kilometres according to industry sources. China's air passenger throughput reached 390 million in 2014, an increase of about 10.1% year-on-year whilst total air transportation turnover volume for the same period is forecast to reach 74.2 billion tonne-kilometres, an increase of 10.4% over 2013. This burgeoning demand for jet fuel in China and the dominant position of CAO's parent company in the PRC will ensure that CAO's jet fuel business remains a key component of our Group's growth trajectory.

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

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

CNAF storage facilities in China
CNAF 在中国的储罐

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

FOCUSED ON VALUE CREATION

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

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

These accolades reflect the painstaking efforts the management and staff of CAO had put in to develop CAO into a sustainable company for the long haul. A strong balance sheet, robust enterprise risk management processes and heightened corporate governance practices will ensure the continued success of CAO even as the Group becomes more proactive in creating value for itself as well as others. Our focus to grow the Group in terms of value creation has led to the development of key corporate strengths that heighten our resilience to overcome the challenges that may come. CAO is also financially resilient to seize any opportunities that may arise and the Group will continue to invest prudently to benefit from the eventual recovery of the oil industry.

ACKNOWLEDGEMENTS AND APPRECIATION

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

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

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

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

SUN LI
Chairman

董事长致辞

各位股东，

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

2014年经营业绩

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

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

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

专注企业可持续发展

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

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

随着CAO全球化业务的进一步发展，公司治理成为战略与投资决策中更加重要的一环。CAO具备严格的风险管理系统和内控流程，所有成员企业高度重视公司治理，集团有能力继续全球业务拓展。诚信与透明是深植于企业文化的价值观，适用于CAO开展业务的所有领域。随着集团开始下一阶段的发展，成为“具有创新精神的全球一流的运输燃料一体化方案提供商”，我们会继续秉承高标准的公司治理，这是我们业务可持续发展和股东价值的基础。

展望

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

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

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

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

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

专注价值创造

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

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

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

致意与感谢

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

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

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

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

孙立
董事长

Board of Directors
董事会

Seated from left
前排左至右

Wang Kai Yuen
王家園

Sun Li
孙立

Meng Fanqiu
孟繁秋

Standing from left
后排左至右

Luo Qun
罗群

Li Runsheng
李润生

Alan Haywood

Chen Liming
陈黎明

Ang Swee Tian
汪瑞典

Zhao Shousen
赵寿森

Board of Directors
董事会

SUN LI, 62
Non-Executive and Non-Independent Chairman

Date of first appointment as a director:
30 April 2007

Date of last re-election as a director:
26 April 2012

Length of service as director:
7 years 8 months
(as at 31 December 2014)

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

Academic and Professional Qualification(s):
- Bachelor of Engineering in Polymer Chemicals, Tsinghua University, Beijing
- Postgraduate Diploma in Engineering, Tsinghua University, Beijing with qualification title of Senior Engineer (Professor Level)
- Completed MBA Executive Education Programme at Capital University of Economics and Business in Beijing
- Completed Corporate Management Training Courses by IBM, ENSPM (France) and ICI (Britain)

Present Directorships:
(as at 31 December 2014)

Listed Companies:
N.A.

Other Principal Directorships:
- China National Aviation Fuel Group Corporation *(Chairman)*

Major Appointments:
(other than directorships)
N.A.

Past Directorships held over the preceding 3 years:
(from 1 January 2012 to 31 December 2014)
N.A.

Others:
- Entitled to the Special Allowance for Specialists from the State Council of the PRC
- Conferred the Outstanding Progress in Safety and Technology Management Award by International Air Transport Association (IATA) in 2010
- Conferred the Aviation Fuel Person of the Year Award by Armbrust Aviation Group in 2010
- Former General Manager of PetroChina Chemical and Sales Company
- Former General Manager of PetroChina Lanzhou Petrochemical Company
- Former Deputy Director of the Refinery Department of China National Petroleum Corporation
- Former Deputy General Manager of Liaoyang Petrochemical & Fibre Company

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孙立，62岁
非执行、非独立董事长

首次当选董事日期：
2007年4月30日

上次董事轮选日期：
2012年4月26日

供职董事年限：
7年零8个月
(截至2014年12月31日)

供职董事委员会：
无

学术和专业资历：
- 清华大学，化工系高分子化工专业，工程学士
- 清华大学，工程学研究生学历，教授级高级工程师资格
- 于北京完成首都经贸大学工商管理高层管理教育项目
- 完成IBM公司、国立高等石油与发动机学院（法国）和英国帝国化学工业集团（英国）的企业管理培训课程

现任董事席位：
(截至2014年12月31日)

上市公司：
无

其他主要董事席位：
- 中国航空油料集团公司（董事长）

主要任职：
(除董事职位外)
无

过去三年曾任董事席位：
(2012年1月1日至2014年12月31日)
无

其他：
- 享受中国国务院特殊专家津贴
- 2010年被国际航协授予“安全技术管理杰出进步奖”
- 2010年获得Armbrust Aviation Group颁发的“航油风云人物奖”
- 曾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
- 曾任中国石油兰州石化分公司总经理
- 曾任中国石油天然气集团公司炼化部副主任
- 曾任辽阳石油化纤公司副总经理

WANG KAI YUEN, 67

Deputy Chairman and Lead Independent Director

Date of first appointment as a director:
28 April 2008

Date of last re-election as a director:
24 April 2014

Length of service as director:
6 years 8 months
(as at 31 December 2014)

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

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

Present Directorships:
(as at 31 December 2014)

Listed Companies:
- A-Sonic Aerospace Ltd *(Director)*
- ComfortDelGro Corporation Ltd *(Director)*
- COSCO Corporation (Singapore) Limited *(Director)*
- Emas Offshore Ltd *(Director)*
- Ezion Holdings Ltd *(Director)*
- HLH Group Ltd *(Chairman)*
- Matex International Ltd *(Director)*

Other Principal Directorships:
- Waan Holdings Pte Ltd *(Director)*
- Great Source Pte Ltd *(Director)*

Major Appointments:
(other than directorships)
N.A.

Past Directorships held over the preceding 3 years:
(from 1 January 2012 to 31 December 2014)
- Asian Micro Holdings Ltd
- Xpress Holdings Ltd
- SuperBowl Holdings Ltd

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

王家园，67岁

副董事长，首席独立董事

首次当选董事日期：
2008年4月28日

上次董事轮选日期：
2014年4月24日

供职董事年限：
6年零8个月
(截至2014年12月31日)

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

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

现任董事席位：
(截至2014年12月31日)

上市公司：
- A-Sonic Aerospace有限公司（董事）
- 康福德高企业有限公司（董事）
- 中远投资（新加坡）有限公司（董事）
- Emas Offshore 有限公司（董事）
- 毅之安控股有限公司（董事）
- 蓬莱发集团（董事长）
- 万得国际有限公司（董事）

其他主要董事席位：
- Waan控股私人有限公司（董事）
- Great Source私人有限公司（董事）

主要任职：
(除董事职位外)
无

过去三年曾任董事席位：
(2012年1月1日至2014年12月31日)
- 亚威控股有限公司
- Xpress 控股有限公司
- SuperBowl 控股有限公司

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

Board of Directors
董事会

MENG FANQIU, 47
Chief Executive Officer/ Executive Director

Date of first appointment as a director:
28 March 2006

Date of last re-election as a director:
25 April 2013

Length of service as director:
8 years 8 months
(as at 31 December 2014)

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

Academic and Professional Qualification(s):
- Bachelor of Law (International Economic Law), China University of Political Science and Law, Beijing
- Master of Business Law, Renmin University of China, Beijing
- APAC Executive Master of Business Administration, National University of Singapore, Singapore
- Qualified Legal Attorney and General Legal Counsel, PRC

Present Directorships:
(as at 31 December 2014)

Listed Companies:
N.A.

Other Principal Directorships:
- China Aviation Oil (Hong Kong) Company Limited *(Chairman)*
- North American Fuel Corporation *(Chairman)*
- Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd *(Deputy Chairman)*
- China Aviation Oil Xinyuan Petrochemicals Co Ltd *(Deputy Chairman)*
- China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd *(Director)*
- Oilhub Korea Yeosu Co., Ltd *(Director)*
- CAOT Pte. Ltd. *(Director)*
- China Aviation Oil (Europe) Limited *(Director)*

Major Appointments:
(other than directorships)
President of China Enterprises Association (Singapore)

Past Directorships held over the preceding 3 years:
(from 1 January 2012 to 31 December 2014)
N.A.

Others:
- Former Official Of Civil Aviation Administration of China ("CAAC")
- Conferred the "Elite Civil Servant" award by CAAC
- Former Division Director of the Planning and Development Division of China National Aviation Fuel Group Corporation
- Former Member of Corporate Governance Assessment Committee which was constituted during the restructuring of CAO

孟繁秋，47岁
首席执行官/执行董事

首次当选董事日期：
2006年3月28日

上次董事轮选日期：
2013年4月25日

供职董事年限：
8年零8个月
(至2014年12月31日)

供职董事委员会：
无

学术和专业资历：
- 中国政法大学国际经济法专业法律学士学位
- 中国人民大学民商法硕士学位
- 新加坡国立大学商学院亚太高层企业主管硕士学位
- 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

现任董事席位：
(截至2014年12月31日)

上市公司：
无

其他主要董事席位：
- 中国航油(香港)股份有限公司（董事长）
- 北美航油有限公司（董事长）
- 上海浦东国际机场航空油料有限责任公司（副董事长）
- 中国航油集团新源石化有限公司（副董事长）
- 中国航油集团京津管道运输有限责任公司（董事）
- 韩国丽水枢纽油库有限公司（董事）
- CAOT有限公司（董事）
- 中国航油(欧洲)有限公司（董事）

主要任职：
(除董事职位外)
中资企业(新加坡)协会会长

过去三年曾任董事席位：
(2012年1月1日至2014年12月31日)
无

其他：
- 曾任职于中国民用航空总局
- 被评为民航总局"优秀公务员"
- 中国航空油料集团公司前规划发展部总经理
- CAO重组期间公司治理评估委员会前委员

ZHAO SHOUSEN, 51

Non-Executive Director and Non-Independent Director

Date of first appointment as a director:
28 March 2006

Date of last re-election as a director:
25 April 2013

Length of service as director:
8 years 9 months
(as at 31 December 2014)

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

Academic and Professional Qualification(s):

- Bachelor of Management in Financial Accounting, Shandong Economic Institute, Shandong
- Philosophy of Doctor in Industrial Economics, Beijing Jiaotong University, Beijing

Present Directorships:
(as at 31 December 2014)

Listed Companies:
N.A.

Other Principal Directorships:

- China National Aviation Fuel Supply Corporation Ltd *(Director)*
- China National Aviation Fuel Group Finance Company Ltd *(Chairman)*

Major Appointments:
(other than directorships)
Chief Accountant of China National Aviation Fuel Group Corporation

Past Directorships held over the preceding 3 years:
(from 1 January 2012 to 31 December 2014)
N.A.

Others:

- Former Director of the Department of Financial Assets of Shengli Petroleum Administration
- Former Director, Vice President and Chief Accountant of Sinopec Shengli Oil Field Co Ltd

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赵寿森，51岁

非执行、非独立董事

首次当选董事日期：
2006年3月28日

上次董事轮选日期：
2013年4月25日

供职董事年限：
8年零9个月
(截至2014年12月31日)

供职董事委员会：
审计委员会（副主席）
风险管理委员会（成员）

学术和专业资历：

- 山东财经学院财会专业管理学士学位
- 北京交通大学产业经济学博士学位

现任董事席位：
(截至2014年12月31日)

上市公司：
无

其他主要董事席位：

- 中国航空油料有限责任公司（董事）
- 中国航油集团财务有限公司（董事长）

主要任职：
(除董事职位外)
中国航空油料集团公司总会计师

过去三年曾任董事席位：
(2012年1月1日至2014年12月31日)
无

其他：

- 胜利石油管理局前财务资产部主任
- 中国石化胜利油田有限公司前董事、副总经理、总会计师

Board of Directors
董事会

LI RUNSHENG, 62
Non-Executive and Independent Director

Date of first appointment as a director:
24 April 2014

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

Length of service as director:
8 months
(as at 31 December 2014)

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

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

Present Directorships:
(as at 31 December 2014)

Listed Companies:
N.A.

Other Principal Directorships:
N.A.

Major Appointments:
(other than directorships)
Vice Chairman of China Petroleum and Chemical Industry Association

Past Directorships held over the preceding 3 years:
(from 1 January 2012 to 31 December 2014)
N.A.

Others:
- Member of Standing Committee of National Committee of China Energy and Chemical Trade Union
- Member of National Technical Committee of Brand Value and Value Assessment Standardisation
- Distinguished Professor of China University of Petroleum, Beijing
- Former Assistant to President of China National Petroleum Corporation
- Former Vice Chairman and Executive Member of China Petroleum Enterprise Management Association
- Former Director of PetroChina Marketing Company Limited
- Former Vice President of PetroChina Company Limited, Refining & Marketing Branch

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李润生，62岁
非执行、独立董事

首次当选董事日期：
2014年4月24日

上次董事轮选日期：
不适用

供职董事年限：
8个月
(截至2014年12月31日)

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

学术和专业资历：
- 澳门科技大学行政管理硕士

现任董事席位：
(截至2014年12月31日)

上市公司：
无

其他主要董事席位：
无

主要任职：
(除董事职位外)
中国石油和化学工业联合会副会长

过去三年曾任董事席位：
(2012年1月1日至2014年12月31日)
无

其他：
- 中国能源化学工会全国委员会常委
- 全国品牌价值及价值测算标准化技术委员会委员
- 中国石油大学(北京)特聘教授
- 前中国石油天然气集团公司总经理助理
- 前中国石油企业管理协会副理事长、常务理事
- 前中石油销售有限责任公司董事
- 前中国石油天然气股份有限公司炼油与销售分公司副总经理

ALAN HAYWOOD, 48
Non-Executive and Non-Independent Director

Date of first appointment as a director:
24 February 2011

Date of last re-election as a director:
25 April 2013

Length of service as director:
3 years 10 months
(as at 31 December 2014)

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

Academic and Professional Qualification(s):
- Bachelor of Arts, Merton College, Oxford University, United Kingdom

Present Directorships:
(as at 31 December 2014)

Listed Companies:
N.A.

Other Principal Directorships:
- International Swaps and Derivatives Association, Inc. *(Board Member)*
- Atlantic 2/3 UK Holdings Limited *(Director)*
- BP Asia Pacific Holdings Limited *(Director)*
- BP Capital Markets p.l.c. *(Director)*
- BP Car Finance Limited *(Director)*
- BP Corporate Holdings Limited *(Director)*
- BP Finance p.l.c. *(Director)*
- BP Global Investments Limited *(Director)*
- BP Holdings North America Limited *(Director)*
- BP International Limited *(Director)*
- BP Investment Management Limited *(Director)*
- BP Properties Limited *(Director)*
- BP Shipping Limited *(Director)*
- BTC Pipeline Holding Company Limited *(Director)*
- The BP Share Plans Trustees Limited *(Director)*
- The Consolidated Petroleum Company Limited *(Director)*
- Guangdong Dapeng LNG Company Ltd *(Director)*
- Brian Hyde Limited *(Director)*

Major Appointments:
(other than directorships)
Group Treasurer, BP Plc

Past Directorships held over the preceding 3 years:
(from 1 January 2012 to 31 December 2014)
- BP Oil International Limited *(Director)*
- Britannic Trading Limited *(Director)*
- BP Gas Marketing Limited *(Director)*
- Britannic Energy Trading Limited *(Director)*
- Pearl River Delta Investments Limited *(Director)*
- Guangdong Investments Limited *(Director)*
- BP Investments Asia Limited *(Director)*
- Britannic Investments Iraq Limited *(Director)*
- Britannic Strategies Limited *(Director)*

Others:
- President of Downstream Gas and Head of Commercial Development, BP Integrated Supply and Trading ("BP IST")
- Former Chief Operating Officer of Global Gas, BP IST
- Former Head of Supply & Trading (Oil Europe and Finance), BP IST
- Former, Business Unit Leader, BP IST Northern Europe Gas & Power
- Former Regional Business Leader, BP IST Energy & Finance

ALAN HAYWOOD, 48岁
非执行、非独立董事

首次当选董事日期：
2011年2月24日

上次董事轮选日期：
2013年4月25日

供职董事年限：
3年零10个月
(截至2014年12月31日)

供职董事委员会：
风险管理委员会（主席）
审计委员会（成员）

学术和专业资历：
- 牛津大学莫顿学院文学学士

现任董事席位：
(截至2014年12月31日)

上市公司：
无

其他主要董事席位：
- 国际掉期交易协会（董事会成员）
- Atlantic 2/3 UK Holdings Limited（董事）
- BP Asia Pacific Holdings Limited（董事）
- BP Capital Markets p.l.c.（董事）
- BP Car Finance Limited（董事）
- BP Corporate Holdings Limited（董事）
- BP Finance p.l.c.（董事）
- BP Global Investments Limited（董事）
- BP Holdings North America Limited（董事）
- BP International Limited（董事）
- BP Investment Management Limited（董事）
- BP Properties Limited（董事）
- BP Shipping Limited（董事）
- BTC Pipeline Holding Company Limited（董事）
- The BP Share Plans Trustees Limited（董事）
- The Consolidated Petroleum Company Limited（董事）
- 广东大鹏液化天然气有限公司（董事）
- Brian Hyde Limited（董事）

主要任职：
(除董事职位外)
BP Plc 集团财务主管

过去三年曾任董事席位：
(2012年1月1日至2014年12月31日)
- 英国石油国际有限公司（董事）
- Britannic Trading Limited（董事）
- BP Gas Marketing Limited（董事）
- Britannic Energy Trading Limited（董事）
- Pearl River Delta Investments Limited（董事）
- Guangdong Investments Limited（董事）
- BP Investments Asia Limited（董事）
- Britannic Investments Iraq Limited（董事）
- Britannic Strategies Limited（董事）

其他：
- BP IST 商业发展部主管，下游天然气总裁
- BP IST 全球天然气业务前首席运营官
- BP IST 欧洲石油及财务前供应与贸易主管
- BP IST 北欧天然气与电力前业务主管
- BP IST 能源与财务前区域业务负责人

Board of Directors
董事会

CHEN LIMING, 55
Non-Executive and Non-Independent Director

Date of first appointment as a director:
5 August 2009

Date of last re-election as a director:
26 April 2012

Length of service as director:
5 years 4 months
(as at 31 December 2014)

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

Academic and Professional Qualification(s):
- Bachelor of Science, Shihezi University, Xinjiang
- Master of Science, Cornell University, USA
- Completed Advanced Management Programme at Harvard Business School, USA

Present Directorships:
(as at 31 December 2014)

Listed Companies:
N.A.

Other Principal Directorships:
BP (China) Holdings Limited *(Chairman)*

Major Appointments:
(other than directorships)
Chairman of IBM Corporation, Greater China Group (wef 1 February 2015)

Past Directorships held over the preceding 3 years:
(from 1 January 2012 to 31 December 2014)
- Board Director of Shanghai Bi Ke Clean Energy Technology Co., Ltd
- Board Director of East University of Science and Technology
- Board Director of a few other NGOs

Others:
- Former Executive Vice President of Sasol China
- Visiting Professor of The University of Edinburgh

陈黎明，55岁
非执行、非独立董事

首次当选董事日期：
2009年8月5日

上次董事轮选日期：
2012年4月26日

供职董事年限：
5年零4个月
(截至2014年12月31日)

供职董事委员会：
提名委员会（成员）
薪酬委员会（成员）

学术和专业资历：
- 新疆石河子大学理学学士学位
- 美国康乃尔大学理学硕士学位
- 完成美国哈佛商学院高级管理课程

现任董事席位：
(截至2014年12月31日)

上市公司：
无

其他主要董事席位：
- BP中国控股公司（董事长）

主要任职：
(除董事职位外)
IBM大中华区董事长（自2015年2月1日起）

过去三年曾任董事席位：
(2012年1月1日至2014年12月31日)
- 上海碧科清洁能源技术有限公司董事
- 华东理工大学校董
- 其他NGO机构的董事

其他：
- 沙索公司中国区前执行副总裁
- 爱丁堡大学客座教授

ANG SWEE TIAN, 66
Non-Executive and Independent Director

Date of first appointment as a director:
14 November 2008

Date of last re-election as a director:
24 April 2014

Length of service as director:
6 years 1 month
(as at 31 December 2014)

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

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

Present Directorships:
(as at 31 December 2014)

Listed Companies:
- COSCO Corporation Singapore Limited *(Independent Director)*

Other Principal Directorships:
- ICE Futures Singapore Pte Ltd (formerly known as Singapore Mercantile Exchange Pte Ltd) *(Non-Executive Chairman)*
- Tuas Power Ltd *(Non-Executive Director)*

Major Appointments:
(other than directorships)
N.A.

Past Directorships held over the preceding 3 years:
(from 1 January 2012 to 31 December 2014)
- Galaxy Futures Brokers Company Limited

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

汪瑞典，66岁
非执行独立董事

首次当选董事日期：
2008年11月14日

上次董事轮选日期：
2014年4月24日

供职董事年限：
6年零1个月
(截至2014年12月31日)

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

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

现任董事席位：
(截至2014年12月31日)

上市公司：
- 中远投资新加坡有限公司（独立董事）

其他主要董事席位：
- 洲际交易所新加坡期货私人有限公司(之前称为新加坡商品交易所)（非执行董事长）
- 大士能源有限公司（非执行董事）

主要任职：
(除董事职位外)
无

过去三年曾任董事席位：
(2012年1月1日至2014年12月31日)
Galaxy Futures Brokers Company Limited

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

Board of Directors
董事会

LUO QUN, 52
Non-Executive and Non-Independent Director

Date of first appointment as a director:
26 February 2010

Date of last re-election as a director:
26 April 2012

Length of service as director:
4 years 10 months
(as at 31 December 2014)

Board Committee(s) served on:
Nominating Committee *(Vice Chairman)*
Remuneration Committee *(Vice Chairman)*

Academic and Professional Qualification(s):
- Master of Engineering Management, South China University of Technology, Guangdong
- Executive Master of Business Administration, National University of Singapore, Singapore
- Qualified Senior Engineer
- Certified Senior Professional Manager and Certified Senior Risk Manager

Present Directorships:
(as at 31 December 2014)

Listed Companies:
N.A.

Other Principal Directorships:
N.A.

Major Appointments:
(other than directorships)
Vice President of China National Aviation Fuel Group Corporation

Past Directorships held over the preceding 3 years:
(from 1 January 2012 to 31 December 2014)
N.A.

Others:
- Former Assistant to the President of China National Aviation Fuel Group Corporation
- Former President of China National Aviation Fuel Logistics Co., Ltd
- Former project leader for the construction of new jet fuel supply facilities at Guangzhou Baiyun International Airport
- Former Director of China National Aviation South China Bluesky Corporation
- Former Chairman of China Aviation Oil (Hong Kong) Company Limited
- Former Chairman of North American Fuel Corporation

罗群，52岁
非执行、非独立董事

首次当选董事日期：
2010年2月26日

上次董事轮选日期：
2012年4月26日

供职董事年限：
4年零10个月
(截至2014年12月31日)

供职董事委员会：
提名委员会（副主席）
薪酬委员会（副主席）

学术和专业资历：
- 中国华南理工大学工程管理硕士
- 新加坡国立大学高层管理人员工商管理硕士学位
- 中国高级工程师
- 注册高级职业经理人和高级风险管理师

现任董事席位：
(截至2014年12月31日)

上市公司：
无

其他主要董事席位：
无

主要任职：
(除董事职位外)
中国航空油料集团公司副总经理

过去三年曾任董事席位：
(2012年1月1日至2014年12月31日)
无

其他：
- 中国航空油料集团公司前总经理助理
- 中国航油集团物流有限公司前总经理
- 广州新白云国际机场迁建供油工程指挥部前指挥长
- 华南蓝天航空油料有限公司前董事
- 中国航油香港有限公司前董事长
- 北美航油有限公司前董事长

Corporate Information (as at 26 March 2015)

DIRECTORS
Sun Li
(Chairman / Non-Independent, Non-Executive Director)
Wang Kai Yuen
(Deputy Chairman, Lead Independent Director)
Meng Fanqiu
(Chief Executive Officer / Executive Director)
Ang Swee Tian
(Independent Director)
Chen Liming
(Non-Independent, Non-Executive Director)
Alan Haywood
(Non-Independent, Non-Executive Director)
Li Runsheng
(Independent Director)
Luo Qun
(Non-Independent, Non-Executive Director)
Zhao Shousen
(Non-Independent, Non-Executive Director)

AUDIT COMMITTEE
Ang Swee Tian *(Chairman)*
Zhao Shousen *(Vice Chairman)*
Wang Kai Yuen
Li Runsheng
Alan Haywood

REMUNERATION COMMITTEE
Wang Kai Yuen *(Chairman)*
Luo Qun *(Vice Chairman)*
Li Runsheng
Chen Liming
Ang Swee Tian

NOMINATING COMMITTEE
Li Runsheng *(Chairman)*
Luo Qun *(Vice Chairman)*
Wang Kai Yuen
Chen Liming
Ang Swee Tian

RISK MANAGEMENT COMMITTEE
Alan Haywood *(Chairman)*
Zhao Shousen
Ang Swee Tian

COMPANY SECRETARY
Doreen Nah

AUDITORS
KPMG LLP
Public Accountants and Chartered Accountants
(Appointed on 28 April 2006)
Partner in charge: Ang Fung Fung
(Since financial year 2011)

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

PRINCIPAL BANKERS
ABN AMRO Bank, N.V.
Agricultural Bank of China
ANZ Bank
Bank of China Limited
Bank of Communications Co., Ltd
Crédit Agricole CIB
DBS Bank Ltd
Industrial and Commercial Bank of China Limited
ING Bank N.V.,
JP Morgan
Société Générale
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited
Westpac Banking Corporation

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

公司信息 (截至2015年3月26日)

董事
孙立
(董事长/非独立、非执行董事)
王家園
(副董事长/首席独立董事)
孟繁秋
(首席执行官/执行董事)
汪瑞典
(独立董事)
陈黎明
(非独立、非执行董事)
Alan Haywood
(非独立、非执行董事)
李润生
(独立董事)
罗群
(非独立、非执行董事)
赵寿森
(非独立、非执行董事)

审计委员会
汪瑞典 (主席)
赵寿森 (副主席)
王家園
李润生
Alan Haywood

薪酬委员会
王家園 (主席)
罗群 (副主席)
李润生
陈黎明
汪瑞典

提名委员会
李润生 (主席)
罗群 (副主席)
王家園
陈黎明
汪瑞典

风险管理委员会
Alan Haywood (主席)
赵寿森
汪瑞典

公司秘书
蓝肖蝶

外部审计师
KPMG LLP
Public Accountants and Chartered Accountants
(受聘于2006年4月28日)
负责合伙人:
洪芳芳(从2011财年起)

股票登记处和转让处
BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

主要银行
请参阅以上英文部分

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

FOCUSED ON

STRATEGIC EXCELLENCE

致力于卓越绩效

Competitive strategies in strategic risk management, internal controls, operational efficiencies and financial management underpin our roadmap towards corporate excellence.

Swift and agile, hummingbirds are the only birds that can fly both forward and backward, with unique abilities to hover mid-air, fly sideways and upside-down, attesting to their flight excellence. CAO's dedication and efforts through the years have led us to position ourselves a cut above the rest. Increasingly recognised as a leader in the field of transportation fuels today, our integrated supply chain sets us apart from competition as does our expertise in trading, risk management and strong corporate governance. These unique qualities pave the way ahead for us toward strategic excellence.

MENG FANQIU
Chief Executive Officer/
Executive Director

孟繁秋
首席执行官/执行董事

Chief Executive Officer's Strategic Report

A Message from Meng Fanqiu

Dear Shareholders,

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

OVERVIEW OF 2014 GROUP OPERATIONS

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

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

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

FOCUSED ON SUSTAINABLE GROWTH

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

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

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

Chief Executive Officer's Strategic Report

A Message from Meng Fanqiu

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

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

Supply and Trading of Jet Fuel

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

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

Trading of Other Oil Products

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

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

Aviation Marketing

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

Strategic Asset Investments

With a preference for projects which are complementary to our business operations with reasonable returns including storages, pipelines, jetties and refuelling facilities at airports, CAO will further extend its logistics supply chain through mergers and acquisitions ("M&As") to penetrate new markets and grow. The Group is poised to seize global opportunities through M&As in the years ahead as the steep decline in oil prices presents major structural shifts in global oil markets and oil majors quicken asset disposal. CAO will also continue to focus on building a global trading network, consider acquiring trading companies with established sales network as well as suppliers with captive customer base to expand our core jet fuel supply and trading business to emerge a winner through this structural transition.

FOCUSED ON OUR INTERNATIONALISATION STRATEGY

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

FOCUSED ON STRATEGIC EXCELLENCE

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

APPRECIATION

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

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

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

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

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

MENG FANQIU
Chief Executive Officer/Executive Director

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

首席执行官战略报告

孟繁秋致辞

各位股东，

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

2014年集团经营概况

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

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

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

专注可持续发展

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

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

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

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

航煤供应与贸易

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

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

其他油品贸易

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

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

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

航空市场营销

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

战略资产投资

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

专注全球化战略

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

专注战略

2013年，CAO宣布了2020年公司战略以及成为“具有创新精神的全球一流的运输燃料一体化方案提供商”的愿景。公司注重完备的战略和可持续发展，这要求我们不懈加强风险管理、公司治理、运作、财务质量、企业文化、股东互动和企业社会责任。从2008年开始，公司声誉与地位持续提高，价值创造的持续增长指导公司战略的制定。年报的后面部分介绍了我们在这些关键领域的努力，使公司继续转型成为一家可持续发展的企业，通过业务创造价值，并以对经济、社会和环境都负责任的方式把握新的业务机会。我们会继续改善业务模式，用一流的公司实践支持CAO发展全球业务，推动CAO的战略转型，使公司健康发展，为股东创造可持续的长期价值。

致谢

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

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

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

最后，感谢所有关心和支持CAO的各界朋友，希望继续得到你们的支持。

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

孟繁秋
首席执行官/执行董事

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

Chief Executive Officer's Strategic Report

Strategic Risks Review

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

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

STRATEGIC RISKS - HOW WE MANAGE LONG-TERM RISKS

Risk	Context	Mitigation	Link to Strategy
Strategic Growth			
Core competitive advantage in jet fuel supply and trading	Jet fuel supply and trading remains our dominant business. As the sole importer of jet fuel to the civil aviation industry of China, the Group's business is subject to changing demand and supply dynamics in China.	CAO has proactively expanded its aviation marketing business beyond China and diversified into supply and trading of other oil products like fuel oil and AvGas. While the bottomline contribution of other oil products may be currently limited and volatile, total supply and trading volume of the Group reached a new high in 2014. The Group continues to build structural advantages for its businesses by building an integrated value chain.	CAO's 2020 strategy toward sustainable growth is based on the following objectives: - A global leader in international aviation oil supply and trading, a strong competitor in global supply and trading of other oil products, with a focus on transportation fuels; - An important player in international aviation fuel services; - A niche market player in future clean transport fuels such as LNG and biojet. These are underpinned by strategic imperatives of establishing a global jet fuel supply and trading network, developing structural advantages for other oil products and clean energy, as well as asset investments to create end-demand, optimise logistics and secure resources.
Exclusive importer of jet fuel to China	CAO's exclusive import rights into China provide the Group competitive advantages, loss of it through market liberalisation or regulatory changes could materially impact CAO's market share and financial performance.	CAO has increased its portfolio strengths through both geographic and product diversification. Extending its jet fuel and other oil products trading activities and international aviation marketing business beyond China through its global supply and trading network, revenues from ex-china markets have increased from 20% in 2010 to 49% in 2014. CAO will further develop and optimise its trading structure for new markets.	

Risk	Context	Mitigation	Link to Strategy
Human Resources			
Management and trading capabilities may need further enhancement to manage an increasingly international operations	To develop trading capabilities to meet our growth ambitions of an international company, CAO needs to recruit and retain qualified traders and mid/back office support personnel as well as seasoned managers to originate and execute major projects.	The development of management and trading capabilities within CAO is an integral part of our human resources strategy. CAO's learning strategy balances standardised curriculum-based learning with on-the-job application to achieve a culture of life-long learning. We also attract and retain talents by offering short-term and long-term incentive packages and personalised career development plans.	One of CAO's corporate mission is to create a people-oriented core corporate culture of Fairness, Integrity, Innovation and Transparency where our people can grow and develop together with the company.
Operational			
A major Safety, Health or Environmental ("SHE") incident or liability	As a global oil product supplier and trader, our facilities and their respective operations are subject to various risks including fires, explosions, leaks and other industry-related incidents. We remain committed to safe operations with zero harm to people and the environment being a responsible and accountable corporate citizen.	We have strict operations manual and SHE performance targets as part of our annual appraisal, and adhere to global and local industrial SHE standards wherever our business is conducted. We regularly update and train our staff on key SHE requirements and carry out internal and external audits to ensure compliance.	One of CAO's corporate mission is to operate in a safe, reliable, efficient and environmentally sound environment, maintaining high SHE standards.
Supply disruption	Our jet fuel delivery to end-receivers in China and various overseas airports is subject to supply continuity risks (safety, quality, on-time delivery).	We have strict performance targets to ensure security of supply: - We strategically deploy storage sites close to our demand centers to enhance supply continuity; - We proactively maintain close working relationships with our end users and customers to better cope with any of their short-notice requirement changes; - We have contingency back-up plans in the event of any supply emergency.	

Chief Executive Officer's Strategic Report

Strategic Risks Review

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

STRATEGIC RISKS - HOW WE MANAGE NEAR-TERM RISKS

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

Top issues impacting our business	
CAO's response to the changes in the fuel landscape	Despite the shale oil (gas) boom, fossil reserves will deplete and be gradually replaced by new/clean energy. CAO's long-term strategy therefore covers future clean transport fuels, mainly LNG and biojet. - Long-term: A niche market player in future clean transport fuels – LNG and biojet. - Short/Medium term: Develop plan and trial operations for LNG and biojet.
Heavy reliance on jet fuel	- Long-term: A strong competitor in global supply and trading of other oil products, with a focus on transportation fuels. Maintain our global leading position in jet fuel. - Short/Medium term: Trading and Business Development teams exploring building structural advantages for non-jet fuel products. Develop other aviation related services to better meet our aviation customers' needs. - By 2020, we target 1/3 of the group's total profit contribution to be derived from other oil products.
CAO's response to a highly volatile oil market and difficult trading environment	- Create demand and develop sustained structures for trading of jet fuel and other oil products via aviation marketing activities and asset investment to stand against volatile trading climate. - Exploring asset investments that generate sustainable returns to enhance CAO's asset base and further diversify CAO's earnings streams.

Discharging of jet fuel at port
港口卸油

首席执行官战略报告

战略风险回顾

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

下表列出了长期与短期战略风险、减缓措施以及与他们与公司战略的关系。

我们如何管理长期风险

风险	说明	减缓措施	和战略的关系
战略发展			
航煤供应与贸易的核心竞争力	航煤供应与贸易业务仍占主导地位。作为中国独家航煤进口商，集团业务受到中国供需关系变化的影响。	CAO通过大力推进航空市场营销业务，积极拓展海外航油市场，并开展其他油品业务及相关服务，如航空汽油营销和燃料油等相关油品供应与贸易业务。虽然现在其他油品的利润贡献可能有限且不稳定，集团的供应与贸易总量在2014年达到新高。集团将继续打造一体化价值链，打造结构性优势。	CAO的2020年战略目标包括以下几个方面： - 全球领先的国际航油供应和贸易商，全球知名的其它油品（专注运输燃料）供应与贸易商； - 重要的国际机场供油服务商； - 具有独特优势的未来清洁运输燃料（如液化天然气和生物航油）的市场参与者。 为了达成上述目标，需要建立全球航煤供应与贸易网络，打造其他油品与清洁能源的结构性优势，通过实业投资创造需求、优化物流、保障资源。
中国独家航煤供应商	中国的独家进口权为CAO提供了竞争优势，如果国内市场开放或政策改变导致CAO丧失中国独家进口权，CAO的市场份额以及盈利能力将受到严重影响。	CAO已经通过地理拓展和产品多元化战略增强了业务能力。在中国大陆以外地区，借助全球网络，开展航煤贸易业务和航煤营销业务以及其他油品的贸易业务，中国以外地区贡献的收入比例从2010年的20%增至2014年的49%。 我们将进一步优化新市场的贸易结构和国际贸易网络。	
人力资源			
需要进一步提升管理与贸易能力，管理日渐全球化的运作	为了成长为一家全球性企业，需要增强贸易能力，招聘并留住有能力的贸易员、中/后台员工和经验丰富的经理来发起和执行重大项目。	CAO管理与贸易能力的发展是人力资源战略的重要部分。CAO的持续学习战略包括标准课程项目和在职培训。我们还通过短期和长期激励措施和个性化职业发展规划来吸引和留住员工。	CAO的企业使命之一是打造以人为本的企业文化和公平、诚信、创新与透明的核心价值观，员工与公司一同成长。

风险	说明	减缓措施	和战略的关系
运作			
重大的健康、安全或环境（“SHE”）事故或责任	作为全球油品供应与贸易商，我们的设施与相应运作可能会引起火灾、爆炸、泄露和其他事故。我们致力于安全的运作，不对人和环境造成任何损害，成为负责任的企业公民。	我们有严格的运作手册，并将SHE列入年度考核业绩目标，在开展业务的各地坚守国际与本地的行业SHE标准。我们定期向员工通报关键的SHE要求和更新，通过内审和外审确保合规。	公司使命之一是确保运营环境安全、可靠、高效、环保，坚持SHE高标准。
供应中断	向中国用户和海外机场的航煤供应可能会面临供应中断风险（安全、质量、船期）。	我们为供应安全设置了严格的绩效目标： - 我们在需求中心附近有储罐资产，确保供应； - 我们与用户保持密切的关系，更好处理需求的临时变化； - 我们也有应急计划应对供应危机。	
法律法规			
违反适用法律、法规与标准的风险	全球各地都在加强法律管制，尤其是反竞争行为。不同地区有打击腐败的专门立法，违法企业将面临罚款和声誉危机。不同地区的税务法律和制裁也更加复杂。随着业务与投资活动的全球化，面临更多当地法律、国家法律和地区法律法规的合规风险。	我们具备集中的风险管理和治理框架，其中的系统和流程可以确保公司遵守法律和法规。我们还注重识别对集团产生影响的法规变化并合理应对。 CAO已经采取多种措施确保遵守制裁法律。	CAO的使命之一是成为全球领先的贸易商/供应商，而稳固的风险管理框架和公司治理则是CAO践行这一使命的基石。
财务			
CAO业务持续和发展战略应对宏观经济风险的能力	中国经济放缓和国内产能增加影响航煤进口需求，减少了集团的贸易机会。 我们的航煤营销、机场供应、燃料油和化工品贸易受全球经济发展的影响。油价波动影响联营公司的盈利和清洁能源（液化天然气和生物航煤）在短期的发展。	CAO专注于打造全球供应与贸易链，从全球贸易流中把握贸易机会。全球油品市场的结构变化给CAO带来了机遇，CAO也将通过资产投资加强结构性优势。 我们致力于向航空公司客户提供高质量的一体化服务，帮助联营公司进行库存套期保值，更好应对油价波动。我们已经制定了清洁能源的发展计划，为业务的长期发展提前做好准备。	作为CAO长期战略的一部分，我们回顾了未来可能会影响我们的因素，确保我们的战略考虑了长期宏观经济、供需关系、竞争格局。

首席执行官战略报告

战略风险回顾

我们如何管理短期风险

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

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

Jet fuel discharging from vessel at port
港口卸油

Chief Executive Officer's Strategic Report

Audit & Internal Control

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

MANAGEMENT ASSURANCE

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

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

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

The Group recognises the potential strategic, operational, financial and reputational risks associated with business interruptions and the importance of maintaining viable capability to continue the company's business processes with minimum impact in the event of an emergency. The Group has adopted a Business Continuity Policy ("BCP") that establishes the principles and framework necessary to ensure emergency response, resumption and recovery of business functions and processing resources in a timely manner coupled with effective communication channels among key management and staff to address emergency response during a business interruption event. The BCP exercise is conducted on an annual basis with any significant shortcomings identified, communicated and improved upon in subsequent exercises.

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

INTERNAL AUDIT

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

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

BI-ANNUAL OVERALL REVIEW OF THE SYSTEM OF INTERNAL CONTROLS

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

首席执行官战略报告

审计与内部控制

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

管理保障

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

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

集团认识到业务中断会带来潜在的战略、运作、财务和声誉风险。为了使公司在紧急情况下依然保持稳定运作能力，尽量减少紧急情况对业务流程的干扰，公司制定了业务持续计划（“BCP”），其原则和框架确保有效应对紧急情况，及时恢复业务运转，同时保证管理层和员工的有效沟通。CAO每年进行BCP演习，总结与通报显著缺陷，在下一次演习中进行改善。

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

内部审计

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

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

半年度内控系统全面回顾

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

Transit storage
中转库

Chief Executive Officer's Strategic Report

Operations Review

MIDDLE DISTILLATES – JET FUEL & GAS OIL

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

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

AVIATION MARKETING

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

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

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

AVGAS

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

FUEL OIL

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

Chief Executive Officer's Strategic Report

Operations Review

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

PETROCHEMICALS

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

ASSOCIATED COMPANIES

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

SPIA owns and operates all the refuelling facilities at Pudong Airport, including the hydrant system, dispenser fleet, refuelling stations, airport tank farm, storage terminal with total capacity of 140,000 m^3 and a 42-km dedicated jet fuel pipeline connecting Pudong Airport to Waigaoqiao terminal. As the exclusive supplier of jet fuel at PRC's second largest airport – Shanghai Pudong International Airport ("Pudong Airport"), SPIA provides jet fuel distribution and refuelling service to about 119 Chinese and foreign airlines operating at Pudong Airport. CAO owns a 33% stake in SPIA. The other two shareholders of SPIA are Shanghai International Airport Co., Ltd (40%) and Sinopec Assets Management Co. Ltd (27%).

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

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

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

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

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

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

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

Xinyuan is mainly engaged in the storage and trading of jet fuel and other oil products. Xinyuan owns a storage tank of 75,000 m^3 near Shuidong harbour located in the city of Maoming, Guangdong Province, PRC. Shenzhen Juzhengyuan Petrochemicals Co., Ltd, CAO and CNAF hold 60%, 39% and 1% equity stakes in Xinyuan respectively.

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

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

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

OKYC is CAO's joint investment with six other companies to develop and operate a storage capacity of 1.3 million m^3 for crude oil and oil products. CAO is the second largest shareholder (26%) of OKYC after Korea National Oil Corporation, which holds 29% of the total issued shares of OKYC. The remaining issued share capital is held by conglomerates such as Samsung C&T Corporation and LG International Corp.

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

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

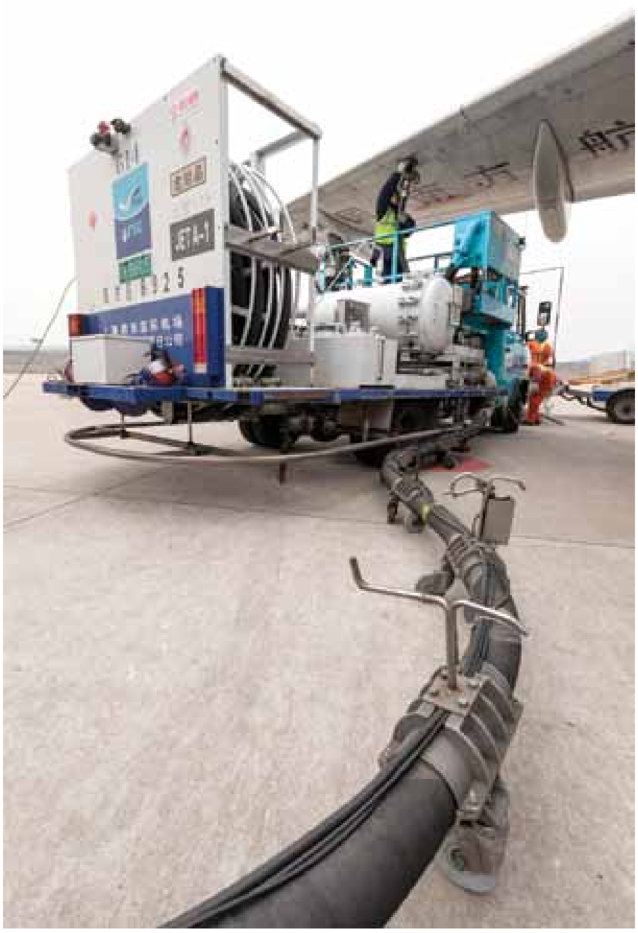
CNAF Hong Kong Refuelling Limited ("CNAF HKR")

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

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

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

With a site area of around 3,000 m^2, the refuelling station includes an administration office, scheduling office and a maintenance workshop with 20 dispensers and 1 refueller. Construction work is currently underway and CNAF HKR is expected to commence operations in 2015 even as equipment purchases, recruitment and training as well as marketing campaigns are progressing in parallel.



Into-plane refuelling operations
为飞机加注

首席执行官战略报告

经营概况

中馏分——航煤和柴油

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

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

航煤营销

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

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

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

航空汽油

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

燃料油

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

化工品

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

联营公司

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

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

OKYC storage facilities
OKYC 的储罐设施

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

中国航油集团津京管道运输有限责任公司（“管输公司”）

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

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

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

中国航油集团新源石化有限公司（“新源公司”）

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

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

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

韩国丽水枢纽油库有限公司（“OKYC”）

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

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

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

中国航油香港供油有限公司（“CNAF HKR”）

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

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

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

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

Chief Executive Officer's Strategic Report

Financial Review

EARNINGS ANALYSIS

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

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

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

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

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

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

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

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

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

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

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

ASSETS

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

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

BORROWINGS

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

NET ASSETS

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

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

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

Oil storage facilities at CNAF
CNAF 储罐设施

Chief Executive Officer's Strategic Report

Financial Review

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

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

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

CAO trading bench
CAO 贸易团队

首席执行官战略报告

财务业绩

盈利分析

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

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

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

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

2014财年每股净收益为5.72美分，上年同期为8.16美分。

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

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

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

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

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

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

资产

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

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

借款

2014年12月31日公司无借款，去年同期的带息贷款为2860万美元。

净资产

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

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

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

Seated from left 坐次左至右
Wang Chunyan 王春焱, Teo Lang Lang Jean 张娜娜, Meng Fanqiu 孟繁秋
Standing from left 站立左至右
Tee Kah Gay 郑佳毅, Wang Zhaopeng 王兆鹏, Zhang Xingbo 张兴波

Senior Management

MENG FANQIU

Chief Executive Officer / Executive Director

As the Chief Executive Officer ("CEO"), Mr Meng Fanqiu is responsible for the effective management and operations of the entire business of the Group. He is overall in charge of developing and implementing the company's business development strategy to enhance the competitiveness and profitability of the Group. He provides leadership and direction 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.

WANG CHUNYAN

Chief Financial Officer

As the Chief Financial Officer, Mr Wang Chunyan directs and manages the Group's overall financial plans and accounting practices. He oversees the treasury, accounting, budget, tax and audit functions of the Group and also assists the CEO to oversee the IT and risk management functions. He is also the Director of China Aviation Oil (Hong Kong) Company Ltd, CNAF Hong Kong Refuelling Limited and CAOT Pte Ltd.

Mr Wang has more than 20 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.

TEO LANG LANG JEAN

Chief Operating Officer

As the Chief Operating Officer, Ms Jean Teo is responsible for managing the trading, aviation marketing and operations functions of the Group. She is involved in the development and execution of trading strategies and performance targets for all trading businesses of the Group, which currently include jet fuel, gas oil, fuel oil and petrochemical products, as well as having oversight of the Group's aviation marketing business. Her responsibilities also include assisting the CEO to identify investment projects and new businesses in line with CAO's growth strategy. Ms Teo is also a Director of North American Fuel Corporation.

Ms Teo has more than 15 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. Ms Teo began her career with BP Singapore Pte. Ltd ("BPS"), where she held various positions from July 1997 to September 2010, including a secondment to CAO as Head of Trading from January 2008 to August 2010. Earlier on in her career at BPS, Ms Teo was a 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. She is a Fellow member of the Singapore Institute of Arbitrators, and received the Graduate Certificate in International Arbitration from the National University of Singapore in 2013.

WANG ZHAOPENG

President, CAOHK

As President of China Aviation Oil (Hong Kong) Corporation Limited ("CAOHK"), Mr Wang Zhaopeng directs and manages the day-to-day business operations in Hong Kong. His responsibilities include executing the Group's business strategies and corporate plans, leading the financial and reporting functions, as well as overseeing the risk management across all functions at CAOHK. In addition, he is also responsible for developing and ensuring consistent implementation of the Group's human resource policies and procedures. He is also responsible for advising the Group CEO in all aspects of business operations, including business development and investment opportunities in support of the Group's strategic objectives related to its global portfolio of business and activities. Mr Wang is also the Chairman of CNAF Hong Kong Refuelling Limited.

Mr Wang has over 28 years of experience in the petroleum and chemical industry in China covering all facets of business operations, including engineering, sales and marketing and project planning and management. Prior

Senior Management

to joining CNAF in 2008 and his subsequent appointment to CAOHK, Mr Wang was the General Manager of Petrochemical Products Trading Department at China Petroleum Technology & Development Corporation from 2001 to 2008. Mr Wang began his career with Urumqi Petrochemical Complex, a subsidiary of China National Petroleum Corporation ("CNPC") (formerly known as Sinopec Urumqi Petrochemical Group Company) in 1984 as the Section Head of Mechanical and Power Management Department. He was subsequently promoted to various managerial positions within the CNPC group before his appointment as the General Manager of International Business Company of Urumqi Petrochemical Refinery Plant (a joint venture of CNPC Urumqi Petrochemical Complex and Sinopec) in 1999.

Mr Wang Zhaopeng graduated with a Bachelor of Science in Mechanical Engineering from China University of Petroleum, and holds the professional qualification of Senior Engineer (Professor Level).

ZHANG XINGBO
President, NAFCO

Mr Zhang Xingbo was named President of North American Fuel Corporation ("NAFCO") in November 2014. He directs and manages the day-to-day business operations of the Group's activities in North America including its business strategies and corporate plans. Assuming overall responsibility for NAFCO's financial and reporting functions, Mr Zhang also oversees the risk management function across all operations at NAFCO and is in charge of developing and ensuring consistent implementation of the Group's human resource policies and procedures as well. His responsibilities also include advising the Group CEO on all aspects of business operations, which encompasses development and investment opportunities, with a focus on growing the Group's aviation marketing business in North America, in support of the Group's strategic objectives related to its global portfolio of business and activities.

Mr Zhang has over 20 years of experience in the oil industry, having accumulated extensive experience in China National Aviation Fuel Group Corporation's ("CNAF") procurement, trading and international business divisions in Asia Pacific and Europe. From 2011 to 2014, he was the Deputy General Manager of International Business at CNAF, where he was in charge of its overseas subsidiaries and the aviation business outside China. Prior to this role, he worked as Vice President at China Aviation Oil (Hong Kong) Company Ltd for more than 3 years, focusing on the expansion of the aviation marketing business. He was seconded to CAO as Deputy General Manager between June 2007 to June 2008, where he assisted in the management and operations of CAO. Mr Zhang started his career with China Aviation Oil Supply Corporation (the predecessor of CNAF) in 1993 where he was responsible for logistics coordination and procurement operations, specialising in the procurement of jet fuel imports to meet the needs of China's civil aviation industry.

Mr Zhang holds a Bachelor and a Postgraduate degree in Arts (English major) from Lanzhou University. He is also an Associate Professor of Translation.

TEE KAH GAY
General Manager, CAOE

Mr Tee Kah Gay is the General Manager of China Aviation Oil (Europe) Limited ("CAOE") and is responsible for the day-to-day business operations, which includes executing the Group's business strategies and corporate plans, managing the financial and reporting functions, as well as overseeing risk management across all functions at CAOE. He is also in charge of developing and ensuring consistent implementation of the Group's human resource policies and procedures. His responsibilities also include growing and expanding CAOE's business activities, in line with the Group's strategic objectives relating to its global portfolio of business and activities.

Mr Tee has over 15 years of experience in the commodity trading and financial sector. From 2008 to 2013, he successively served as a Project Analyst and then Deputy Head of Risk Management which includes assisting in overseeing the risk management function for CAO Group in Singapore. Before joining CAO, he was with BP Singapore Pte. Ltd, and was primarily responsible for performance reporting and analysis for a portfolio of products. His other duties included coordinating and preparing gross margin and cost variance analysis reports, spearheading the development and implementation of cost management reporting tools as well as administrating a performance management system for the financial control and accounting unit. Prior to this, he had held positions with Glencore Singapore Pte Ltd and Deloitte and Touche, where he specialised in the areas of financial accounting and audit.

Mr Tee holds a Bachelor of Accountancy (2nd Upper Class Honours) degree with a minor in Information Technology from Nanyang Technological University of Singapore. He is also a certified Energy Risk Professional from the Global Association of Risk Professionals as well as a member of the Institute of Singapore Chartered Accountants.

高级管理层

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运营CAO集团的整体业务。他负责实施公司的发展战略，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。

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集团整体财务规划与会计事务。他监管CAO集团的资金运作、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。他也是中国航油（香港）有限公司、中国航油香港供油有限公司和CAOT私人有限公司的董事。

王先生在中国的石油业有超过20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。

张姗姗
首席运营官

作为首席运营官，张姗姗女士负责监管CAO集团贸易部、航空市场营销部和运作部，主要职责包括制定并组织实施CAO集团所有贸易业务(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，以及监管集团航空市场营销业务。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。她也是北美航油有限公司的董事。

张女士在石油贸易领域拥有超过15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。她是新加坡仲裁员学会学士，并与2013年获得了新加坡国立大学的国际仲裁毕业证书。

王兆鹏
中国航油（香港）有限公司总裁

作为中国航油（香港）有限公司（“香港公司”）总裁，王兆鹏先生经营和管理香港业务的日常运作。他的职责包括执行集团商业战略和企业规划，领导财务汇报，以及监管香港公司所有职能部门的风险管理工作。他也负责制定与集团人事政策和流程相一致的规章制度并确保相应执行。同时，向集团首席执行官提供涉及业务运营各方面的建议，如业务发展和投资机会，以支持集团实施拓展全球业务的战略目标。王先生还是中国航油香港供油有限公司的董事长。

王先生在中国石油石化行业的工程、销售、市场、项目规划和管理等多个业务领域拥有超过28年的经验。在2008年加入中国航空油料集团公司并被派去香港公司任职以前，王先生于2001至2008年担任中国石油技术开发公司石化产品贸易部总经理。王先生的职业生涯开始于1984年，任中国石油天然气集团公司（“中石油集团”）子公司——中国石油乌鲁木齐石油化工总厂（前身为中国石化乌鲁木齐石化总厂炼油厂）机械动力处管理科科长。王先生随后被提拔出任中石油集团多个管理岗位，直至1999年升职为乌鲁木齐石化总厂（中国石油乌鲁木齐石油化工总厂和中国石化的合资公司）国际商务公司的总经理。

王兆鹏先生毕业于中国石油大学机械系，获理学学士学位，拥有研究员级高级工程师资质。

张兴波
北美航油有限公司总裁

张兴波先生于2014年11月被任命为北美航油有限公司（“北美公司”）总裁，指导与管理集团北美业务的日常运作，包括商业战略和企业规划，负责领导北美公司的财务汇报，监督公司所有业务的风险管理工作。他也负责确保集团人事政策和流程得到一致贯彻执行。同时，他有责任在业务运营的各方面向集团首席执行官提供建议，包括业务发展和投资机会等，尤其是集团在北美开展的航煤营销业务，以支持集团拓展全球业务的战略目标。

张先生在石油领域有超过20年的经验，在中国航空油料集团公司（“CNAF”）积累了丰富的工作经验，包括油品采购、贸易和在亚太及欧洲的国际业务等多个业务板块。2011年至2014年，张先生担任CNAF国际业务部的副总经理一职，负责海外子公司和中国大陆以外的航空业务。在此之前，他作为副总经理在中国航油（香港）有限公司工作三年多，主要致力于公司航空市场营销业务的拓展。他还曾在2007年6月至2008年6月被外调至CAO担任副总经理，协助管理公司的业务运营。张先生于1993年加入中国航空油料总公司（CNAF前身），负责物流协调和采购运营，尤其是采购进口航煤，满足中国民航业的需求。

张先生拥有兰州大学英语专业文学学士及研究生学历，具有副译审任职资格。

郑佳毅
中国航油（欧洲）有限公司总经理

郑佳毅先生是中国航油（欧洲）有限公司（“欧洲公司”）的总经理，负责管理公司业务的日常运作，包括执行集团商业战略和企业规划，管理财务汇报职能，监管欧洲公司所有职能部门的风险管理工作。他也负责制定与集团人事政策和流程相一致的规章制度并确保执行。他的职责还包括按照集团全球业务发展的战略目标，拓展CAO在欧洲的业务活动。

郑先生在大宗商品贸易与金融领域有超过15年的经验。2008年至2013年，他先后担任CAO的项目分析员和风险管理部副主管，在新加坡协助监督CAO集团的风险管理职能。加入CAO之前，郑先生任职于BP新加坡私人有限公司，主要负责产品组合的表现汇报与分析。他的职责还包括协调准备毛利与成本差异分析报告，领导成本管理报告工具的开发与实施，并监督财务控制与会计部门的业绩管理系统。在此之前，他曾任职于嘉能可新加坡私人有限公司与德勤会计事务所，专门从事财务、会计和审计工作。

郑先生是新加坡南洋理工大学的会计学学士（二等一级荣誉学位），辅修信息科技。他也是全球风险管理专业人士协会的能源风险从业者，还是新加坡特许会计师协会的会员。

FOCUSED ON

SUSTAINABILITY DEVELOPMENT

致力于打造企业可持续性

We measure our Group's success not just by profitability but also accountability, governance, transparency and doing our part for society at large - these form the principle building blocks of CAO's sustainability development.

With more than 300 species found as far north as Alaska and as far south as Chile, hummingbirds have innate abilities to subsist, having done so since pre-historic times and evolved as a thriving specie, evidence of their adeptness in sustainability development. At CAO, it is an entrenched belief that a sound business sustainability plan include environmental and social performance in addition to economic performance. This ensures that our business decisions and operations contribute positively to the long-term well-being of our business and the communities where CAO operates. In the ensuing articles of this report, the scope and work of CAO's sustainability development efforts are categorised and detailed in the respective areas of Risk Management, Human Capital, Corporate Social Responsibility, Investor Relations and Corporate Governance.

Risk Management

In 2014, volatile oil prices created a challenging climate. Nonetheless, the CAO Group continued to maintain strong and prudent risk management in our daily business operations through the year, leveraging on an embedded common risk awareness culture, a well-established and robust risk management framework, enhanced system and human resources to manage the multitude and elevated risks faced as we focused on the pursuit of our 2020 strategic targets.

To this end, CAO is continuously enhancing its risk management practices and through the use of advanced technology, and with active management and full participation, built a strong risk culture that supports our 2020 Corporate Strategy. The effective management of risks was instrumental in the Group's overall performance in 2014.

FOCUSED AND DISCIPLINED APPROACH

As part of its risk culture, CAO continues to actively develop and refine our centralised risk control and support network to support our businesses globally. CAO's risk management framework comprises risk management policies, guidelines, procedures, processes, limits, as well as systems of internal controls, which are put in place to address, identify, measure and control various risks encountered in our business operations, enabling us to quickly respond to constantly changing market conditions.

Our risk management foundation is built upon three pillars namely:

1. Three-tier management and control structure;
2. Policies, guidelines and control framework; and
3. System, process and people.

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

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

At the Management Level, the Company Risk Meeting ("CRM") plans and implements risk management activities to control risks such as market, credit, operational, enterprise, compliance and reputational risks. The CRM operates within the delegated authority set at the RMC level. 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 are executed daily and that all risk-related policies, processes and limits are implemented and adhered to. The risk team has built up a wealth of experiences in credit, market and enterprise risk management over the past seven years as it grew in tandem to support CAO's expanding business agenda. Through continuous training, self-improvement and cross training, the team has either obtained or is working towards professional certification such as Energy Risk Professional and Financial Risk Manager by Global Association of Risk Professionals.

SUSTAINABILITY-FOCUSED POLICIES AND PROCESSES

Both within CAO and its subsidiaries, the Group continuously improve on its risk control systems through adopting best-in-class business practices and developing new initiatives to enhance its risk management capabilities. These include:

- The Risk Management and Trading Policies Manual which serves as a central repository of policies, procedures and delegation of authorities relating to trading and risk management, as well as Safety, Health and Environment policy and guidelines, whistle-blowing policy and fraud prevention policy related to applicable laws and regulations.

- Standard Operating Procedures ("SOPs") which is a comprehensive guide on operations and information systems processes which are updated regularly even as periodic tests of control are conducted to ensure operation risks are managed effectively.

In pursuit of continual improvement, 2014 also saw the full implementation of a new Enterprise Trading and Risk Management system that offers a single front-to-back solution to support our global supply and trading activities.

Recognising that risk management plays an important role in business sustainability, CAO has adopted the Enterprise Risk Management ("ERM") approach to manage the various types of risks the Group is exposed to. The ERM further systemises our approach to identify and analyse key risk factors faced by the Group, and through which action plans to mitigate identified risks are executed as planned by respective risk owners from various business units. The process ensures that key risks are proactively monitored and managed and that appropriate mitigations are put in place.

KEY RISKS AND MITIGATION STRATEGIES

In order to better manage the risks of our growing business portfolio, CAO has reorganised the risk management department into two specialised teams, focusing on market and product control risk management and credit risk management, to provide efficient support to businesses and timely reporting to management and the Board.

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

- Credit Risk
  - is the risk due to uncertainty of counterparty to meet its contractual obligations.
- Operation Risk
  - is the risk arising from operational gaps of both financial and physical operations.
- Human Resource Risk
  - is the risk due to loss of key personnel or inadequate development of human resources.
- Business Concentration Risk
  - is the risk of high exposure to a particular product or market segment.
- Market Risk
  - is the risk of losses arising from movements in trading positions and market prices.

In the area of credit risk, the Group put in place measures including setting appropriate counterparties' global credit limits, as well as credit mitigation such as conducting business transactions on Letter of Credit and prepayment terms basis. Forward looking credit reports and annual review of active counterparties are also carried out regularly.

For operation risks in financial operations, the Group has in place SOPs that are regularly reviewed and appropriate policies such as ship vetting are put in place to address physical cargo operations.

In the area of human resource risk, the Group has in place comprehensive human resource policies and procedures for recruitment, remuneration and staff development.

For business concentration risk, the Group is actively exploring other transportation fuels and to build related structural trading advantages to establish a global integrated supply and trading network. This will further expand and diversify the Group's business portfolio.

In the area of market risk, the Group's ERM and risk management framework effectively control CAO's business risks with a set of market risk limits such as Value at Risk, Volumetric limits, and has a stringent Stop-Loss and Management Alert Trigger for each of the trading books.

MARKET RISK AND SENSITIVITY ANALYSIS

2014 has proven to be a challenging year for the Group's business in light of:

(i) the steep oil price decline from the third quarter onwards;
(ii) high petrochemicals price volatility in the third quarter; and
(iii) volatility of various product and time spreads.

Risk Management

Nevertheless, the business risks of the Group's supply and trading activities are effectively controlled by a comprehensive set of risk control tools. Price risk sensitivities of CAO's holding portfolio are weighed and measured on a monthly basis using a suite of standardised stress tests. In addition, the team also conducted regular Black Swan scenarios[1] that take into consideration drastic changes in oil prices, to further enhance our risk control measures. On top of that, the frequency of ad-hoc stress testings had also significantly increased, particularly in light of the dramatic drop in oil prices in the second half of 2014. These measures allowed CAO management to have timely and deeper insight of our business activities in times of extreme market conditions, enabling them to take preventive steps where necessary.

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

Notwithstanding a record high in supply and trading volume for FY2014, our risk appetite remained cautious and measured. This is illustrated in our daily MVaR utilisation rate, based on a 95% confidence interval, registering an average MVaR utilisation of US$587,000 in 2014.

CREDIT RISK AND CONCENTRATION ANALYSIS

Due to the nature of our business operations, credit risk is inherent in the Group's trading business. It is thus, one of the most significant measurable risks faced by CAO.

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

(i)	Credit default risk is the risk of loss arising from a counterparty being unable to pay its obligations in full;
(ii)	Concentration risk is the risk posed to a company by any single or group of exposures which have the potential to produce losses large enough to threaten the ability of the company to continue operating as a going concern; and
(iii)	Country risk or sovereign risk is the risk of loss arising from a sovereign state freezing foreign currency payments or when it defaults on its obligations.

To actively manage our credit risk, counterparties' credit worthiness are evaluated periodically based on their financial standings, operating and payment track records as well as conducting background checks. Actual credit terms and limits to be granted are derived based on the information obtained.

We have also incorporated the Potential Future Exposures ("PFE") approach into our credit monitoring and control process. This approach evaluates over a specified time period and within a certain confidence level, the maximum credit risk exposures of existing trades against possible future market prices during the life of the transactions. This will allow us to identify potential credit exposures resulted from the transactions we undertake. In addition, concentration risk reports, collating an overview on countries, products and internal credit ratings, are also generated on a regular basis to review and assess the Group's concentration risk throughout the year.

1 *Black Swan scenarios-events or occurrences that deviate beyond what is normally expected of a situation and that would be extremely difficult to predict.*

Our concentration risk profile of accounts receivables as at 31 December 2014 are as follows:

By Country

Our geographical exposure is predominantly China (59.5%), followed by Singapore (19.1%), and Hong Kong (18.0%), which made up more than 96% of our total exposure.

However, our exposure to counterparties outside these three countries has grown steadily over the years as we continue to diversify and rebalance the geographic mix of our business.

(Please refer to chart: AR Exposure by Country)

By Product

In 2014, CAO entered the AvGas market as part of our product diversification strategy to diversify revenue streams.

In terms of product exposure, it is led by Jet Fuel (64.7%), followed by Petrochemicals (16.2%), Gas oil (14.2%) and Fuel Oil (3.9%), which made up more than 98% of our overall exposure.

(Please refer to chart: AR Exposure by Product)

By Internal Credit Rating

In terms of internal credit rating, our exposure mainly comes from Grade A (23.4%), Grade B (34.9%) and Grade C (31.9%) counterparties, which made up more than 90% of our exposure.

For Grade D and E counterparties which are of poorer credit quality, payment terms granted to them are on Letter of Credit and prepayment basis which effectively brings down the risk exposure level and improve our overall portfolio credit quality.

(Please refer to chart: AR Exposure by Internal Credit Rating)

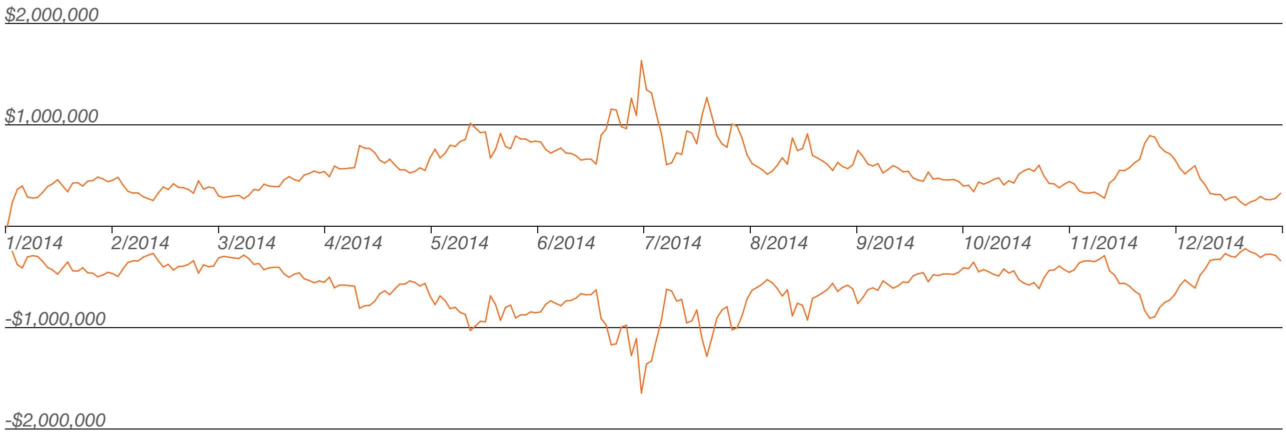
The Group has also employed credit enhancement or mitigation tools where necessary. These include obtaining parental company guarantees, cash collateral, letter of credit from investment-rated banks, off-set clause in contracts and credit support annexes in International Swaps and Derivatives Association ("ISDA") agreements. We are also constantly seeking out other credit mitigation tools, such as credit insurance to reduce our risk exposure.

With all these enhanced measures, the Group is better equipped to manage the risks involved in daily trading activities.

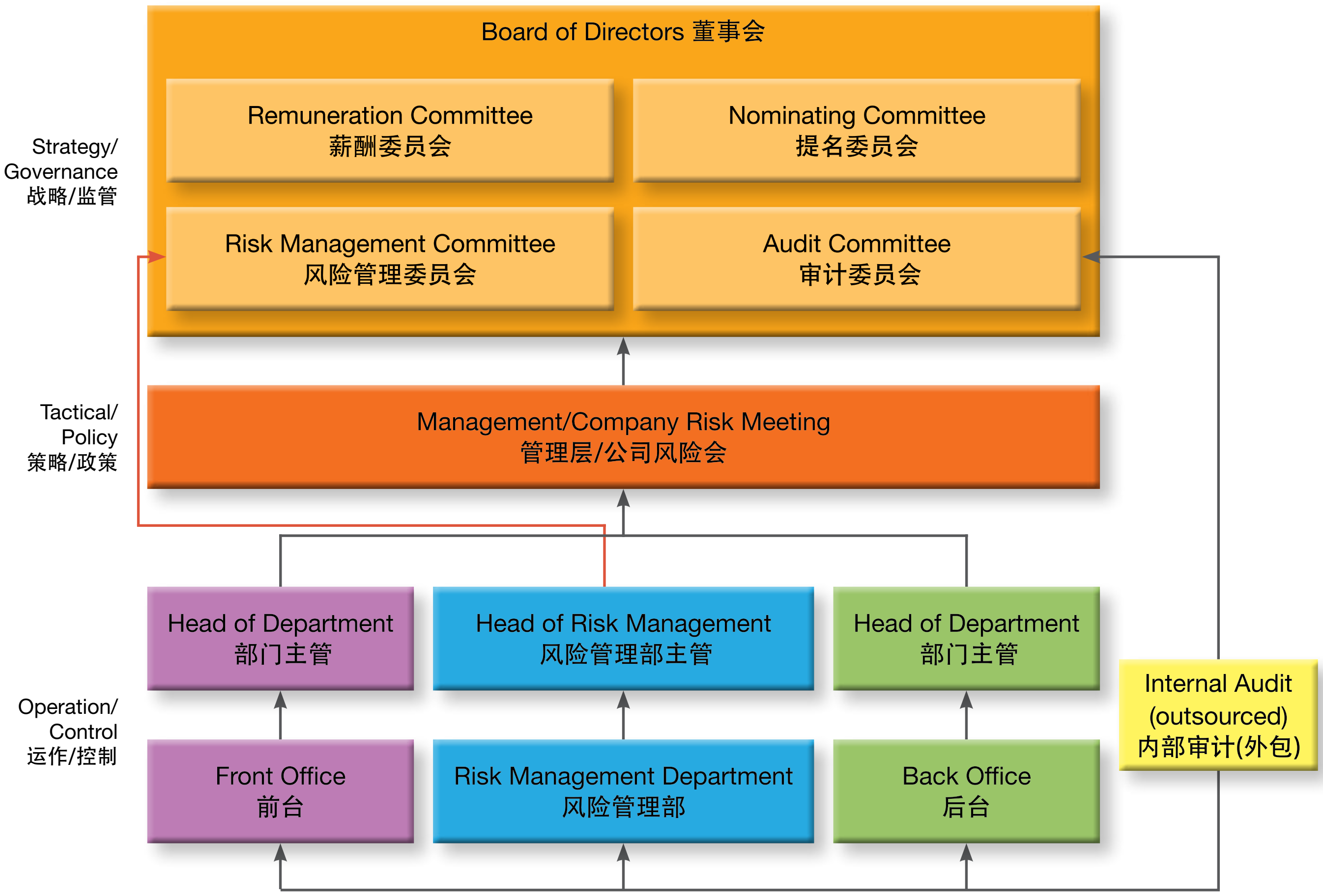
As the Group strives towards its strategic goal to become a global top-tier transportation fuels provider, CAO remains committed to proactively promote a strong culture of risk awareness, strengthening risk management in our daily business operations to deliver sustainable shareholder value.

Risk Management

2014 MVaR Utilisation
2014年全年市场风险值使用情况



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



风险管理

2014年，油价波动使得经营环境充满挑战。尽管如此，CAO集团在日常运营中保持稳健的风险管理，通过共同认知的风险管理文化、成熟的风险管理框架、完善的系统和人力资源，有效管理各种风险，执行2020年战略。

CAO持续加强风险管理实践，成功打造了强健的“全程管理、全员参与”的风险文化，支持2020年战略的实现。有效的风险管理对集团实现2014年的整体业绩至关重要。

集中化管理

作为风险文化的一部分，CAO继续积极开展并改善集中化风险控制与支持网络，帮助全球业务开展。CAO的风险管理框架包括风险管理政策、指引、流程、过程、限额和内控系统，用来解决、识别、评估和控制经营中出现的各种风险，使我们能对多变的市场做出快速反应。

公司风险管理的三大支柱分别为：
一、三重管理与控制架构；
二、政策、指导方针和控制架构；以及
三、系统、流程和人员

集团的三重管理与控制架构是为了确保有效的治理，监督风险管理实践的有效执行。

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

在管理层层面，公司风险会议(“CRM”)在风险管理委员会授权之下，负责市场、信用、运作、企业、守规和信誉等各类风险管理活动的组织和实施。CRM主席由风险管理部主管担任，既向首席执行官负责，同时也有权直接、独立地向风险管理委员会汇报。

在运作层面，风险管理部负责日常风险管理业务的执行，并确保所有与风险相关的政策、流程和限额得到遵守和落实。风险管理团队通过七年多的建设，在信用、市场、企业风险的管控方面积累了宝贵的经验，适应了业务增长的需要。风险管理团队的成员通过培训和自我进修，已经获取或正在努力获取相关专业资质，如全球风险管理专业人士协会所认证的能源风险专业证书和金融风险管理师。

可持续的政策和流程

集团通过借鉴业内的最佳实践来持续改善CAO和子公司的风险管理，通过落实新政策、流程和措施加强风险管理能力。这些包括：

- 有关贸易与风险管理的政策、流程和授权的核心政策为《风险管理与贸易手册》，同时还有安全,健康与环境政策及指导方针、举报政策、防欺诈政策等。
- 公司有全面的标准工作流程指导业务运作和信息系统，并定期更新，检测运作风险是否得到有效控制。

2014年公司成功实施了新的贸易与风险管控信息系统，为我们的全球供应与贸易活动提供了贯穿前中后台的有效支持。

CAO意识到风险管理对业务持续的重要性，采取企业风险管理（“ERM”）措施管理CAO集团的多种风险。ERM将我们识别、分析关键风险的措施进一步系统化，制定应对措施，由不同部门的风险负责人执行，确保关键风险得到密切监控和管理，并采取了明确恰当的风险缓解措施。

关键风险和缓解措施

为了更好地管理业务发展带来的风险，我们将风险管理团队重组成两个专业队伍，关注市场和产品控制风险管理与信用风险管理，为业务提供充分支持，及时地报告管理层和董事会。

集团的风险管理包括识别影响集团战略表现的关键不确定因素和风险领域，并且制定相应的风险缓解措施来管理这些风险：

- 信用风险
  - 指由于对家履约的不确定性带来的风险。
- 运作风险
  - 来自财务和实货运作两方面的由于运作环节上的缺失而带来的风险。
- 人事风险
  - 指人力资源枯竭，流失和人力资源不足带来的风险。
- 业务集中化风险
  - 严重集中在特定产品或市场的风险
- 市场风险
  - 指由于贸易仓位、市场价格的变化带来损失的风险。

风险管理

对于信用风险，我们设置了全球性信用额度并实施监控，通过信用证和预付款等措施来控制风险。我们也建立起了前瞻性的信用报告，实施了针对活跃对家的年度回顾。

对于财务运作风险，我们已经制定标准化工作流程并定期回顾，也有实施如船舶审批政策来控制实货运作方面的风险。

对于人力资源风险，集团制定了有关招聘、薪酬和员工培训的人力资源政策和流程。

对于业务集中化风险，公司正积极开拓其它运输燃料，建立结构性贸易优势，并打造全球一体化的贸易业务网络，将业务拓展为一个相对多元化的平台。

在市场风险方面，CAO通过清晰的风险限额授权来实施控制，比如风险值和数量限额。对于每一个贸易账户，也有设立严格的止损限额和管理层预警限额。

市场风险及敏感性分析

2014年是公司外部经营环境极具挑战性的一年，主要体现在：

(i) 原油价格从第三季度开始快速下跌；
(ii) 化工产品价格在第三季度剧烈波动；以及
(iii) 各种产品价差与前后月差的价格发生剧烈波动。

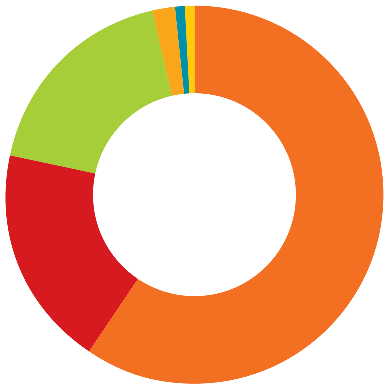
尽管如此，集团的供应与业务活动中的风险可以通过一套完整的风险控制工具得到有效控制。我们通过每月进行标准化的压力测试来衡量公司整体仓位的价格风险敏感性。除此之外，团队还增加了引起油价急剧变化的"黑天鹅场景"[1]，完善风控措施。不仅如此，临时性的压力测试频率也明显增多，特别是在油价持续下跌的2014年下半年。这些举措使得公司管理层可以更加及时地了解到未来市场可能的极端情况，有针对性地采取防范性的措施。

公司继续用市场风险值（"MVaR"）来衡量市场风险，为所有实货合约和金融衍生品合约都设置了市场风险值限额，每日跟踪持仓价值的变化。董事会授权的一系列市场风险限额，如数量限额、风险值限额、管理层预警限额和止损限额也在每日跟踪范围内，定期的回溯测试则可以确保我们风险值模型的合适性。

虽然2014年供应与贸易量达到新高，我们的风险偏好较为谨慎。从下面的市场风险值图表中可以看出，基于95%的可信度，2014年每日平均市场风险值为58.7万美元。

1 *关于"黑天鹅场景"*
超过一般预期的、非常难以预测的事件。

AR Exposure by Country
按国家和地区划分的应收账款



China 中国	59.5%
Singapore 新加坡	19.1%
Hong Kong 香港	18.0%
South Korea 韩国	1.8%
Japan 日本	0.9%
Other countries 其他国家	0.7%

信用风险及集中程度分析

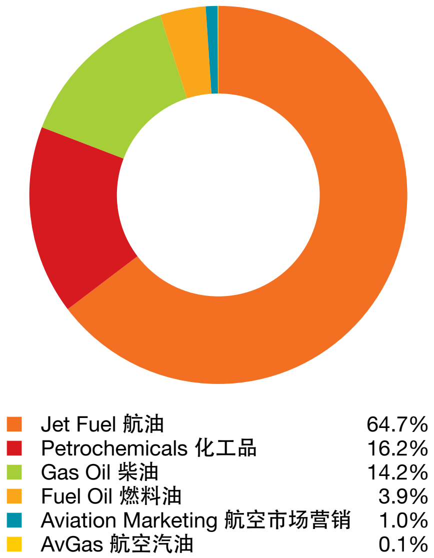
鉴于公司业务性质，信用风险不可避免，是集团所面临的一项最显著的可衡量的风险。

信用风险可分为信用违约风险，集中度风险和国家风险：

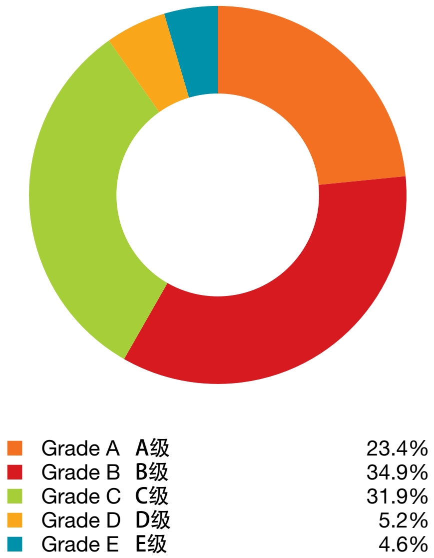
(i)	信用违约风险是由于贸易对家无法全额偿还债务而造成损失的风险；
(ii)	集中度风险是某个公司的一个或一组风险敞口带来的潜在损失，对该公司继续经营能力能够造成威胁的风险；以及
(iii)	国家风险或主权风险是一个国家冻结外汇支付或不履行其债务而造成损失的风险。

为了积极管理信用风险，我们通过观察其财务状况、运营和付款记录以及进行背景调查对各贸易对家的信用状况做定期评估，根据所获得的信息授予对家切实的信用条款及限额。

AR Exposure by Product
按产品划分的应收账款



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



我们也将潜在远期敞口（“PFE”）的计算纳入信用监督和控制流程中。这种方法评估在一个特定的时间范围内、一定的置信水平上，未来市场价格的波动对目前交易造成的最大信用风险。这使我们能够识别所进行的交易带来的潜在信用敞口。我们还会定期制作集中度风险报告，回顾和评估集团对主要国家、产品和内部信用评级的集中度风险。

截至2014年12月31日，我们应收账款的集中度风险状况如下：

根据国家
根据地理位置，我们的信用敞口仍主要来自中国(59.5%)，新加坡(19.1%)和香港(18.0%)，占所有敞口的96%以上。

尽管如此，我们对这三个地区以外的贸易对家的敞口在过去几年里稳定增长，因为我们一直在拓展多元化业务，平衡业务的地理范围。

(请参阅图： 按国家和地区划分的应收账款)

根据产品种类
2014年，作为多元化发展战略的一部分，我们开始进入航空汽油市场。

产品方面，敞口主要来自航油(64.7%)，化工品(16.2%)，柴油(14.2%)和燃料油(3.9%)，占所有敞口的98%以上。

(请参阅图： 按产品划分的应收账款)

根据内部信用评级
内部信用评级方面，信用敞口主要来自于评级为A(23.4%)，B(34.9%)和C(31.9%)级别的贸易对家，占所有敞口的90%以上。

对D级和E级对家，他们的信用质量较差，我们授予他们的付款条件为以信用证或预付款为基础，这有效地降低了风险度，从而改善了我们总体业务的信用质量。

(请参阅图： 按内部信用评级划分的应收账款)

我们也在必要时使用信用增强或风险减缓工具，包括获取母公司担保、现金担保、投资级别银行开具的信用证、合同中的抵销条款以及国际掉期及衍生工具协会(“ISDA”)协议中的信贷支持附件。我们也在不断寻求其他减缓信用风险的工具，比如信用保险等，进一步降低风险度的因素。

有了这些强化措施，我们有能力更好地管理日常贸易活动带来的风险。

集团正在向成为全球一流的运输燃料供应商的战略目标大步迈进，在此过程中将继续推行稳健的风险意识文化，强化日常运营中的风险管理，创造可持续的股东价值。

People Focus

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

In 2014, the Group continued to expand and grow its global footprint. At CAO, we recognise that our people are the most valuable asset of CAO, with each and every employee contributing unique expertise and experience to drive the Group's growth.

As the Group strives to be a global top-tier integrated transportation fuels provider, we remain committed and focused on strengthening our corporate culture, as well as fostering an inclusive workplace, in which people can contribute to the sustained growth of the Group.

FAIR EMPLOYMENT PRACTICES & EQUAL OPPORTUNITIES

At CAO, we recognise that a fair, diversified and inclusive working environment is integral to the Group's success and that a diverse workforce with different but complementary skills, ideas and experiences enriches the workplace, enhancing business performance.

In accordance with the Employer's Pledge of Fair Employment Practices which was formulated by the Singapore Tripartite Alliance for Fair Employment Practices ("TAFEP"), we affirm our commitment to competitive workplace practices. The human resource policies are aligned to the Tripartite Guidelines on Fair Employment Practices formulated by TAFEP and CAO upholds this through a variety of measures including non-discriminatory recruitment advertisements, regular performance appraisal for employees, instilling a Code of Ethics and an appropriate avenue for employee grievances. CAO also supports the Fair Consideration Framework by the Ministry of Manpower. Available job vacancies at CAO are made publicly accessible at the Jobs Bank administered by the Workforce Development Agency of Singapore.

The Group has a total headcount of 97 employees worldwide as at end 2014, an increase of 5% over 2013, of which 76 employees are based in Singapore. The group's gender profile is approximately a 50:50 split between men and women, and out of which 70% of the employees are in the 30-50 age group.

DEVELOPING OUR PEOPLE

The Group continuously seeks to attract, engage and retain our talent pool by supporting and offering education, training, career growth and advancement opportunities. CAO believes in providing a wide range of learning and skills upgrading programmes with the aim to equip employees at all levels with key skills to support their career goals.

All new employees are required to undergo a comprehensive orientation programme which introduces them to CAO's vision, mission, strategic plan, core values of fairness, integrity, innovation and transparency, organisational profile, key operations of the Group as well as CAO's corporate policies.

In support of CAO's sustainability development, the Group strives to develop the skills and know-how of all its employees. In total, each employee clocked an average of 22 learning hours in 2014 through participating in professional training programmes such as technical-based and soft skills learning and development courses. On top of that, CAO actively nurtures and further develops our employees to achieve their full potential through job rotation, overseas postings as well as participation in local and international industry conferences. For the job rotation programme, selected employees were seconded to host departments for a period of time for training and development, and upon completion, the individual is trained to assume the role at the department or take on suitable job assignments at overseas subsidiaries when the opportunity arises. Throughout the year, CAO also arranges regular "Lunch & Learn" sessions conducted by employees for their peers and colleagues to share and pick up cross-functional knowledge and skills, which contribute substantially to a holistic learning process.

ENGAGING OUR PEOPLE

At CAO, our core values of fairness, integrity, innovation and transparency are long-term commitments, which, coupled with our vision and 2020 strategic targets, define the way we do business.

We strive to create a cohesive and collaborative workplace culture which supports work-life balance, and constantly seek to engage our people by providing multiple channels and platforms for employee communication and engagement. During the year, regular updates on corporate developments and company events are shared on an intranet portal. Various events are also held regularly to encourage cross-functional interaction and communication. Annual team-building workshops, individual dialogue sessions with the CEO, quarterly town hall meetings, company-wide festive celebrations and sports activities are organised to promote a sense of belonging to strengthen cohesiveness amongst employees.

To further engage our people, we conducted an extensive Employee Engagement Survey in 2014 where employees were asked to rate their satisfaction on the Group's policies and programmes, as well as feedback on areas for improvement. The overall favourability is 89% and an action plan will be prioritised to act on the areas for improvement.

REWARDING OUR PEOPLE

CAO acknowledges and rewards our people with a compensation policy and practices that are designed to offer market competitive remuneration packages, to attract, retain and motivate employees. Our pay practices are based on the value of the job and we reward employee performance that supports business growth.

In addition, CAO has in place a performance appraisal system that is continuously enhanced and improved to ensure that the core competencies of our employees are aligned with the Group's strategic targets. Employees and their immediate superiors are encouraged to discuss and review their annual work objectives and job performance periodically. Any areas of specific achievement and / or needs for improvement will be noted and discussed openly with employees during appraisals.

INCULCATING A SUSTAINABLE CORPORATE CULTURE

CAO is committed to develop a compelling, safe and ethical workplace with engaged employees. A significant emphasis is placed on business ethics, Safety, Health and Environment ("SHE") and protecting the personal and confidential information of our employees.

Under CAO's Code of Ethics, all employees are expected to upkeep a high standard of integrity in matters of conduct at all times. We demand employees to be mindful and avoid improper circumstances and actions that might give the appearance of wrongdoing which could discredit themselves, co-workers or CAO.

Apart from the business conduct guidelines, protecting the health and safety of our employees, business partners and the environment is a priority at CAO. To highlight the importance of occupational health and workplace safety, a SHE policy and guidelines was rolled out. Annual health screenings, pandemic illness updates, mandatory workplace health and safety briefings, emergency response exercises and fire drills are held regularly throughout the year to reinforce that SHE is a responsibility of all employees and that keeping the workplace and environment safe is of paramount importance to the CAO work culture.

In accordance with the Personal Data Protection Act which came into force in 2014, CAO has in place a Personal Data Protection policy which sets out to safeguard the proper management, use and disclosure of personal data of our employees. To accomplish this, access to employee data will be limited to only those that have a legitimate business need or to fulfill a legal requirement.

以人为本

2014年，集团继续拓展全球业务。在CAO，我们认为员工是集团最有价值的资产，每位员工都贡献自己独特的经验与技能，推动集团的成长。

CAO致力于成为全球一流的运输燃料一体化方案提供商，为此我们持续加强企业文化，打造有包容性的工作环境，使员工为公司的发展尽一己之力。

公平就业机会

我们相信公平、多元化、有包容性的工作氛围对集团的成功必不可少，多样性的团队可以实现技术、观念与经验的互补，也可以提升业绩表现。

按照新加坡公平就业实践三方联盟（“TAFEP”）提出的公平就业实践雇主承诺，我们致力于打造有竞争力的工作环境。CAO按照TAFEP制定的公平就业实践三方指南，制定了公司人力资源政策，并在各方面贯彻执行，如刊登非歧视的招聘广告、定期进行员工绩效评估、灌输道德准则并为员工负面情绪提供疏通渠道。CAO还遵守新加坡人力部公平考量框架的要求，在新加坡劳动力发展局管理的职位信息库中公布职位空缺。

截至2014年底，集团全球共有97位员工，同比增加5%，其中76名在新加坡。集团的男女比例大约50:50，其中70%的员工在30－50岁年龄段。

员工培育

集团提供教育、培训、职业规划和晋升机会，吸引和留住人才。CAO相信广泛的学习与技能提高项目可以帮助各个层级的员工达到职业目标。

我们为所有的新员工提供全面的入职培训，介绍CAO的愿景、使命以及发展策略、核心价值观（即公平、诚信、创新和透明）、企业组织结构、集团主要业务以及公司政策。

集团努力提升所有员工的知识与技能，支持CAO的可持续发展。2014年，平均每位员工投入22小时参加专业培训项目，如技术培训、软技能学习与发展课程。除此之外，CAO通过轮岗项目、海外派遣和参加当地与全球行业大会，帮助员工开发潜能。在轮岗项目中，选拔出来的员工将会被委派到其他部门进行一段时间的培训，培训期满后视发展机会，该员工可申请到该部门或海外子公司工作。公司还设有“午餐学习”时段，员工与同事们分享跨部门知识与技能，这也构成了CAO学习体系重要的一部分。

增强员工参与度

CAO长期坚持的核心价值观是公平、诚信、创新和透明，这与我们的愿景和2020年战略目标一起，构成了公司开展业务所坚守的原则。

我们致力于创造团结合作的工作环境，鼓励工作与生活平衡，并利用多种渠道和平台与员工沟通互动，如在内网分享公司进展和团队活动，通过多种措施鼓励部门间的互动。公司还会组织年度团队建设活动、与CEO一对一对话、季度全体员工大会、节日庆祝活动、体育活动，以此加强员工的企业归属感，进而提升团队协作。

为了进一步与员工进行互动，我们在2014年进行了员工敬业度调查，让员工对集团政策与项目的满意度进行评分，同时指出可以改进的空间。整体来看，89%的员工表示满意，公司将针对结果，相应采取改进措施。

员工激励

CAO通过提供有市场竞争力的薪酬配套，吸引、留住和激励员工。我们基于每个岗位的价值支付薪酬，奖励对公司发展做出贡献的员工。

除此之外，CAO持续改善绩效评估系统，确保员工的核心竞争力符合集团的战略目标。我们鼓励员工和他们的直属上司定期讨论和回顾年度工作目标，总结取得的成绩和需要改进的地方。

灌输可持续的企业文化

CAO致力于与员工一同保证工作环境有吸引力、安全且坚守道德准则。公司尤其重视商业道德和安全、健康与环境（“SHE”），保护员工的个人和保密信息。

按照CAO的道德准则，所有员工在任何时候的所有行为都必须保持高标准的诚信。我们要求员工保持警惕，避免任何不当行为影响自己、其他员工或CAO的名誉。

除了业务操作规则，保护员工、商业伙伴和环境的健康和安全是公司的重中之重。为了强调员工健康和工作环境安全的重要性，公司制定了SHE政策，包括年度体检、流行病介绍、工作场所安全与卫生讲解、急救训练和火警演习，向员工强调SHE是每一个员工的责任，保持工作环境的安全至关重要。

随着新加坡个人信息保护法于2014年生效，CAO制定了个人信息保护政策，规定员工个人信息的合理管理、使用和披露。仅有出于业务需要或符合法规要求的人可以查看员工个人信息。

Corporate Social Responsibility

CREATING ADDED VALUE

Notwithstanding a challenging business climate in 2014, the Group maintains a steadfast commitment to contribute in its endeavours to play meaningful roles in the communities where we operate.

As an active corporate citizen, CAO continually seeks to give back to society, leveraging on our resources to add value, focusing our corporate social responsibility ("CSR") efforts to support charitable causes primarily in the areas of children and the environment.

INVESTING IN COMMUNITIES

Over the last five years, CAO has partnered Beyond Social Services' pre-school facility – Healthy Start Child Development Centre ("HSCDC") to contribute and support its social and educational initiatives as a means of development for less privileged children in Singapore's Bukit Merah and Redhill neighbourhood estates.

In 2014, CAO volunteers helped to organise field trips during the school year attended by the pre-schoolers, their families and teachers. One field trip included bringing the children to ride on an amphibious vehicle in which they were driven around Singapore city landmarks such as Marina Bay, Marina Bay Sands and the Helix Bridge, Floating Stadium, Esplanade and the Merlion. The ride ended with the children going up on the Singapore Flyer where they were treated to a bird's eye-view of Singapore island, cultivating a sense of belonging in the children, and at the same time, enriching their knowledge of Singapore's city skyline and historical landmarks. During the year-end festive season, CAO volunteers also put up an interactive laboratory science programme, creating an enjoyable and educational experience for the children to immerse themselves in the fun side of science.

CAO also supports the education development of children in the communities where we do business through various focused programmes. 2014 saw CAO volunteers heading for the Ningxia Hui Autonomous Region in the northwest of China, partnering The Library Project - a non-government charitable organisation focused on setting up libraries and reading corners for under-funded elementary schools in the remote parts of China, to share their passion for books and reading in particular. In total, CAO donated more than 3,000 books including bookshelves, teaching materials and collaterals. On the trip, CAO volunteers spent time reading books together with the children, chipped in to build bookshelves, introduced Singapore culture through games, with the objective of raising cross-cultural awareness as well as inculcating an interest for reading among the young in China.

Since 2010, CAO has steadily extended support in the educational needs of the less privileged members of the migrant community through the CAO-Tian Fu Bursary Fund. Besides disbursing funds to students who have excelled academically or come from lower-income families, cash grants are also provided to assist new immigrants working in Singapore upgrade their skills to enhance their employability and contribution to the Singapore economy.

CONTRIBUTING TO A SUSTAINABLE FUTURE

CAO believes that our sustainability as a business is closely intertwined with the communities where we live and work. Through the CAO Green Fund, which was established since 2010, CAO aims to create and raise environmental consciousness in local communities.

In 2014, CAO collaborated with the National Parks Board ("NParks") of Singapore to develop a series of themed educational videos to showcase and promote greater environment awareness within the community and highlighting the rich biodiversity that can be found in urban Singapore. In addition, CAO volunteers also participated in NParks' Invasive Species Management Programme, weeding and removing wild creepers growing on shrubs in the forested areas at the Admiralty Park in Singapore, further strengthening our employees' engagement in the communities where we operate.

STAYING COMMITTED

As part of a larger community, CAO is committed and will continue to work with key stakeholders to support initiatives that will make a positive impact on the communities and the environment across the geographic markets where we do business.

企业社会责任

创造价值

虽然2014年经营环境受到严峻挑战，集团仍致力于对社区作出有意义的贡献。

作为一名积极的企业公民，CAO不断回馈社会，利用资源创造价值，尤其是通过企业社会责任活动支持以儿童和环境为主题的慈善活动。

投资社区

在过去五年中，CAO与彼岸社会服务的健康起点儿童发展中心合作，支持新加坡武吉美拉和红山社区贫困学前儿童的教育。

2014年，学前儿童们在家长和老师的陪同下，参加了CAO志愿者们组织的校外旅行。在一次郊游中，志愿者们带儿童乘坐了水陆两栖车，参观了新加坡标志性景观，如滨海湾、金沙、螺旋桥、浮动舞台、滨海艺术中心和鱼尾狮。参观结束后，我们安排儿童们登上新加坡摩天轮，鸟瞰新加坡风景，培养归属感，同时丰富他们对新加坡城市轮廓和历史景点的知识。在年末的一次活动中，CAO志愿者们举办了互动科学实验室活动，寓教于乐，为儿童们创造了愉快的学习体验。

CAO还通过专题项目支持儿童教育。本年度，CAO与图书馆计划（非政府慈善机构，致力于为中国偏远地区缺乏资金的小学建造图书馆和/或读书角，传播对书籍和阅读的热情）合作，志愿者们深入中国西北部的宁夏回族自治区，捐赠书架和包括教学材料在内的超过3000本书。志愿者们还与儿童一同阅读、建造书架，通过游戏介绍新加坡文化，希望可以借此提高跨文化意识，并培养中国年轻一代的阅读兴趣。

CAO volunteers removing creepers at Admiralty Park
CAO志愿者在海军部公园除草

自2010年起，CAO就通过中国航油一天府会助学基金支持贫困新移民的教育需求。除了赞助成绩优异或来自低收入家庭的学子，我们还发放资金帮助新加坡的新移民提升技能，增强就业能力，为新加坡经济做出贡献。

为可持续的未来作贡献

CAO相信业务的可持续性与我们赖以生存和工作的社区息息相关。2010年成立的CAO环保基金就是为了培养和提高当地社区群众的环保意识。

2014年，CAO与新加坡国家公园局（“公园局”）合作，制作了一系列主题教育视频，着重介绍了新加坡城区的生物多样性，提高环保意识。除此之外，CAO志愿者们还参加了公园局的入侵物种管理项目，清理海军部公园林区道路两旁的杂草和灌木丛中的藤蔓植物，进一步提高了员工在社区的参与度。

坚守承诺

作为社区的一员，CAO会继续与主要相关方合作，在我们开展业务的各个地区，为社区与环境做出积极贡献。

Spending time with HSCDC children at an experiential science workshop
与健康起点儿童发展中心的小朋友一同参与科学实验活动

Investor Relations

Led by its conviction to maintain high standards of corporate transparency and fair disclosure, CAO is committed to providing regular, effective and fair communication with its shareholders and the investment community. Adopting an open approach, CAO shared with its shareholders, investors, analysts and the media timely and regular updates on its financial performance and corporate activities. Guided by our core corporate values of Fairness, Integrity, Innovation and Transparency, CAO continued to focus on improving the quality of its corporate disclosures with proactive communication with the investment community in 2014.

FOCUSED ENGAGEMENT WITH THE INVESTMENT COMMUNITY

To broaden the Group's investor base, Senior Management of CAO interacts frequently with the investment community as well as undertook non-deal international roadshows and participated in various forums to further engage both institutional and retail investors. In 2014, together with Senior Management, CAO's Investor Relations ("IR") team continued to reach out and foster active, valued relationships with both local and international brokerage firms, investment banks and the media to increase global awareness and understanding of CAO's corporate strategy, company developments and financial performance.

To cultivate wider investing public's familiarity with the CAO Group, CAO expanded its channels of communication with the international investment and financial community. The Group extended its engagement with the investor community through international non-deal roadshows in Singapore, Boston and New York, face-to-face meetings, teleconferences, earnings briefings and investor conferences. International media interviews were also conducted to broaden global reach even as CAO participated in various retail investors' seminars and proactively engaged with retail investors.

The IR team also utilises various communication platforms to reach out to the investor community. In 2014, the Group participated in four corporate profile seminars for both retail and institutional investors, and met close to 450 analysts, fund managers and potential investors. The Company also engages the media and investment community through news releases and half-yearly combined media and analysts briefings after the announcement of the Group's interim and full-year financial results. The IR team also actively seek to address concerns raised by both institutional and retail shareholders via emails and telephone calls.

As part of the Group's efforts to strengthen its ties with its shareholders as well as the investment community, CAO's Corporate Access Day 2014 was held on 3 October 2014 to share the Group's 2020 strategic roadmap. Comprising analysts, media and members from the investment community, an audience of about 120 persons were given the opportunity to interact with senior management of CAO. In addition, media interviews and a webcast were arranged in response to heightened interest from the international community. CAO aims to hold its Corporate Access Day annually to provide our shareholders and the investor community a deeper insight into key facets of CAO's Corporate Strategy as well as updates on CAO's roadmap to becoming a global top-tier integrated transportation fuels provider.

Apart from disclosures via the Singapore Exchange's website, CAO's investor relations website also serves as an important source of information for the investment community. An avenue where market sensitive news are promptly posted and disseminated to the public and investment community, the website also provides comprehensive company information, financial reports and webcasts of CAO's analyst and media briefings. CAO's IR team may be reached at ir@caosco.com.

RECOGNITION FROM INVESTORS

Our proactive IR approaches and commitment to corporate transparency gained CAO due recognition by the investing community in 2014, winning the award for Most Transparent Company (Runner-Up under the Oil and Gas Category) conferred by the Securities Investors Association (Singapore) for the fifth year running. The Group was also recognised for its investor relations efforts, scoring its first ever IR award at the Singapore Corporate Awards 2014 for Best Investor Relations (Silver) and Best Annual Report (Bronze).

FOCUSED ON LONG-TERM SHAREHOLDER VALUE

Despite a challenging year during which the Group's performance was affected by the lackluster macro-economic environment and the huge volatility in oil prices, CAO stepped up on the level of its investor relations and communications engagements. CAO will relentlessly focus on striving for long-term shareholder value as we stride towards being a global top-tier integrated transportation fuels provider.

投资者关系

CAO坚持高标准的信息透明与披露水平，与股东和投资公众定期进行有效沟通，定期向股东、投资者、分析师和媒体公布财务表现和公司活动。CAO的核心价值观是公平、诚信、创新和透明，在2014年通过与投资界的积极互动，提高公司披露质量。

与投资界积极互动

为了拓宽集团的投资者基础，CAO高级管理层与投资界频繁互动，并参加非交易性国际路演和多个论坛，吸引机构投资者和散户投资者。CAO的高级管理层与投资者关系（"IR"）团队在2014年继续培养与本地及国际券商、投行和媒体的宝贵关系，深化全球公众对CAO发展战略、公司发展和财务业绩的了解。

为了提高投资界对CAO集团的熟悉程度，我们拓宽了与全球投资与金融机构的沟通渠道，参加新加坡、波士顿、纽约的非交易性路演，进行面对面会谈、电话会议，举行业绩发布会和投资者大会。除此之外，全球媒体采访提高了CAO的国际知名度，CAO还参加了多个散户投资者会议，与散户投资者直接沟通。

IR团队利用多个沟通平台与投资界互动。2014年公司参加了4个公司推介会，会见了散户与机构投资者、将近450个分析师、基金经理和潜在投资者。公司还发布新闻稿，在半年和全年业绩公布后举行媒体分析师会议，并通过邮件和电话解答机构投资者和散户投资者的问题。

为了强化与股东和投资界的关系，CAO于2014年10月3日举办了投资者接待日，分享集团2020年战略路线图。参会者大约有120人，包括分析师、媒体和投资者，与CAO高级管理层互动，除此之外，由于投资者对CAO兴趣日益增强，我们还配合投资者接待日安排了媒体采访和网络广播。CAO计划每年举办投资者接待日，使股东和投资者深入了解CAO为了成为全球运输燃料供应商制定的公司战略和战略路线图。

除了新交所网站的信息披露，CAO的投资者关系网站也是投资者得到信息的重要渠道。网站上除了会迅速更新市场敏感信息，还会提供全面的公司信息、财务报告和分析师与媒体会议的网络广播。CAO的IR团队邮件地址为ir@caosco.com。

投资者的认可

由于IR团队的积极工作和对信息透明的坚持，CAO于2014年连续第五年获得新加坡证券投资者协会颁发的投资者选择奖的"最透明企业"奖（油气组别第二名）。集团还获得了2014年新加坡企业大奖的"最佳投资者关系"银奖和"最佳年报"铜奖。

专注长期股东价值

虽然集团本年度的业绩受到了宏观环境和油价高波动的影响，但CAO在投资者关系方面的工作上了一个台阶。CAO会不遗余力地提高股东价值，成为全球一流的运输燃料一体化方案提供商。

SHARE PRICE INFORMATION 股价信息

Share Price (S$) 股价 (新元)	2010	2011	2012	2013	2014
As at last trading day of the year 截至当年的最后一个交易日	1.54	0.985	1.000	1.045	0.670
High 最高价	1.820	1.610	1.335	1.230	1.070
Low 最低价	1.080	0.830	0.920	0.890	0.655
Average 平均	1.415	1.179	1.041	1.007	0.840

Source: Bloomberg 资料来源：彭博社

CORPORATE CALENDAR 公司事务时间表

2015	
Announcement of 4Q 2014 & 2014 full-year results	12 February
Despatch of Summary Reports to shareholders	On or about 26 March
21st Annual General Meeting	22 April
Proposed First and Final Dividend for FY2014	
Books closure date	7 May
Payment date	18 May
Announcement of 1Q 2015 results	April
Announcement of 2Q 2015 results	July
Announcement of 3Q 2015 results	November
2016	
Announcement of 4Q 2015 & 2015 full-year results	February

Corporate Governance at a Glance

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes. Refer to page 81
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Not Applicable
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Refer to page 82
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	Refer to pages 81 and 85
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Refer to "Board of Directors" Section of the Annual Report
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	Refer to pages 88 and 89
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Refer to pages 87 and 88
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Refer to page 83
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Refer to pages 83 and 84
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Refer to page 87
	(b) If a maximum number has not been determined, what are the reasons?	Not Applicable
	(b) What are the specific considerations in deciding on the capacity of directors?	Refer to page 87

Corporate Governance at a Glance

Guideline	Questions	How has the Company complied?
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Refer to pages 88 and 89
	(b) Has the Board met its performance objectives?	Yes
Independence of Director		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Refer to page 85
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	None
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not Applicable
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	None
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Refer to page 91
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Refer to page 91
	(b) Please disclose the aggregate remuneration paid to the top six key management personnel (who are not directors or the CEO).	Refer to page 91

Corporate Governance at a Glance

Guideline	Questions	How has the Company complied?
Disclosure on Remuneration (continued)		
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	None. Refer to page 91
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Refer to page 91
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Refer to page 92
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Refer to page 89
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Internal Audit Function is outsourced. Refer to page 97
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Refer to pages 94 and 95
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Refer to page 94

Corporate Governance at a Glance

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls (continued)		
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Refer to page 163 of the Annual Report
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Not Applicable
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. Refer to pages 97 and 98
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes. Refer to page 97
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Refer to pages 97 and 98
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not Applicable

Statement of Corporate Governance

In the light of continuing uncertainties in the global economies and increasingly challenging competitive business environment, the Board of Directors (the "**Board**") and Management of China Aviation Oil (Singapore) Corporation Ltd ("**CAO" or the "Company")** remained 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 (the "**SGX-ST**") and the recommendations of the Code of Corporate Governance (the "**2012 Code**"). Good corporate governance has become a fundamental part of our corporate culture and business practices of the CAO group (the "**CAO Group**") and in ensuring the continued strong performance of our businesses and maintaining investor confidence which underpin the sustainable, long-term growth of our businesses and shareholder value.

Since the adoption of the CAO Corporate Governance Policy in August 2012 which corporate governance principles and guidelines are devised in line with the principles and guidelines set out in the 2012 Code (the "**CAO Corporate Governance Policy**"), significant efforts have been made by relevant departments mandated with the responsibility to oversee the adoption of the CAO Governance Policy in their practices, processes and operations. The corporate governance practices of the CAO Group and the CAO Corporate Governance Policy are reviewed regularly and are continually fine-tuned and enhanced to ensure that they remain relevant and effective in light of the changing legal and regulatory requirements and volatilities of the trading business and operating environment.

We confirm that throughout the financial year ended 31 December 2014 and at the date of issue of this Statement of Corporate Governance, we were in substantial compliance with the provisions of, and applied the principles set out in the 2012 Code and are currently working towards adopting the other changes where appropriate.

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

This report primarily describes the Company's corporate governance practices for the financial year ended 31 December 2014 with specific reference to the 2012 Code and details how we apply the principles and comply with the provisions of the 2012 Code.

(A) BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1

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

Commentary

Composition of the Board: The current Board comprises eight (8) Non-Executive Directors and the Chief Executive Officer/Executive Director (the "**CEO/ED**"). All Independent Directors as well as those nominated by the two (2) major shareholders, namely China National Aviation Fuel Group Corporation ("**CNAF**") and BP Investments Asia Limited ("**BP**"), were appointed on the strength of their expertise, experience and stature.

The Board is composed of members who are diverse in terms of education, experience, geographical origin and interpersonal skills. Details including the academic and professional qualifications and major appointments of each Director are provided under the "Board of Directors" section of this Annual Report.

Statement of Corporate Governance

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

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

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

Some of the businesses that the Board transacts include:

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

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

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

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

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

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

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

Statement of Corporate Governance

Meetings of the Board and Board Committees: The Board met four (4) times in 2014. At these scheduled quarterly Board meetings for the financial year 2014, the Board: (i) reviewed and approved the release of the quarterly and full-year results; (ii) discussed reports by Management relating to major corporate activities; (iii) approved the annual budget; and (iv) reviewed the performance of the CAO Group's businesses. When Directors cannot be physically present, telephonic attendance and conference via audio-visual communication at Board and Board committee meetings are allowed under the Company's Articles of Association. The number of meetings of the Board and Board Committees held in 2014, as well as the attendance of each Board member at these meetings, are disclosed below:

		Board Committee Meetings				
	Board Meetings	Audit	Nominating	Remuneration	Risk Management	Independent Directors' Meeting
Sun Li	4	N.A.	N.A.	N.A.	N.A.	N.A.
Wang Kai Yuen[(1)]	4	3	1	3	N.A.	1
Meng Fanqiu	4	N.A.	N.A.	N.A.	N.A.	N.A.
Zhao Shousen	4	4	N.A.	N.A.	4	N.A.
Liu Fuchun [(2)]	1	1	N.A.	1	N.A.	N.A.
Alan Haywood	4	4	N.A.	N.A.	4	N.A.
Ang Swee Tian	4	4	1	3	4	1
Chen Liming	4	N.A.	1	3	N.A.	N.A.
Luo Qun	4	N.A.	1	3	N.A.	N.A.
Li Runsheng[(3)]	3	3	1	2	N.A.	1
Number of Meetings Held	**4**	**4**	**1**	**3**	**4**	**1**

Notes:

(1) Dr Wang Kai Yuen was unable to attend an Audit Committee Meeting due to a prior engagement.

(2) Mr Liu Fuchun, an Independent Director of the Company, retired by rotation as Director pursuant to Article 91 of the Company's Articles of Association, at the conclusion of the 20th Annual General Meeting of the Company held on 24 April 2014 (the "**20th AGM**"). He concurrently relinquished his office as Chairman of the Nominating Committee and as a member of the Audit Committee and the Remuneration Committee.

(3) Mr Li Runsheng was appointed as an Independent Director of the Company, whose appointment was effected immediately after the conclusion of the 20th AGM. He was concurrently appointed as Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee.

Quarterly Meetings of Board and Board Committees, Independent Directors' Meeting and Annual General Meeting: Meetings of the Board and Board Committees, Independent Directors' Meeting and the Annual General Meeting of the Company for each year are scheduled some time in the month of July in the preceding year to facilitate the Directors' individual administrative arrangements in respect of any competing commitments.

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

Statement of Corporate Governance

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

During the year, a comprehensive familiarisation programme was arranged for Mr Li Runsheng who joined the Board on 24 April 2014. The purpose of the familiarisation programme was to familiarise him with the business activities, strategic direction, policies and corporate governance practices of CAO Group. Areas covered included an Overview of CAO and its Businesses, 2020 Corporate Strategy of CAO, Aviation Marketing, Oil Trading Business, Risk Management, Financial Performance of the CAO Group, Directors' Duties and Continuing Listing Obligations and Governance Structure of the CAO Group. This programme also provided an opportunity for Mr Li Runsheng to get acquainted with senior management, and also fostered better rapport and communications with Management.

Continuing Professional Development of Directors: In line with CAO's Policy on Director Orientation and Professional Development adopted by the Board since November 2012, continuing professional development programmes were organised for Directors to ensure that all Directors are updated on important market developments in the energy industry and issues which may have a significant impact on the businesses, financial and operational matters of the CAO Group. These programmes are conducted by external advisers, experts or senior management and these included (i) a Board Information Session relating to "Oil Market Outlook, New Developments and Game-Changers" conducted by Wood Mackenzie Limited; (ii) a Board Information Session relating to "Emissions Trading in China and the Impact on the Aviation Sector" conducted by BP's Global Head of Emissions, Mr Daniel Barry; (iii) attendance at a seminar on "20 Questions Directors Should Ask About Internal Audit" jointly organised by the Singapore Institute of Directors and The Institute of Internal Auditors, Singapore; and (iv) attendance at the Singapore Corporate Awards Seminar 2014 "Driving Excellence in Corporate Governance" jointly organised by the Singapore Institute of Directors, The Business Times and the Institute of Singapore Chartered Accountants.

Directors' Disclosure of Interests: 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.

Board Composition and Balance

Principle 2

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

Commentary

Independent Element of the Board: The Nominating Committee determines on an annual basis whether or not a Director is independent, taking into consideration the 2012 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a director not to be independent. Each Director is required to complete a confirmation of independence checklist, which is drawn up in accordance with the guidelines provided by the 2012 Code, and requires each Director to assess his own independence. The Director is required to declare any circumstances in which he may be considered non-independent. The Nominating Committee will then review the confirmation of independence checklist to determine whether a Director is independent. The Nominating Committee carried out the review on the independence of each non-executive Director in October 2014 based on the Directors' self-declaration in the Director's Independence.

Statement of Corporate Governance

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

As the Chairman of the Board is not an Independent Director, the Nominating Committee is reviewing the composition of the Independent Directors on the Board and working on increasing the independent element of the Board to comply with the requirements of the 2012 Code.

In accordance with the CAO Corporate Governance Policy, the independence of any Director who has served on the Board beyond nine (9) years from the date of his first appointment shall be subject to rigorous review. As at the date of this report, none of the independent Directors of the Company have been appointed on the Board for more than nine (9) years.

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

Commentary

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

The 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 (the "**PRC**"), having had extensive experience in the petroleum 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 CEO/ED executes the Board's decisions and is responsible for the day-to-day running of the Company's business, making operational decisions for the Company and implementing the Company's business, direction, strategies and policies.

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

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

Statement of Corporate Governance

Regular Meetings of Independent Directors*:* In accordance with the CAO Corporate Governance Policy, the Independent Directors of CAO meet at least once a year, without the presence of the other Directors, to discuss any matters relevant to the CAO Group, such as its investment criteria, risk management and internal controls, risk appetite and risk tolerance, performance of management, Board communication and performance, and strategic issues. Led by the Deputy Chairman/Lead Independent Director, the independent Directors of CAO held their meeting on 18 July 2014 without the presence of the other Directors. Key issues discussed by the Independent Directors of CAO included "Expectations of CAO as a Main-Board Listed Company", "Proposed Changes to Percentage of Independence Element of the Board of CAO", "Succession Plan of Senior Management" and "Proposed Review of Board Performance Appraisal Process and Procedure".

Board Membership

Principle 4

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

Commentary

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

Nominating Committee

Li Runsheng	Chairman
Luo Qun	Vice Chairman
Wang Kai Yuen	Member
Chen Liming	Member
Ang Swee Tian	Member

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

The responsibilities of the Nominating Committee include:

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

b) determining each Board member's independence status on an annual basis and as and when circumstances require;

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

d) reviewing of the training and professional development programmes of the Board; and

e) deciding if a Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments.

Statement of Corporate Governance

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

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

Following receipt of a notification from Mr Liu Fuchun in February 2014 of his intention not to seek re-election as Director at the 20th AGM and that upon his retirement as a Director of the Company, he would concurrently relinquish his office as the Chairman of the Nominating Committee and as a member of the Audit Committee and the Remuneration Committee, the Nominating Committee considered the current Board composition of the Company against the desired capabilities of the Board taking into account the Company's current circumstances and future expectations. Based on this review and the general selection and evaluation criteria set out in the Internal Guidelines, the Nominating Committee commenced the search for prospective candidates identified from a number of sources, including but not limited to director or management contacts or shareholder recommendations.

The Nominating Committee conducted interviews with the then incumbent, Mr Li Runsheng to ascertain his suitability and updated the Board as appropriate on the selection process. When Nominating Committee had identified Mr Li Runsheng as the preferred candidate, the Nominating Committee submitted pertinent details on Mr Li Runsheng including his curriculum vitae, the declaration of his independence etc., with a recommendation to the Board. The Nominating Committee also arranged for Board members to meet with Mr Li Runsheng.

The Board then appointed Mr Li Runsheng in April 2014 as a Director in accordance with the Articles of Association of the Company, Listing Rules of the SGX-ST, Shareholders' Agreement and CAO Corporate Governance Policy and on the terms of appointment agreed with Mr Li Runsheng.

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

(i) where the individual also holds a full-time executive position; and
(ii) where the individual is a full-time independent director.

The Nominating Committee had reviewed each Director's external directorships as well as the Director's attendance and contributions to the Board. Despite the multiple directorships of some Directors, the Nominating Committee is satisfied that the Directors spent adequate time on the Company's affairs and have carried out their responsibilities.

Statement of Corporate Governance

Retirement by Rotation and Re-election of Directors: Pursuant to Article 91, one-third of the members of the Board of Directors shall retire by rotation at every annual general meeting of the Company (the "**AGM**") and these Directors may offer themselves for re-election, if eligible. For the 21st AGM to be held on 22 April 2015, Mr Sun Li, Mr Luo Qun and Mr Chen Liming are due for retirement by rotation and would be eligible for re-election. Mr Chen Liming, who has made significant contributions to the Board, the Board Committees and the Company during his five (5)-year tenure, has indicated his intention not to seek re-election at the 21st AGM on 22 April 2015. Upon his retirement as Director at the 21st AGM, Mr Chen Liming will concurrently relinquish his office as a member of the Nominating Committee and Remuneration Committee.

The Nominating Committee has recommended and the Board agreed that Mr Sun Li and Mr Luo Qun, the Directors retiring by rotation under Article 91, be nominated for re-election at the 21st AGM.

In accordance with Article 97 of the Company's Articles of Association, Mr Li Runsheng who was appointed as a Director of the Company on 24 April 2014 will hold office as Director until the next annual general meeting of the Company and will be eligible for re-election under Article 97 at the 21st AGM.

The Nominating Committee has recommended and the Board agreed that Mr Li Runsheng, the Director retiring under Article 97, be nominated for re-election at the 21st AGM.

Board Performance

Principle 5

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

Commentary

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

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

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

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

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

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

Statement of Corporate Governance

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

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

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

The Nominating Committee is satisfied with the current composition and performance of the Board both individually and as a whole.

Access to Information

Principle 6

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

Commentary

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

Agenda for meetings and all Board papers for discussions are circulated to Directors at least 10 calender 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 CAO Group. The Management provides the Directors with monthly updates on the operational and financial performance of the CAO Group, and also responds to regular questions from the Board or individual Directors in a timely manner.

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

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

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

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

Statement of Corporate Governance

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7

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

Level and Mix of Remuneration

Principle 8

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

Disclosure on Remuneration

Principle 9

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

Commentary

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

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

Remuneration Committee

Wang Kai Yuen	Chairman
Luo Qun	Vice Chairman
Li Runsheng	Member
Chen Liming	Member
Ang Swee Tian	Member

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

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

Broadly, remuneration for the CEO/ED and top six (6) senior executives for the financial year ended 31 December 2014 is based on the Company's and individual performances and the remuneration for Non-Executive Directors in the form of fees is based on responsibilities and memberships in the Board and its committees.

Statement of Corporate Governance

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

The remuneration of Directors payable for the financial year ended 31 December 2014 are set out below:

Name of Director	Fee	Base/Fixed Salary and Allowance	Variable/ Performance Bonus	Others	Long Term Incentives	Total	Total
Executive Director	(%)	(%)	(%)	(%)	(%)	(%)	S$
Meng Fanqiu (CEO/ED)	0	80	20	0	0	100	728,805
Non-Executive Directors							
Sun Li (Chairman)	100	0	0	0	0	100	80,620
Wang Kai Yuen (Deputy Chairman/Lead ID)	100	0	0	0	0	100	134,368
Zhao Shousen	100	0	0	0	0	100	67,184
Liu Fuchun(1)	100	0	0	0	0	100	23,083
Alan Haywood	100	0	0	0	0	100	80,620
Chen Liming	100	0	0	0	0	100	53,748
Ang Swee Tian	100	0	0	0	0	100	94,058
Luo Qun	100	0	0	0	0	100	53,748
Li Runsheng(2)	100	0	0	0	0	100	51,022

(1) Mr Liu Fuchun retired by rotation as Director pursuant to Article 91 of the Company's Articles of Association, at the conclusion of the 20th AGM.

(2) Mr Li Runsheng was appointed as an Independent Director of the Company, effected immediately after the conclusion of the 20th AGM.

The number of six (6) key executives (who are not also Directors) for the financial year ended 31 December 2014 in each remuneration band is set out below:

Remuneration Bands	Name of Executive	Base/ Fixed Salary (%)	Variable Bonus (%)	Allowances & Other Benefits (%)	Long-Term Incentives (%)	Total (%)
S$500,000-S$750,000	Jean Teo	55	45	0	0	100
S$250,000– S$500,000	Elizza Ding	73	27	0	0	100
	Owen Wong	86	14	0	0	100
	Wang Chunyan	80	20	0	0	100
	Tee Siew Kim	78	22	0	0	100
	Doreen Nah	78	22	0	0	100
Total remuneration of top six (6) key executives		S$1,930,931 (71.73%)	S$761,016 (28.27%)	0 (0%)	0 (0%)	S$2,691,947 (100%)

There are no employees in the CAO Group who are immediate family members of the Chairman or any of the Directors during the financial year ended 31 December 2014. "immediate family member" means the spouse, child, adopted child, step child, brother, sister and parent.

The remuneration of the CAO Group's top six (6) key executives takes into consideration the pay and employment conditions within the same industry and is performance-related.

Statement of Corporate Governance

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 approved by the Remuneration Committee, taking into account the performance of the individual for the financial year 2014, the inflation price index and information from independent sources on the pay scale for similar jobs in a selected group of comparable organisations.

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

Variable/Performance - The CAO Group operates a bonus scheme for all employees including the CEO/ED. The criteria for the bonus scheme are the level of profit achieved from certain aspects of the CAO Group's business activities against targets, together with an assessment of the Company's and individual's performance during the year. The remuneration disclosed above for the CEO/ED and the six (6) key executives included the 2014 variable bonuses payable in relation to profit targets achieved for the Company's oil trading activities during the financial year 2014.

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

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. As at the date of this Annual Report, there were no outstanding share options to take up unissued shares in the Company after taking into account 1,748,201 share options which ceased to be exercisable under the CAO Share Option Scheme in February 2015 due to vesting conditions not met and 55,999 share options which lapsed under the CAO Share Option Scheme during the financial year 2014 due to staff resignations.

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

During the financial year 2014, the Board, through the Audit Committee and the CAO Group's external auditors, KPMG, LLP ("**KPMG**") and internal auditors, BDO LLP Pte Ltd ("**BDO**"), scrutinised Management's conduct of the Company's and CAO Group's business processes and financials. Each area of the Company and CAO Group was audited on an ongoing basis to ensure that the Company and CAO Group maintain good corporate practices and governance and financial integrity.

Statement of Corporate Governance

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

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

Risk Management and Internal Controls

Principle 11

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

Commentary

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

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

Risk Management Committee

Alan Haywood	Chairman
Zhao Shousen	Member
Ang Swee Tian	Member

The Risk Management Committee is responsible for, among others:

(i) setting the limits for various types of risks, such as market, credit, operational, compliance and reputation risks;
(ii) approving new activities that the CAO Group plan to embark on; and
(iii) overseeing the risk management practices of the CAO Group.

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

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

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

The Risk Management Report is found on pages 62 to 69 of the Annual Report.

Statement of Corporate Governance

The Audit and Internal Control Department of the Company and its key responsibilities included inter alia:

(i) liaising with internal auditors on the preparation of internal audit schedule including short-term and long-term audit plans;
(ii) integrating and establishing the CAO Group's internal control framework, policies, processes and systems across the Company, its subsidiaries and associates;
(iii) facilitating and assisting functional heads in formulating policies, operational processes and systems thereby ensuring that the policies, processes and systems are efficiently implemented;
(iv) oversee the execution and implementation of the CAO Group's Business Continuity Plan;
(v) establishment and conduct of on-going reviews of the templates for standard operating procedures to ensure proper departmental ownership of their processes and changes; and
(vi) evaluating the system of internal controls for new projects and business activities, and analysing the impact of such activities on the CAO Group and where necessary, provide recommendations and develop programmes for improvements.

The Head of the Audit and Internal Control reports directly to the CEO/ED. The Head of the Audit and Internal Control may also report directly to the Audit Committee for important matters.

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 (2) manuals are strict guidelines which the Management and all staff of the Company and the CAO 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, Deal Entry policy, CAO Group Trade Sanctions Policy and CAO Group Corporate Guarantee Policy had been endorsed by the Risk Management Committee and relevant departments had also been mandated with the responsibility to oversee the adoption of the aforesaid policies in their practices, processes and operations.

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 CAO Group's internal controls are complemented by the work of the Risk Management department and the Legal department.

Based on the audit reports, internal control systems review report and management controls in place, the Audit Committee is satisfied that the internal control systems provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained and financial statements are reliable. In the course of their statutory audits, the Company's external auditors, KPMG, will highlight any audit findings which have come to their attention in carrying out their normal audit, which is designed primarily to enable them to express their opinion on the financial statements. In addition, BDO which had been engaged to conduct a review of the internal control systems and processes of the CAO Group will highlight any internal control weaknesses which have come to their attention in the course of their review. Any such audit findings noted during the audit by external auditors or internal control weaknesses noted during the review by BDO, and recommendations in relation thereto, if any, by the external auditors and BDO respectively, are reported to the Audit Committee.

The CEO/ED and Chief Financial Officer ("**CFO**") at the financial year-end have provided a written assurance to the Board that:

(i) the financial records have been properly maintained and the financial statements give a true and fair view of the CAO Group's operations and finances;
(ii) the effectiveness of the CAO Group's risk management and internal control systems.

Statement of Corporate Governance

Based on the internal controls established and maintained by the CAO Group, work performed by the internal and external auditors, and reviews performed by management and various Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the CAO Group's system of internal controls addressing financial, operational, compliance, information technology controls and risk management systems, were adequate as at 31 December 2014 to provide reasonable assurance for achieving the following objectives:

(i) effectiveness and efficiency of operations;
(ii) reliability of financial reporting; and
(iii) compliance with applicable laws and regulations.

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

Audit Committee

Principle 12

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

Commentary

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

Audit Committee

Ang Swee Tian	Chairman
Zhao Shousen	Vice-Chairman
Wang Kai Yuen	Member
Alan Haywood	Member
Li Runsheng	Member

Roles of the Audit Committee: The Audit Committee held four (4) meetings in 2014 where it met with external and internal auditors to review both the Company and CAO Group's financials and audit reports. A key issue for discussion is the financial statements and announcements made by the Company to shareholders. The members of the Audit Committee, collectively, have expertise or experience in financial management and are qualified to discharge the Audit Committee's responsibilities.

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

The Audit Committee 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.

Statement of Corporate Governance

The Audit Committee has full access to and co-operation of the Management. The Audit Committee also has full discretion to invite any Director or executive officer from the Company or the CAO Group to attend its meetings. The Audit Committee has full access to both external and internal auditors. Where required, the Audit Committee is empowered to obtain external legal advice or such other independent professional advice as the 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 20th AGM held on 24 April 2014, 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 20th 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 CAO Group as well as other persons such as suppliers of the CAO Group ("**Stakeholders**") may, in confidence, raise genuine concerns about possible improprieties regarding financial reporting or other matters (the "**CAO Whistle-Blowing Policy**"). The CAO Whistle Blowing Policy provides for an anonymous channel to Stakeholders to raise any such concerns to the Company without fear of reprisal. Any such concerns raised will be investigated at the discretion of the Investigating Committee set up under the CAO Whistle-Blowing Policy.

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

During the year, further enhancements were made to the CAO Whistle Blowing Policy to provide for periodic reviews by either the internal auditors of CAO or an independent external party (as the Audit Committee may so decide) on the effectiveness of existing reporting mechanisms and the handling procedures pertaining to the whistle blowing arrangements.

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 which is subject to review from time to time. The Enterprise Risk Management Framework and Process ensures that the Company has a structured approach and framework to regularly assess its enterprise-wide risks. Enterprise Risk Assessments are conducted on a regular basis to identify and deliver an inventory of key risks for the Company and to develop a list of key risk indicators that can help the Company monitor and mitigate its key risks.

In addition, other existing policies, internal guidelines and/or processes and procedures have been put in place by the Company and these include the Strategy and Investment Governance Standards & Strategy and Investment Governance Committee, IT Policy & Practice, Jet Fuel Marketing Policy and Safety, Health and Environment Policy.

The Company has put in place an employee handbook which includes a code of business conduct and ethics for employees.

Statement of Corporate Governance

Internal Audit

Principle 13

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

Commentary

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

As internal auditors of the CAO Group, BDO reviews 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 BDO has the adequate resources to perform its functions and has appropriate standing within the Company.

BDO had presented their internal audit plan 2014 to the Audit Committee. The Audit Committee adopted the audit plan for 2014.

The internal auditors of the CAO Group have carried out their function according to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

(E) COMMUNICATION WITH SHAREHOLDERS

Principle 14

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

Commentary

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

Principle 15

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

Commentary

Investor Relations and Shareholder Communication

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

During the year 2014 and in line with the CAO Investor Relations Policy, the Company, through the Investor Relations team, the CEO/ED, CFO, Chief Operating Officer and other senior management members, maintained active working relationships with domestic and international brokerage firms, investment banks and the media, regardless of their views or recommendations on the CAO Group.

Statement of Corporate Governance

In order to: (i) cultivate wider investing public's familiarity with the CAO Group, (ii) increase global awareness and appreciation of CAO's business strategy, corporate developments, growth strategies and financial performance, and (iii) enhance the quantity and quality of analysts' research, CAO expanded its channels of communication with the international investment and financial community. Increased interactions were conducted through international non-deal roadshows in Singapore, Boston and New York, face-to-face meetings, teleconferences, earnings briefings and corporate access events which were webcast globally across international financial markets. International media interviews were conducted to broaden global reach even as CAO participated in various retail investors' seminars and frequent interactions with retail investor bodies.

The Company reviews an analyst's report for factual accuracy of information that is within the public domain but does not provide focused guidance for analysts' earnings estimates, and will not comment on their conclusions, earnings estimates, or investment recommendations.

As a matter of internal policy, the Company will not deny an analyst or investor access to information on the basis of a negative recommendation or a decision no longer to hold the Company's securities. The Company shall not attempt to influence an analyst to change his or her recommendations by exerting pressure through other business relationships.

The Investor Relations Department publishes and maintains a list on the Company website showing names of analysts and firms providing coverage.

Channels of communication with retail investors were made through email correspondence and telephone calls as well as participation in investor conferences. In August 2014, the Company participated in four (4) corporate profile seminars for both retail and institutional investors, including an investor education seminar organised by Net Research Capital.

As part of our efforts to reach out to our shareholders as well as the investment community, CAO's Corporate Access Day 2014 was held on 3 October 2014 to an audience of about 120 persons ("**CAO's Corporate Access Day 2014**"). Comprising analysts, media and members from the investment community, additional media interviews were held prior to the event which resulted in CAO being covered by all mainstream Singapore media which helped generate further interest and following in CAO. The event was also webcast internationally to overseas financial markets through CAO's corporate website CAO aims to hold its Corporate Access Day annually to provide our shareholders and the investment community a deeper insight into key facets of CAO's Corporate Strategy as well as an update on CAO's roadmap as it envisions to becoming a global transportation fuels provider. CAO Corporate Access Day 2014 also included a discourse session on new developments in biofuels facilitated by SkyNRG.

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

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

In addition, the Board adopted the Internal Guidelines on Issuance of Profit Guidance or Profit Warning Announcements which purpose is to allow market expectations to adjust to the likelihood that the Company will either not be living up to an earlier profit guidance or to market expectations, and/or to avoid an earnings shock, negative impact on the share price, sell-off of the Company's shares and/or volatility of trading in the Company's shares, when the financial results are announced. In the spirit of good corporate governance and transparency, a profit guidance was issued in January 2015 with regards to the weaker financial performance of the CAO Group for 4Q 2014 and FY2014 mainly attributable to the highly volatile global oil market and difficult oil trading environment even though the CAO Group remained profitable.

Statement of Corporate Governance

Conduct of Shareholder Meetings

Principle 16

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

Commentary

The Company's Articles of Association allows a shareholder to appoint up to two (2) 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 (1) vote is counted, under the current law. Notwithstanding this, the Company allows shareholders who hold shares through nominee companies to attend the AGM as observers without being constrained by the two-proxy rule.

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.

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

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.

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

Dividend Policy

The Board has approved and adopted a dividend policy (the "**CAO Dividend Policy**") which sets out the guiding principles for dividend distribution by the Company (the "**Guiding Principles**"). The Guiding Principles included inter alia, maintaining a dividend distribution of at least S$0.02 per share in a financial year until the financial year 2015 and a review of the dividend payout quantum to be carried out during the financial year 2015.

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

(a) the results of operations and cash flow of the Company;
(b) the expected financial performance and working capital needs of the Company;
(c) the future prospects of the Company;
(d) the capital expenditure and other investment plans of the CAO Group; and
(e) general economic and business conditions.

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

Statement of Corporate Governance

DEALINGS IN THE COMPANY'S SECURITIES

In line with the recommended best practices on dealings in securities set out under Rule 1207(19) of the SGX-ST Listing Manual, the Company has issued a directive to all employees and directors not to deal in the Company's securities on short-term considerations and to abstain from dealing with the Company's securities for a period commencing two (2) weeks before the announcement of the results of the first three quarters and one (1) month before the announcement of the full-year results and ending on the date of the announcement of the relevant results.

INTERESTED PERSON TRANSACTIONS

Shareholders have approved the renewal of the general mandate for interested person transactions of the CAO Group on 24 April 2014 (the "**IPT Mandate**"). The IPT Mandate sets out the levels and procedures to obtain approval for such transactions. Information regarding the IPT Mandate is available on the Company's website at www.caosco.com. All business units are required to be familiar with the IPT Mandate and report any such transactions to the Finance Department. The Finance Department keeps a register of the CAO Group's interested person transactions. Information on interested person transactions for 2014 is found under "Supplementary Information" on page 175.

REVIEW OF SYSTEM OF INTERNAL CONTROLS

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

In January 2015, the Company engaged BDO to conduct a review of the Company's system of internal controls (the "**Review of System of Internal Controls**"). Upon completion of the Review of System of Internal Controls, BDO had concluded that the Company generally conforms to Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") Internal Controls Integrated Framework. Risks identified (none of which were rated as high risk) are highlighted in the Risk Assessment section in its report. No other exceptions were noted with respect to internal controls and counter-measures reviewed in the scope of the engagement. However, BDO had recommended several areas of improvement so as to fully conform to the requirements under the COSO internal controls framework. Accordingly, Management had carefully considered these recommendations from BDO and had taken the necessary actions to implement the same as appropriate.

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 CAO 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 CAO 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 CAO 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 (the "**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 CAO Share Option Scheme, shall not exceed 15% of the total number of issued Shares excluding treasury shares from time to time.

Statement of Corporate Governance

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 five (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 extraordinary general meeting 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 CAO 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.

Statement of Corporate Governance

(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 2012 (the "**2012 Code**").

Purpose

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

Duties and Responsibilities

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

Function as Principal Liaison with the Chairman and Senior Management

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

Call Meetings of Independent Directors

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

Preside at Meetings

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

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

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

Initiate Actions to Address any Concerns on Corporate Compliance Matters

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

Function as Principal Liaison in Shareholder Communication

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

Financial Statements

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Directors' Report

Year ended 31 December 2014

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 2014.

DIRECTORS

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

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

DIRECTORS' INTERESTS

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

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

Directors' Report

Year ended 31 December 2014

DIRECTORS' INTERESTS (CONT'D)

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 1 January 2014	At 31 December 2014	At 1 January 2014	At 31 December 2014
The Company				
Meng Fanqiu				
- Options to subscribe for ordinary shares at S$0.91 per share from 9 October 2013 to 8 October 2021	365,200	232,400	–	–
Luo Qun				
- Options to subscribe for ordinary shares at S$0.91 per share from 9 October 2013 to 8 October 2016	100,000	50,000	–	–
Zhao Shousen				
- Options to subscribe for ordinary shares at S$0.91 per share from 9 October 2013 to 8 October 2016	100,000	50,000	–	–

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

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

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

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

Directors' Report

Year ended 31 December 2014

SHARE OPTIONS

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

Other information regarding the Scheme is set out below:

- Under the Scheme, share options to subscribe for the ordinary shares of the Company (the "Shares") are granted to full-time confirmed employees and Directors (including Non-Executive Directors) of the Group.

- The aggregate number of the Shares over which the Remuneration Committee may grant share options on any date, when added to the number of Shares issued and issuable in respect of all share options granted under the Scheme, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time.

- The exercise price for each Share in respect of which a share option is exercisable shall be determined by the Remuneration Committee, and fixed at the highest of:

  (i) a price equal to the last dealt price of the Shares as at the close of trading on the date of grant (the "Offer Date") of the share option, as determined by reference to the website of the Singapore Exchange Securities Trading Limited ("SGX-ST"), rounded up to the nearest whole cent in the event of fractional prices; or

  (ii) a price (the "Market Price") equal to the average of the last dealt prices for a Share, as determined by reference to the Singapore English newspapers, or other publication published by the SGX-ST for the 5 consecutive trading days immediately preceding the Offer Date of that share option, rounded up to the nearest whole cent in the event of fractional prices; or

  (iii) a price which is set at a discount to the Market Price, provided that:

    (1) the maximum discount shall not exceed 20% of the Market Price; and

    (2) the Shareholders of the Company in an AGM or EGM shall have authorised the making of offers and grants of share options under the Scheme at a discount not exceeding the maximum discount as aforesaid in a separate resolution,

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

Directors' Report

Year ended 31 December 2014

SHARE OPTIONS (CONT'D)

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

(a) The options granted to directors and employees (other than to senior executives of the Company who are secondees of the parent company, CNAF ("CNAF Secondees") are subject to the following vesting conditions:

    (i) Up to a maximum of one-third of the number of option shares shall be exercisable in the period from the day after the second anniversary of the Offer Date to the third anniversary of the Offer Date;

    (ii) Up to a maximum of one-third of the number of option shares and any number of option shares in respect of which the option has not been exercised under paragraph (a)(i), shall be exercisable in the period from the day after the third anniversary of the Offer Date to the fourth anniversary of the Offer Date; and

    (iii) The remaining number of option shares and any number of option shares in respect of which the option has not been exercised under paragraphs (a)(i) and (a)(ii), shall be exercisable in the period from the day after the fourth anniversary of the Offer Date to the date immediately preceding the fifth anniversary of the Offer Date.

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

    (i) Up to a maximum of one-third of 80% of the number of option shares shall be exercisable in the period from the day after the second anniversary of the Offer Date to the third anniversary of the Offer Date;

    (ii) Up to a maximum of one-third of 80% of the number of option shares, and any number of option shares in respect of which the option has not been exercised under paragraph (b)(i), shall be exercisable in the period from the day after the third anniversary of the Offer Date to the fourth anniversary of the Offer Date; and

    (iii) The remaining number of option shares not exceeding 80% of the total number of option shares, and any number of option shares in respect of which the option has not been exercised under paragraphs (b)(i) and (b)(ii), shall be exercisable in the period from the day after the fourth anniversary of the Offer Date to the date immediately preceding the fifth anniversary of the Offer Date.

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

Directors' Report

Year ended 31 December 2014

SHARE OPTIONS (CONT'D)

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

(a) if the holder of vested options being a non-executive director, is or remains as a director of the Company, or if the holder of vested options being an employee, is or remains in full-time employment with the Company;

(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 performance targets set by the Company or by its immediate holding company for executives of the Company.

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

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

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

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

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

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

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

Directors' Report

Year ended 31 December 2014

SHARE OPTIONS (CONT'D)

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

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

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

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

AUDIT COMMITTEE

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

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

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

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 and annual financial statements of the Group and the Company and the integrity of financial reporting of the Group and the Company (including the accounting principles) prior to their submission to the directors of the Company for approval;

- internal auditors' plans to ensure that the plans adequately cover, in particular, significant internal controls of the Group and the Company relating to the financial, operational and compliance-related matters;

- external auditors' plan to ensure that the plan adequately cover the audit of the statutory financial statements of the Group and the Company; and

- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

Directors' Report

Year ended 31 December 2014

AUDIT COMMITTEE (CONT'D)

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 & Lead Independent Director

Meng Fanqiu
Chief Executive Officer/Executive Director

17 March 2015

Statement by Directors

Year ended 31 December 2014

In our opinion:

(a) the financial statements set out on pages 113 to 174 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 2014 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 & Lead Independent Director

Meng Fanqiu
Chief Executive Officer/Executive Director

17 March 2015

Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of China Aviation Oil (Singapore) Corporation Ltd (the Company) and its subsidiaries (the Group), which comprise the statement of financial position of the Group and the Company as at 31 December 2014, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 113 to 174.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
17 March 2015

Statement of Financial Position

As at 31 December 2014

	Note	Group 2014 US$'000	Group 2013 Restated US$'000	Group 2012[1] Restated US$'000	Company 2014 US$'000	Company 2013 Restated US$'000	Company 2012[1] Restated US$'000
Non-current assets							
Property, plant and equipment	4	6,790	7,377	8,046	6,726	7,323	7,992
Intangible assets	5	2,369	2,815	1,975	1,188	1,634	160
Subsidiaries	6	–	–	–	33,435	28,095	25,329
Associates and joint venture	7	270,143	267,761	248,874	82,625	81,236	111,526
Trade and other receivables	10	–	–	–	35,480	35,573	–
Deferred tax assets	8	7,587	7,087	7,093	7,583	7,083	7,083
		286,889	285,040	265,988	167,037	160,944	152,090
Current assets							
Inventories	9	38,098	113,125	18,572	34,214	110,197	15,568
Trade and other receivables	10	959,442	1,266,934	1,285,076	913,373	1,166,543	1,218,682
Cash and cash equivalents	11	94,286	56,299	81,144	84,043	52,617	75,290
		1,091,826	1,436,358	1,384,792	1,031,630	1,329,357	1,309,540
Total assets		1,378,715	1,721,398	1,650,780	1,198,667	1,490,301	1,461,630
Equity attributable to owners of the parent							
Share capital	12	215,573	215,573	215,573	215,573	215,573	215,573
Reserves	13	337,941	307,989	244,360	193,020	164,534	112,042
Total equity		553,514	523,562	459,933	408,593	380,107	327,615
Non-current liabilities							
Deferred tax liabilities	8	6,238	6,228	6,194	–	–	–
Current liabilities							
Trade and other payables	14	818,948	1,162,628	1,182,624	788,853	1,109,514	1,133,211
Loans and borrowings	15	–	28,609	1,666	1,221	680	804
Current tax liabilities		15	371	363	–	–	–
		818,963	1,191,608	1,184,653	790,074	1,110,194	1,134,015
Total liabilities		825,201	1,197,836	1,190,847	790,074	1,110,194	1,134,015
Total equity and liabilities		1,378,715	1,721,398	1,650,780	1,198,667	1,490,301	1,461,630

[1] As at 31 December 2012 and 1 January 2013

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

Consolidated Statement of Profit or Loss

Year ended 31 December 2014

	Note	2014 US$'000	2013 US$'000
Revenue	18	17,061,031	15,571,868
Cost of sales		(17,033,634)	(15,519,377)
Gross profit		27,397	52,491
Other income	19	1,168	1,165
Administrative expenses		(12,520)	(19,454)
Other operating expenses		(5,135)	(2,955)
Results from operating activities		10,910	31,247
Finance costs	20	(3,075)	(5,299)
Share of profit of associates and joint venture (net of tax)		43,194	46,476
Profit before tax		51,029	72,424
Tax expense	21	(1,869)	(2,208)
Profit for the year	19	49,160	70,216
Attributable to:			
Owners of the Company		49,160	70,216
Earnings per share:			
Basic earnings per share (cents)	22	5.72	8.16
Diluted earnings per share (cents)	22	5.72	8.16

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

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

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

	Note	Share capital US$'000	Foreign currency translation reserve US$'000	Statutory reserves US$'000	Reserve for own shares US$'000	Share option reserve US$'000	Accumulated profits US$'000	Total equity US$'000
At 1 January 2013		215,573	26,888	8,694	(5,482)	271	213,989	459,933
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	70,216	70,216
Other comprehensive income								
Items that are or may be reclassified subsequently to profit or loss:								
Translation differences relating to financial statements of foreign associates		–	5,253	–	–	–	–	5,253
Total other comprehensive income		–	5,253	–	–	–	–	5,253
Total comprehensive income for the year		–	5,253	–	–	–	70,216	75,469
Contributions by and distributions to owners								
Share of associates' accumulated profits transferred to statutory reserve		–	–	395	–	–	(395)	–
Dividends to equity holders	13	–	–	–	–	–	(11,569)	(11,569)
Share-based payment transactions		–	–	–	–	(271)	–	(271)
Total transactions with owners		–	–	395	–	(271)	(11,964)	(11,840)
At 31 December 2013		215,573	32,141	9,089	(5,482)	–	272,241	523,562

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

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

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

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	Note	2014 US$'000	2013 Restated US$'000
Cash flows from operating activities			
Profit for the year		49,160	70,216
Adjustments for:			
Depreciation of property, plant and equipment		811	796
Amortisation of intangible assets		687	1,003
Allowance for/(reversal of) impairment loss on doubtful debts		2,741	(55)
Share-based payment transactions		–	(271)
Share of profit of associates and joint venture (net of tax)		(43,194)	(46,476)
Tax expense		1,869	2,208
Interest income		(304)	(208)
Interest expense		1,548	1,998
Unrealised exchange differences		355	(261)
		13,673	28,950
Change in inventories		75,027	(94,553)
Change in trade and other receivables		304,745	17,333
Change in trade and other payables		(343,680)	(20,289)
Cash generated from/(used in) operating activities		49,765	(68,559)
Tax paid		(2,563)	(2,277)
Net cash from/(used in) operating activities		47,202	(70,836)
Cash flows from investing activities			
Investment in joint venture		–	(5,000)
Interest received		310	202
Acquisition of property, plant and equipment		(224)	(137)
Acquisition of intangible assets		(241)	(1,540)
Dividends from associates		35,146	38,829
Net cash from investing activities		34,991	32,354
Cash flows from financing activities			
Interest paid		(1,548)	(1,998)
Proceeds from loans and borrowings		361,755	248,845
Repayment of loans and borrowings		(390,364)	(221,902)
Dividends paid		(13,694)	(11,569)
Net cash (used in)/from financing activities		(43,851)	13,376
Net increase/(decrease) in cash and cash equivalents		38,342	(25,106)
Cash and cash equivalents at 1 January		56,299	81,144
Effect of exchange rate fluctuations on cash held		(355)	261
Cash and cash equivalents at 31 December	11	94,286	56,299

Notes to the Financial Statements

Year ended 31 December 2014

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 17 March 2015.

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 consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the financial statements of the Company, its subsidiaries and the Group's interests in associates and joint venture (together referred to as the "Group" and individually as "Group entities").

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the 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 within the next financial year are discussed in note 28.

Notes to the Financial Statements

Year ended 31 December 2014

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies

Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014 and assessed that there is no change to its control conclusion in respect of its investee companies.

Joint arrangements

From 1 January 2014, as a result of FRS 111 *Joint Arrangements*, the Group has changed its accounting policy for its interests in joint arrangements. Under FRS 111, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole determinant of classification.

The Group has re-evaluated its involvement in its joint arrangement and has reclassified the investment from a jointly controlled entity to an investment in joint venture. Notwithstanding the reclassification, the investment continues to be recognised by applying the equity method and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

Disclosure of interests in other entities

From 1 January 2014, as a result of FRS 112 *Disclosure of Interests in Other Entities*, the Group has expanded its disclosures about its interests in associates and joint venture (see note 7).

Offsetting of financial assets and financial liabilities

Under the Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity or its counterparties.

Previously, the Group and the Company had offset receivables and payables due from/to the same counterparty on the basis that they have a legal right to set off the amounts when it was due and payable based on the contractual arrangements with their counterparties and that the Group and the Company intended to settle the amounts on a net basis. Based on the local laws and regulations in certain jurisdictions in which the counterparties are located, the set-off rights are set aside in the event of bankruptcy of these counterparties.

From 1 January 2014, as a result of the amendments, the Group and the Company has presented the respective receivables and payables on a gross basis as the right to set-off is not enforceable in the event of bankruptcy of the counterparty. The amendments were applied retrospectively.

Notes to the Financial Statements

Year ended 31 December 2014

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies (cont'd)

Summary of quantitative impact

The following tables summarise the impact of the adoption of the amendments on the Group's and Company's financial position for the current and comparative periods. The adoption of the amendments had no impact on profit or loss and other comprehensive income.

Group
Consolidated statement of financial position

	As previously reported US$'000	Adoption of amendments to FRS 32 US$'000	As restated US$'000
31 December 2012 and 1 January 2013			
Property, plant and equipment	8,046	–	8,046
Intangible assets	1,975	–	1,975
Associates and joint venture	248,874	–	248,874
Deferred tax assets	7,093	–	7,093
Inventories	18,572	–	18,572
Trade and other receivables (current)	1,284,636	440	1,285,076
Cash and cash equivalents	81,144	–	81,144
Total assets	1,650,340	440	1,650,780
Deferred tax liabilities	6,194	–	6,194
Trade and other payables (current)	1,182,184	440	1,182,624
Loans and borrowings	1,666	–	1,666
Current tax liabilities	363	–	363
Total liabilities	1,190,407	440	1,190,847
Share capital	215,573	–	215,573
Reserves	244,360	–	244,360
Total equity	459,933	–	459,933
31 December 2013			
Property, plant and equipment	7,377	–	7,377
Intangible assets	2,815	–	2,815
Associates and joint venture	267,761	–	267,761
Deferred tax assets	7,087	–	7,087
Inventories	113,125	–	113,125
Trade and other receivables (current)	1,120,426	146,508	1,266,934
Cash and cash equivalents	56,299	–	56,299
Total assets	1,574,890	146,508	1,721,398
Deferred tax liabilities	6,228	–	6,228
Trade and other payables (current)	1,016,120	146,508	1,162,628
Loans and borrowings	28,609	–	28,609
Current tax liabilities	371	–	371
Total liabilities	1,051,328	146,508	1,197,836
Share capital	215,573	–	215,573
Reserves	307,989	–	307,989
Total equity	523,562	–	523,562

Notes to the Financial Statements

Year ended 31 December 2014

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies (cont'd)

Summary of quantitative impact (cont'd)

Group (cont'd)
Consolidated statement of financial position (cont'd)

	Adoption of amendments to FRS 32 US$'000
31 December 2014	
Trade and other receivables (current)	42,088
Increase in total assets	42,088
Trade and other payables (current)	42,088
Increase in total liabilities	42,088

Consolidated statement of cashflows

	As previously reported US$'000	Adoption of amendments to FRS 32 US$'000	As restated US$'000
31 December 2013			
Changes to working capital:			
Trade and other receivables (current)	163,401	(146,068)	17,333
Trade and other payables (current)	(166,357)	146,068	(20,289)
Impact to net cash used in operating activities	(2,956)	–	(2,956)

Company
Statement of financial position

	As previously reported US$'000	Adoption of amendments to FRS 32 US$'000	As restated US$'000
31 December 2012 and 1 January 2013			
Property, plant and equipment	7,992	–	7,992
Intangible assets	160	–	160
Subsidiaries	25,329	–	25,329
Associates and joint venture	111,526	–	111,526
Deferred tax assets	7,083	–	7,083
Inventories	15,568	–	15,568
Trade and other receivables (current)	1,218,242	440	1,218,682
Cash and cash equivalents	75,290	–	75,290
Total assets	1,461,190	440	1,461,630
Trade and other payables (current)	1,132,771	440	1,133,211
Loans and borrowings	804	–	804
Total liabilities	1,133,575	440	1,134,015
Share capital	215,573	–	215,573
Reserves	112,042	–	112,042
Total equity	327,615	–	327,615

Notes to the Financial Statements

Year ended 31 December 2014

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies (cont'd)

Summary of quantitative impact (cont'd)

Company (cont'd)
Statement of financial position (cont'd)

	As previously reported US$'000	Adoption of amendments to FRS 32 US$'000	As restated US$'000
31 December 2013			
Property, plant and equipment	7,323	–	7,323
Intangible assets	1,634	–	1,634
Subsidiaries	28,095	–	28,095
Associates and joint venture	81,236	–	81,236
Deferred tax assets	7,083	–	7,083
Inventories	110,197	–	110,197
Trade and other receivables			
- Non-current	35,573	–	35,573
- Current	1,020,035	146,508	1,166,543
Cash and cash equivalents	52,617	–	52,617
Total assets	1,343,793	146,508	1,490,301
Trade and other payables (current)	963,006	146,508	1,109,514
Loans and borrowings	680	–	680
Total liabilities	963,686	146,508	1,110,194
Share capital	215,573	–	215,573
Reserves	164,534	–	164,534
Total equity	380,107	–	380,107

	Adoption of amendments to FRS 32 US$'000
31 December 2014	
Trade and other receivables (current)	42,088
Increase in total assets	42,088
Trade and other payables (current)	42,088
Increase in total liabilities	42,088

Notes to the Financial Statements

Year ended 31 December 2014

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 in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- 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. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. 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 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.

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.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 when 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.

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Investments in associates and joint venture (equity-accounted investees)

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

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint venture are accounted for using the equity method and are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

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 equity-accounted investees 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.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Subsidiaries, associates and joint venture in the separate financial statements

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

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective 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 retranslated 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.

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

Foreign currency transactions (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated 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 retranslation are recognised in profit or loss.

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 exchange rates at the end of the reporting period. 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 in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the exchange fluctuation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Property, plant and equipment

Recognition and measurement

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

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

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

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

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

Subsequent costs

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

Depreciation

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

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

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

Leasehold properties	50 years
Motor vehicles	8 years
Furniture and fittings	8 years
Office equipment	4-8 years
Renovations	5 years
Computers	4-5 years

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

3.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1.

Subsequent measurement

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

Other intangible assets

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

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Intangible assets (cont'd)

Subsequent expenditure

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

Amortisation

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

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

Software	3 years
Customer contracts	1 year

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

3.5 Financial instruments

Non-derivative financial assets

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.

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.

The Group has the following non-derivative financial assets: loans and receivables.

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.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Notes to the Financial Statements

Year ended 31 December 2014

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, cancelled or expire.

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.

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; any 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 fair value, subsequent to initial recognition, are recognised immediately in profit or loss.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

Share capital

Ordinary shares

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.

Repurchase, disposal and reissue of share capital (treasury shares)

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.

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Distribution of non-cash assets to owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in profit or loss.

3.6 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including interest in associates and joint venture, 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 impact 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.

Loans and receivables

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.

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 the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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.

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

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 that are held for sale to customers and are subjected to value-added processing ("value-added inventories") are measured at the lower of cost and net realisable value. The cost of the value-added inventories is based on the weighted average basis, and includes expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Inventories held by subsidiaries and associates, for sale to customers, are measured at the lower of cost and net realisable value.

3.8 Employee benefits

Defined contribution plans

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

Long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and accordingly recognised as a liability.

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 performance 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.

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Trading of oil commodity derivatives

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.

Dividend income

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

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 income and finance costs

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

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

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Tax

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, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would flow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax 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 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 determining the amount of current and deferred tax, the Company takes into the impact of uncertain tax positions and whether additional taxes and interest may be due. 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 judgments about future events. New information may become available that causes the Group to change its judgment 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.

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

3.15 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 (the chief operating decision maker) 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 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 and relevant for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. Except as otherwise indicated below, those new standards, amendments to standards, and interpretations are not expected to have a significant effect on the financial statements of the Group and Company. The Group does not plan to adopt these standards early.

- *FRS 115 Revenue from Contracts with Customers*

  FRS *115 Revenue from Contracts with Customers* will replace FRS 18 *Revenue and related interpretation*. The standard establishes the principle for companies to recognise revenue based on the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled to in exchange for those goods and services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed (e.g. service revenue and contract modifications) and improved guidance for multi-element arrangements. The Group is currently assessing the impact on adoption of this standard in financial year ending 31 December 2017.

- *FRS 109 Financial Instruments*

  This standard replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Group is currently assessing the impact on adoption of this standard in financial year ending 31 December 2018.

Notes to the Financial Statements

Year ended 31 December 2014

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties US$'000	Motor vehicles US$'000	Furniture and fittings US$'000	Office equipment US$'000	Renovations US$'000	Computers US$'000	Total US$'000
Group							
Cost							
At 1 January 2013	9,205	285	25	353	857	803	11,528
Additions	–	–	–	89	23	15	127
Disposals	–	–	–	(2)	–	(15)	(17)
At 31 December 2013	9,205	285	25	440	880	803	11,638
Additions	–	–	17	21	60	126	224
Disposals	–	–	–	–	–	–	–
At 31 December 2014	9,205	285	42	461	940	929	11,862
Accumulated depreciation							
At 1 January 2013	2,389	86	12	188	389	418	3,482
Depreciation for the year	449	39	2	52	146	108	796
Disposals	–	–	–	(2)	–	(15)	(17)
At 31 December 2013	2,838	125	14	238	535	511	4,261
Depreciation for the year	449	39	3	66	150	104	811
Disposals	–	–	–	–	–	–	–
At 31 December 2014	3,287	164	17	304	685	615	5,072
Carrying amounts							
At 1 January 2013	6,816	199	13	165	468	385	8,046
At 31 December 2013	6,367	160	11	202	345	292	7,377
At 31 December 2014	5,918	121	25	157	255	314	6,790

Notes to the Financial Statements

Year ended 31 December 2014

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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
Company							
Cost							
At 1 January 2013	9,205	232	21	355	857	797	11,467
Additions	–	–	–	89	23	2	114
At 31 December 2013	9,205	232	21	444	880	799	11,581
Additions	–	–	–	19	59	117	195
At 31 December 2014	9,205	232	21	463	939	916	11,776
Accumulated depreciation							
At 1 January 2013	2,389	77	12	192	389	416	3,475
Depreciation for the year	449	29	1	52	146	106	783
At 31 December 2013	2,838	106	13	244	535	522	4,258
Depreciation for the year	449	29	1	65	149	99	792
At 31 December 2014	3,287	135	14	309	684	621	5,050
Carrying amounts							
At 1 January 2013	6,816	155	9	163	468	381	7,992
At 31 December 2013	6,367	126	8	200	345	277	7,323
At 31 December 2014	5,918	97	7	154	255	295	6,726

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

Notes to the Financial Statements

Year ended 31 December 2014

5 INTANGIBLE ASSETS

	Goodwill on consolidation US$'000	Customer contracts US$'000	Software US$'000	Total US$'000
Group				
Cost				
At 1 January 2013	1,181	634	668	2,483
Additions	–	–	1,843	1,843
At 31 December 2013	1,181	634	2,511	4,326
Additions	–	–	241	241
At 31 December 2014	1,181	634	2,752	4,567
Accumulated amortisation				
At 1 January 2013	–	–	508	508
Amortisation for the year	–	634	369	1,003
At 31 December 2013	–	634	877	1,511
Amortisation for the year	–	–	687	687
At 31 December 2014	–	634	1,564	2,198
Carrying amounts				
At 1 January 2013	1,181	634	160	1,975
At 31 December 2013	1,181	–	1,634	2,815
At 31 December 2014	1,181	–	1,188	2,369

The amortisation of software is included in "Administrative expenses".

Impairment testing of goodwill

Goodwill on consolidation has been allocated to the respective cash generating units ("CGUs") for impairment testing. The carrying amounts of goodwill allocated to each CGU are as follows:

	2014 US$'000	2013 US$'000
Group		
China Aviation Oil (Hong Kong) Company Limited (CAOHK)	268	268
North American Fuel Corporation (NAFCO)	913	913
	1,181	1,181

Notes to the Financial Statements

Year ended 31 December 2014

5 INTANGIBLE ASSETS (CONT'D)

2014

The recoverable amounts of the CGUs and their allocated goodwill on consolidation were determined based on value-in-use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGUs. In the current year, management assessed that there was no impairment loss on the carrying amount of the CGUs and their allocated goodwill on consolidation from their assessments.

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

	CAOHK %	NAFCO %
Discount rate (pre-tax)	6	6
Long-term growth rate	1	2
Forecasted earnings before interest, tax, depreciation and amortisation ("EBITDA") growth rate (average of next five years)	1	7

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

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

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

Sensitivity analysis

CAOHK

Management assessed that an increase of the pre-tax discount rate by more than 3.7% would result in the carrying amount of the CGU to exceed the recoverable amount.

NAFCO

Management assessed that the recoverable amount of NAFCO is sensitive to any of the assumptions used in the estimation of value-in-use. As such, management assessed that an increase in the pre-tax discount rate and/or a reduction to the long-term growth rate or average EBITDA growth rate will result in the recoverable amount of the CGU to be lower than its carrying amount.

Notes to the Financial Statements

Year ended 31 December 2014

5 INTANGIBLE ASSETS (CONT'D)

2013 In the prior year, the recoverable amounts of the CGUs and their allocated goodwill on consolidation were determined based on fair value less costs to sell. Management assessed that the recoverable amount of the CGUs, including the allocated goodwill on consolidation, approximated the fair value less costs to sell which was based on a valuation of the net assets of the CGUs.

	Software US$'000
Company	
Cost	
At 1 January 2013	668
Additions	1,843
At 31 December 2013	2,511
Additions	241
At 31 December 2014	2,752
Accumulated amortisation	
At 1 January 2013	508
Amortisation for the year	369
At 31 December 2013	877
Amortisation for the year	687
At 31 December 2014	1,564
Carrying amounts	
At 1 January 2013	160
At 31 December 2013	1,634
At 31 December 2014	1,188

6 SUBSIDIARIES

	Company	
	2014 US$'000	2013 US$'000
Unquoted equity investment, at cost	33,435	28,095

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership 2014 %	Ownership 2013 %
CAOT Pte Ltd ("CAOT")	Singapore	100	100
CAOHK	Hong Kong	100	100
NAFCO	United States of America	100	100
China Aviation Oil (Europe) Limited ("CAO Europe")	United Kingdom	100	100

On 24 February 2014, the Company subscribed to additional US$3,000,000 of ordinary shares in CAO Europe.

Notes to the Financial Statements

Year ended 31 December 2014

6 SUBSIDIARIES (CONT'D)

The Company issued financial guarantees to a financial institution and third party suppliers in respect of loans and borrowings obtained by its subsidiary. The fair value of financial guarantees issued amounted to US$2,340,000 (2013: US$1,765,000) and is accounted for as additional investment in the subsidiary.

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

7 ASSOCIATES AND JOINT VENTURE

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Investments in associates	265,335	262,761	82,625	82,625
Investment in joint venture	4,808	5,000	–	–
Impairment loss	–	–	–	(1,389)
	270,143	267,761	82,625	81,236

During the current year, the Company assessed that the financial performance of an associate has improved from prior years and that the impairment indicators identified in prior years no longer exist at balance sheet date. Consequently, the allowance for impairment loss previously recognised was reversed to its recoverable amount in the current year.

Associates

The Group has two (2013: two) associates that are material and two other associates that are individually immaterial to the Group. The following details relate to the material associates:

	Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (SPIA) #	China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd (TSN-PEKCL)@
Nature of business	Exclusive supplier of jet fuel at Shanghai Pudong International Airport	Jet fuel transporter to Beijing Capital International Airport and Tianjin Binhai International Airport
Principle place of business/Country of incorporation	People's Republic of China	People's Republic of China
Ownership interest/Voting rights held	33% (2013: 33%)	49% (2013: 49%)
Fair value of ownership interest (if listed)	Not applicable	Not applicable

\# 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.

Notes to the Financial Statements

Year ended 31 December 2014

7 ASSOCIATES AND JOINT VENTURE (CONT'D)

Associates (cont'd)

The following summarises the financial information of the Group's material associates based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised financial information for the Group's interest in immaterial associates, based on the amounts reported in the Group's consolidated financial statements.

	SPIA US$'000	TSN-PEKCL US$'000	Immaterial associates US$'000	Total US$'000
2014				
Revenue	3,534,996	17,854		3,552,850
Profit from continuing operations/ Total comprehensive income	126,884	3,320		130,204
Non-current assets	52,527	66,510		119,037
Current assets	819,351	23,483		842,834
Non-current liabilities	–	–		–
Current liabilities	(381,621)	(1,293)		(382,914)
Net assets	490,257	88,700		578,957
Group's interest in net assets of investee at beginning of the year	156,371	45,079	38,093	239,543
Group's share of profit from continuing operations/ Total comprehensive income	41,872	1,627	(113)	43,386
Dividend received during the year	(32,409)	(2,737)	–	(35,146)
Translation differences for the year	(4,049)	(480)	(985)	(5,514)
Group's interest in net assets of investee at end of the year	161,785	43,489	36,995	242,269
Goodwill	21,709	1,029	328	23,066
Carrying amount of interest in investee at end of the year	183,494	44,518	37,323	265,335

Notes to the Financial Statements

Year ended 31 December 2014

7 ASSOCIATES AND JOINT VENTURE (CONT'D)

Associates (cont'd)

	SPIA US$'000	TSN-PEKCL US$'000	Immaterial associates US$'000	Total US$'000
2013				
Revenue	3,469,862	20,824		3,490,686
Profit from continuing operations/ Total comprehensive income	136,164	3,480		139,644
Non-current assets	53,900	71,930		125,830
Current assets	807,542	21,566		829,108
Non-current liabilities	–	–		–
Current liabilities	(387,591)	(1,551)		(389,142)
Net assets	473,851	91,945		565,796
Group's interest in net assets of investee at beginning of the year	142,032	45,771	38,075	225,878
Group's share of profit from continuing operations/ Total comprehensive income	44,934	1,705	(163)	46,476
Dividend received during the year	(35,066)	(2,883)	–	(37,949)
Translation differences for the year	4,471	460	322	5,253
Group's interest in net assets of investee at end of the year	156,371	45,053	38,234	239,658
Goodwill	21,709	1,055	339	23,103
Carrying amount of interest in investee at end of the year	178,080	46,108	38,573	262,761

In 2014, dividends declared by associates amounted to US$35,146,048 (2013: US$37,949,255) of which US$35,146,048 (2013: US$38,829,000) were received during the financial year.

Details of immaterial associates are as follows:

Name of associate	Country of Incorporation	Ownership 2014 %	Ownership 2013 %
@ China Aviation Oil Xinyuan Petrochemicals Co. Ltd (Xinyuan)	People's Republic of China	39	39
@ Oilhub Korea Yeosu Co., Ltd. (OKYC)	Republic of Korea	26	26

@ 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.

Notes to the Financial Statements

Year ended 31 December 2014

7 ASSOCIATES AND JOINT VENTURE (CONT'D)

Joint venture

In 2013, the Group's subsidiary, CAOHK, entered into a joint venture agreement with three partners to set up a new company, CNAF Hong Kong Refuelling Limited ("CNAF HKR") in Hong Kong. CNAF HKR will be providing into-plane refuelling services at Hong Kong International Airport.

Details of the joint venture are as follows:

Name of joint venture	Country of Incorporation	Ownership 2014 %	Ownership 2013 %
@ CNAF Hong Kong Refuelling Limited (CNAF HKR)	Hong Kong	39	39

@ Not considered a significant joint venture of the Group. For this purpose, a joint venture 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 the joint venture held by the Group is as follows:

	2014 US$'000	2013 US$'000
Revenue	–	–
Loss from continuing operations/Total comprehensive income	(494)	–
Non-current assets	4,766	–
Current assets[1]	7,680	12,839
Non-current liabilities	–	–
Current liabilities	(118)	(18)
Net assets	12,328	12,821

[1] Includes cash and cash equivalents of US$6,974,000 (2013: US$12,250,550)

	2014 US$'000	2013 US$'000
Group's interest in net assets of investee at beginning of the year	5,000	–
Group's share of:		
Loss from continuing operations/Total comprehensive income	(192)	–
Carrying amount of interest in joint venture acquired	–	5,000
Carrying amount of interest in investee at end of the year	4,808	5,000

Notes to the Financial Statements

Year ended 31 December 2014

8 DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Deferred tax assets				
Tax losses carry-forward	7,587	7,087	7,583	7,083
Deferred tax liabilities				
Investments in associates	(6,238)	(6,228)	–	–

Movements in temporary differences during the year are as follows:

	At 1 January 2013 US$'000	Recognised in profit or loss US$'000	At 31 December 2013 US$'000	Recognised in profit or loss US$'000	At 31 December 2014 US$'000
Group					
Investments in associates	6,194	34	6,228	10	6,238
Tax losses carry-forward	(7,093)	6	(7,087)	(500)	(7,587)
	(899)	40	(859)	(490)	(1,349)
Company					
Tax losses carry-forward	(7,083)	–	(7,083)	(500)	(7,583)

Unrecognised deferred tax assets

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

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Other temporary differences	1,850	1,558	1,850	1,558
Tax losses carry-forward	70,157	96,917	83,273	96,917
	72,007	98,475	85,123	98,475

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.

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Year ended 31 December 2014

9 INVENTORIES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Trading inventories at fair value less costs to sell	34,214	110,197	34,214	110,197
Inventories at the lower of cost and net realisable value	3,884	2,928	–	–
	38,098	113,125	34,214	110,197

In the current year, trading inventories recognised in cost of sales amounted to US$16,954,836,000 (2013: US$15,434,006,000) for the Group and the Company.

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 US$'000	2013 Restated US$'000	2014 US$'000	2013 Restated US$'000
Trade receivables	400,434	718,713	359,578	652,817
Other receivables	31,529	24,307	28,429	23,296
Deposits	4,532	10,532	4,532	4,517
Amounts due from:				
- immediate and ultimate holding company (non-trade)	–	68	–	4
- subsidiary (trade)	–	–	–	353
- related corporations (trade)	334,675	460,146	317,513	460,146
- related corporation of a corporate shareholder (trade)	58,930	1,117	58,930	1,117
- subsidiaries (non-trade)	–	–	32,605	30,538
	393,605	461,331	409,048	492,158
Loan to subsidiaries	–	–	18,535	5,035
Trade and other receivables	830,100	1,214,883	820,122	1,177,823
Allowance for impairment loss on doubtful debts	(7,017)	(4,276)	(7,017)	(4,276)
Loans and receivables	823,083	1,210,607	813,105	1,173,547
Derivative financial assets - oil commodity derivatives	134,092	26,947	133,481	26,947
	957,175	1,237,554	946,586	1,200,494
Prepayments	2,267	29,380	2,267	1,622
	959,442	1,266,934	948,853	1,202,116
Current	959,442	1,266,934	913,373	1,166,543
Non-current	–	–	35,480	35,573
	959,442	1,266,934	948,853	1,202,116

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

Trade balances with a related corporation amounting to US$32,270,000 (2013: Nil) are interest bearing at 1.5% (2013: Nil) per annum during the year.

Notes to the Financial Statements

Year ended 31 December 2014

10 TRADE AND OTHER RECEIVABLES (CONT'D)

The non-trade amounts due from the immediate and ultimate holding company are unsecured and interest-free, and are repayable on demand. The non-trade amounts due from a subsidiary and the loan to subsidiaries are unsecured, interest-free and repayable on demand.

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

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

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Cash at bank and in hand				
- Interest-bearing	29,056	13,816	29,056	13,816
- Non interest-bearing	55,230	16,675	44,987	12,993
Interest-bearing fixed deposits with financial institutions	10,000	25,808	10,000	25,808
Cash and cash equivalents in the statement of cash flows	94,286	56,299	84,043	52,617

As at 31 December 2014, non interest-bearing cash at bank of US$20,000,000 (2013: Nil) and interest-bearing fixed deposits of US$10,000,000 (2013: Nil) were placed with a related corporation, China National Fuel Finance Co., Ltd. The related corporation is a financial institution approved by the China Banking Regulatory Commission and is based in People's Republic of China ("PRC").

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

	2014 Interest rate %	2014 Carrying amount US$'000	2013 Interest rate %	2013 Carrying amount US$'000
Group				
Cash at bank	0.1	29,056	0.1	13,816
US$ fixed deposits	0.1	10,000	0.3	25,808
		39,056		39,624
Company				
Cash at bank	0.1	29,056	0.1	13,816
US$ fixed deposits	0.1	10,000	0.3	25,808
		39,056		39,624

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

Notes to the Financial Statements

Year ended 31 December 2014

12 SHARE CAPITAL

	Company 2014 Number of shares ('000)	Company 2013 Number of shares ('000)
Fully paid ordinary shares, with no par value:		
In issue at 1 January	722,821	722,821
Bonus shares issue	143,363	–
In issue at 31 December	866,184	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.

Bonus shares issue

On 10 March 2014, the Company issued one new ordinary share for every five existing ordinary shares held in the capital of the company at no consideration ("Bonus Shares issue"). There is no financial impact arising from the bonus shares as they are issued at nil consideration without capitalisation of the Company's reserves.

Capital management

The Company defines capital as share capital and reserves. The consolidated share capital and reserves amount to US$553,514,000 (2013: US$523,562,000). The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends declared to ordinary shareholders.

From time to time, the Group purchases its own shares in 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 subsidiaries are subject to externally imposed capital requirements. The Company and its subsidiaries were in compliance with these externally imposed capital requirements during the years ended 31 December 2013 and 2014.

Notes to the Financial Statements

Year ended 31 December 2014

13 RESERVES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Foreign currency translation reserve	26,627	32,141	–	–
Statutory reserves	15,967	9,089	–	–
Reserve for own shares	(5,482)	(5,482)	(5,482)	(5,482)
Share option reserve	–	–	–	–
Accumulated profits	300,829	272,241	198,502	170,016
	337,941	307,989	193,020	164,534

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

(b) The associates of the Group ("PRC Associates") established in the People's Republic of China ("PRC") follow the accounting principles and relevant financial regulations of the PRC applicable to enterprises established in the PRC (PRC GAAP) in the preparation of the accounting records and its financial statements. Under the relevant PRC regulations, the PRC Associates transferred a portion of their accumulated profits to statutory reserve for the following purposes:

Statutory surplus reserve

Pursuant to accounting regulations for foreign-invested PRC enterprises and the PRC Company Law, the associates are required to appropriate 10% of the profit arrived at in accordance with PRC GAAP for each year to a statutory reserve. The profit arrived at must be used to set off against any accumulated losses. The appropriation to statutory reserve, after offsetting against any accumulated losses, must be made before the distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends. During the current and immediate preceding financial year, SPIA did not appropriate any profit to the statutory reserve as the statutory reserve of SPIA has reached 50% of its registered capital.

Specific reserve for production safety

According to the relevant PRC regulations, the PRC Associates are required to transfer an amount of their accumulated profits to a specific reserve as safety production fund. The amount transferred is based on the applicable rates applied to the PRC Associates' turnover generated from the sale of jet fuel and related services.

(c) The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2014, the Group held 6,000,000 (2013: 6,000,000) of the Company's shares.

Notes to the Financial Statements

Year ended 31 December 2014

13 RESERVES (CONT'D)

(d) The share option reserve comprises 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	
	2014 US$'000	2013 US$'000
Final exempt dividends paid in respect of the previous financial year of S$0.02 (2013: S$0.02) per share	13,694	11,569

(f) The Directors have proposed a final (one-tier tax exempt) ordinary dividend of S$0.02 (2013: S$0.02) per share, amounting to US$13,023,000 (2013: US$13,608,000). The dividends have not been provided for.

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2014 US$'000	2013 Restated US$'000	2014 US$'000	2013 Restated US$'000
Trade payables	499,717	1,042,237	481,478	1,003,883
Accrued operating expenses	18,353	20,692	17,834	20,683
Other payables	12,753	16,714	12,222	15,662
Advance receipts from customers	6,440	4,258	4,325	209
Amounts due to:				
- immediate and ultimate holding company (non-trade)	9,882	9,846	36	–
- subsidiaries (non-trade)	–	–	1,249	–
- related corporation (trade)	172,894	–	172,894	–
- related corporation of a corporate shareholder (trade)	371	40,351	371	40,351
Derivative financial liabilities:				
- oil commodity derivatives	98,538	28,530	98,271	28,530
Intra-group financial guarantee	–	–	173	196
	818,948	1,162,628	788,853	1,109,514

Amounts due to immediate and ultimate holding company, subsidiaries and related corporations are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposures to foreign currency and liquidity risks are disclosed in note 17.

The Company issued financial guarantees to a bank and its suppliers on behalf of its subsidiary. The financial guarantees were given by the Company in respect of banking facilities amounting US$40,000,000 (2013: US$20,000,000) and for credit terms extended by the suppliers to the subsidiary. The financial guarantee issued to the bank expires on 7 May 2016 and those issued to suppliers expires on 30 June 2015. The fair value of the financial guarantees issued to the bank and the suppliers are included in loans and borrowings and trade and other payables respectively. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under these guarantees.

Notes to the Financial Statements

Year ended 31 December 2014

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 risks, see note 17.

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Current liabilities				
Trust receipts - unsecured	–	7,900	–	–
Short-term loan				
- secured	–	17,209	–	–
- unsecured	–	3,500	–	–
Intra-group financial guarantee	–	–	1,221	680
	–	28,609	1,221	680

In the prior year, short-term loan of US$17,209,000 obtained by a subsidiary was secured by a financial guarantee provided by the Company.

Terms and debt repayment schedule

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

	Currency	Nominal interest rate %	Year of maturity	Face value US$'000	Carrying amount US$'000
Group					
2013					
Trust receipts	USD	1.31	2014	7,900	7,900
Short-term loan	USD	1.77	2014	17,209	17,209
Short-term loan	USD	1.79	2014	3,500	3,500

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 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.

Notes to the Financial Statements

Year ended 31 December 2014

16 SHARE-BASED PAYMENT ARRANGEMENTS (CONT'D)

Information on the share-based payment programme is 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.

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Year ended 31 December 2014

16 SHARE-BASED PAYMENT ARRANGEMENTS (CONT'D)

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

(a) if the holder of the options being a non-executive director, is or remains as a director of the Company, or if the holder of the options being an employee, is or remains in full-time employment with the Company;

(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;

(c) achievement of individual's performance targets set by the Company or by its immediate holding company for employees of the Company; and

(d) approval by the remuneration committee confirming the vesting of the options.

Notwithstanding the conditions (a), (b) and (c), the vesting of the options is at the discretion of the remuneration committee. As such, the grant date of the share-based payment arrangement is deemed to be the same day as the options' vesting date.

(v) The options granted to non-executive directors expire after five years from the date of grant, and options granted to employees expire after ten years from the date of offer.

Based on the above service and performance conditions, the Group assesses the fair value of the share-based payment arrangement at each reporting date and/or grant date (which is also the vesting date).

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 at the relevant reporting dates are set out below:

Date of measurement of options awarded	31 December 2013	31 December 2014
Fair value	S$0.35	S$0.11
Share price	S$1.05	S$0.67
Exercise price	S$0.91	S$0.91
Expected volatility	40.03%	38.49%
Expected dividend rate	2.18%	3.36%
Risk-free interest rate	2.50%	2.50%
Expected life (weighted average)	4 years	4 years

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.

Notes to the Financial Statements

Year ended 31 December 2014

16 SHARE-BASED PAYMENT ARRANGEMENTS (CONT'D)

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

	2014 Weighted average exercise price	2014 No. of options ('000)	2013 Weighted average exercise price	2013 No. of options ('000)
At 1 January	S$0.91	3,445	S$0.91	5,262
Granted during the year	–	–	–	–
Forfeited during the year	S$0.91	(1,697)	S$0.91	(1,817)
At 31 December	S$0.91	1,748	S$0.91	3,445
Number of options exercisable at 31 December		–		–

The weighted average contractual life, in years, of the options outstanding is as follows:

	Weighted average contractual life 2014 Years	2013 Years
31 December	6	6.4

The exercisability of the outstanding options at 31 December 2013 and 2014 is conditional on the service and non-market performance conditions, as stipulated in the share-based payment programme, being met. As at 31 December 2014, the Company assessed that the service and non-market performance conditions in relation to the outstanding options have not been met. The share-based payment arrangement has also expired and the forfeiture of all outstanding share options has been approved by the Board of Directors on 12 February 2015.

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		Company	
	2014 US$'000	2013 Restated US$'000	2014 US$'000	2013 Restated US$'000
Loans and receivables	957,175	1,237,554	946,586	1,200,494
Cash and cash equivalents	94,286	56,299	84,043	52,617
	1,051,461	1,293,853	1,030,629	1,253,111

Notes to the Financial Statements

Year ended 31 December 2014

17 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Impairment losses

The ageing of trade and other receivables (excluding derivative financial assets and prepayments) at the reporting date is:

	2014		2013	
	Gross US$'000	Impairment losses US$'000	Gross Restated US$'000	Impairment losses US$'000
Group				
Not past due	796,261	–	1,209,791	–
1 – 30 days	23,888	–	395	–
31 – 90 days	3,795	(2,741)	237	–
Over 90 days	6,156	(4,276)	4,460	(4,276)
	830,100	(7,017)	1,214,883	(4,276)
Company				
Not past due	786,283	–	1,172,771	–
1 – 30 days	23,888	–	395	–
31 – 90 days	3,795	(2,741)	197	–
Over 90 days	6,156	(4,276)	4,460	(4,276)
	820,122	(7,017)	1,177,823	(4,276)

The Group and the Company establish an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The movements in the allowance for impairment in respect of trade and other receivables during the year are as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
At 1 January	4,276	5,049	4,276	5,049
Impairment loss recognised	2,741	–	2,741	–
Reversal of impairment loss	–	(55)	–	(55)
Impairment loss written off	–	(718)	–	(718)
At 31 December	7,017	4,276	7,017	4,276

The impairment losses are included in 'Other operating expenses'.

Notes to the Financial Statements

Year ended 31 December 2014

17 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

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

	Carrying amount US$'000	Cash flows Contractual cash flows US$'000	Cash flows Within 1 year US$'000
Group			
2014			
Non-derivative financial liabilities			
Trade and other payables #	713,970	(713,970)	(713,970)
Derivative financial liabilities			
Oil commodity derivatives*	98,538	(98,538)	(98,538)
	812,508	(812,508)	(812,508)
2013 (Restated)			
Non-derivative financial liabilities			
Trade and other payables #	1,129,840	(1,129,840)	(1,129,840)
Loans and borrowings	28,609	(28,766)	(28,766)
Derivative financial liabilities			
Oil commodity derivatives*	28,530	(28,530)	(28,530)
	1,186,979	(1,187,136)	(1,187,136)
Company			
2014			
Non-derivative financial liabilities			
Trade and other payables#	686,084	(686,084)	(686,084)
Intra-group financial guarantee**	1,394	(3,200)	(3,200)
Derivative financial liabilities			
Oil commodity derivatives*	98,271	(98,271)	(98,271)
	785,749	(787,555)	(787,555)
2013 (Restated)			
Non-derivative financial liabilities			
Trade and other payables#	1,080,579	(1,080,579)	(1,080,579)
Intra-group financial guarantee**	876	(18,609)	(18,609)
Derivative financial liabilities			
Oil commodity derivatives*	28,530	(28,530)	(28,530)
	1,109,985	(1,127,718)	(1,127,718)

Excludes derivative financial liabilities, advance receipts and intra-group financial guarantees.

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

** Intra-group financial guarantee issued to trade suppliers and bank

Notes to the Financial Statements

Year ended 31 December 2014

17 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk

Exposure to currency risk

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

	Singapore dollar US$'000	Renminbi US$'000	Hong Kong dollar US$'000	British pound US$'000
Group				
2014				
Trade and other receivables	377	–	–	13
Cash and cash equivalents	954	4,528	62	546
Trade and other payables	(3,841)	(228)	–	–
	(2,510)	4,300	62	559
2013				
Trade and other receivables	429	4	–	–
Cash and cash equivalents	1,909	4,515	93	149
Trade and other payables	(4,265)	(196)	(371)	–
	(1,927)	4,323	(278)	149
Company				
2014				
Trade and other receivables	377	–	–	–
Cash and cash equivalents	936	3,452	–	–
Trade and other payables	(3,833)	(228)	–	–
	(2,520)	3,224	–	–
2013				
Trade and other receivables	429	4	–	–
Cash and cash equivalents	1,885	3,417	–	–
Trade and other payables	(4,256)	(196)	–	–
	(1,942)	3,225	–	–

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 Profit/(loss)		Company Profit/(loss)	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Singapore dollar	251	193	252	195
Renminbi	(430)	(432)	(322)	(323)
Hong Kong dollar	(6)	28	–	–
British pound	(56)	(15)	–	–

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.

Notes to the Financial Statements

Year ended 31 December 2014

17 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk

Profile

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

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Fixed rate instruments				
Financial assets	71,326	39,624	71,326	39,624
Financial liabilities	–	(28,609)	–	–
	71,326	11,015	71,326	39,624

Fair value sensitivity analysis

The Group and Company 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 Group's and Company's financial instruments carried at cost or amortised cost approximate their fair values as at 31 December 2014 and 31 December 2013 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 that the Group can access at the measurement date;
- 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).

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Year ended 31 December 2014

17 FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (cont'd)

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
31 December 2014				
Derivative financial assets	–	134,092	–	134,092
Derivative financial liabilities	–	(98,538)	–	(98,538)
	–	35,554	–	35,554
31 December 2013 (Restated)				
Derivative financial assets	–	26,947	–	26,947
Derivative financial liabilities	–	(28,530)	–	(28,530)
	–	(1,583)	–	(1,583)
Company				
31 December 2014				
Derivative financial assets	–	133,481	–	133,481
Derivative financial liabilities	–	(98,271)	–	(98,271)
	–	35,210	–	35,210
31 December 2013 (Restated)				
Derivative financial assets	–	26,947	–	26,947
Derivative financial liabilities	–	(28,530)	–	(28,530)
	–	(1,583)	–	(1,583)

The valuation techniques and the inputs used in the fair value measurements of the financial instruments are disclosed in note 24.

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting agreement or similar agreement.

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) 2002 Master Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances – for example, when a credit event such as a default occurs, the right of set-off are set aside and the amounts settled gross unless the non-defaulting party chooses to continue the set-off arrangement. As such, the above master netting agreements do not meet the criteria for offsetting in the statement of financial position.

Notes to the Financial Statements

Year ended 31 December 2014

17 FINANCIAL INSTRUMENTS (CONT'D)

Offsetting financial assets and financial liabilities (cont'd)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the tables below are measured in the statement of financial position on the following bases:

- Trade receivables and trade payables – amortised cost; and
- Oil physical and paper derivative instruments –fair value

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements

Group
31 December 2014

Types of financial assets	Gross amounts of recognised financial assets included in the statement of financial position US$'000	Related amounts that are not offset US$'000	Net amounts US$'000
Trade receivables	400,434	–	400,434
Oil physical derivative instruments	56,245	–	56,245
Oil paper derivative instruments	77,847	(42,088)	35,759
Total	534,526	(42,088)	492,438

Types of financial liabilities	Gross amounts of recognised financial liabilities included in the statement of financial position US$'000	Related amounts that are not offset US$'000	Net amounts US$'000
Trade payables	499,717	–	499,717
Oil physical derivative instruments	25,101	–	25,101
Oil paper derivative instruments	73,437	(42,088)	31,349
Total	598,255	(42,088)	556,167

Company
31 December 2014

Types of financial assets	Gross amounts of recognised financial assets included in the statement of financial position US$'000	Related amounts that are not offset US$'000	Net amounts US$'000
Trade receivables	359,578	–	359,578
Oil physical derivative instruments	54,814	–	54,814
Oil paper derivative instruments	78,667	(42,088)	36,579
Total	493,059	(42,088)	450,971

Notes to the Financial Statements

Year ended 31 December 2014

17 FINANCIAL INSTRUMENTS (CONT'D)

Offsetting financial assets and financial liabilities (cont'd)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements (cont'd)

Types of financial liabilities	Gross amounts of recognised financial liabilities included in the statement of financial position US$'000	Related amounts that are not offset US$'000	Net amounts US$'000
Trade payables	481,478	–	481,478
Oil physical derivative instruments	25,101	–	25,101
Oil paper derivative instruments	73,170	(42,088)	31,082
Total	579,749	(42,088)	537,661

Group
31 December 2013

Types of financial assets	Gross amounts of recognised financial assets included in the statement of financial position US$'000	Related amounts that are not offset US$'000	Net amounts US$'000
Trade receivables	718,713	(143,890)	574,823
Oil physical derivative instruments	22,377	–	22,377
Oil paper derivative instruments	4,570	(2,618)	1,952
Total	745,660	(146,508)	599,152

Types of financial liabilities	Gross amounts of recognised financial liabilities included in the statement of financial position US$'000	Related amounts that are not offset US$'000	Net amounts US$'000
Trade payables	1,042,237	(143,890)	898,347
Oil physical derivative instruments	24,426	–	24,426
Oil paper derivative instruments	4,104	(2,618)	1,486
Total	1,070,767	(146,508)	924,259

Notes to the Financial Statements

Year ended 31 December 2014

17 FINANCIAL INSTRUMENTS (CONT'D)

Offsetting financial assets and financial liabilities (cont'd)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements (cont'd)

Company
31 December 2013

Types of financial assets	Gross amounts of recognised financial assets included in the statement of financial position US$'000	Related amounts that are not offset US$'000	Net amounts US$'000
Trade receivables	652,817	(143,890)	508,927
Oil physical derivative instruments	22,377	–	22,377
Oil paper derivative instruments	4,570	(2,618)	1,952
Total	679,764	(146,508)	533,256

Types of financial liabilities	Gross amounts of recognised financial liabilities included in the statement of financial position US$'000	Related amounts that are not offset US$'000	Net amounts US$'000
Trade payables	1,003,883	(143,890)	859,993
Oil physical derivative instruments	24,426	–	24,426
Oil paper derivative instruments	4,104	(2,618)	1,486
Total	1,032,413	(146,508)	885,905

18 REVENUE

	Group 2014 US$'000	Group 2013 US$'000
Revenue from middle distillates	13,474,524	12,456,025
Revenue from other oil products	3,586,507	3,115,843
	17,061,031	15,571,868

Included in revenue is net loss of US$102,830,000 (2013: net gain of US$14,561,000) recognised in relation to derivative financial instruments.

Notes to the Financial Statements

Year ended 31 December 2014

19 PROFIT FOR THE YEAR

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

	Group 2014 US$'000	Group 2013 US$'000
Other income		
Interest income	304	208
Foreign exchange gain (net)	818	896
Others	46	61
	1,168	1,165
Audit fees paid and payable to:		
- auditor of the Company	(240)	(250)
- other auditors	(191)	(168)
Non-audit fees paid and payable to auditor of the Company	(23)	(113)
(Allowance for)/ reversal of impairment loss on doubtful debts	(2,741)	55
Depreciation for the year	(811)	(796)
Amortisation for the year	(687)	(1,003)
Operating lease expense	(31,253)	(26,438)
Staff costs	(10,469)	(19,671)
Contributions to defined contribution plans, included in staff costs	(273)	(274)
Share-based payment, included in staff costs	–	271

20 FINANCE COSTS

	Group 2014 US$'000	Group 2013 US$'000
Bank charges	1,527	3,301
Interest expenses	1,548	1,998
	3,075	5,299

21 TAX EXPENSE

	Group 2014 US$'000	Group 2013 US$'000
Current tax expense		
Current year	602	269
Deferred tax expense		
Origination and reversal of temporary differences	848	1,657
Recognition of previously unrecognised tax losses	(1,338)	(1,617)
	(490)	40
Withholding tax expense	1,757	1,899
Total tax expense	1,869	2,208

Notes to the Financial Statements

Year ended 31 December 2014

21 TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

	Group 2014 US$'000	Group 2013 US$'000
Profit before tax	51,029	72,424
Tax using Singapore tax rate of 17% (2013: 17%)	8,675	12,312
Effects of tax rates in foreign jurisdictions	24	(2)
Tax effects of revenue at concessionary tax rate	(1,023)	(3,114)
Effects of results of associates presented net of tax	(7,343)	(7,901)
Expenses not deductible for tax purposes	1,117	631
Recognition of previously unrecognised tax losses	(1,338)	(1,617)
Withholding tax expense	1,757	1,899
	1,869	2,208

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 2014 was based on the profit attributable to ordinary shareholders of US$49,160,000 (2013: US$70,216,000), and a weighted average number of ordinary shares outstanding of 860,184,000 (2013: 860,184,000).

Profit attributable to ordinary shareholders

	2014 US$'000	2013 US$'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	49,160	70,216

Weighted average number of ordinary shares

	2014 Number of shares ('000)	2013 Number of shares ('000)
Issued ordinary shares at 1 January*	716,821	716,821
Effect of bonus shares issue**	143,363	143,363
Weighted average number of ordinary shares for the year ended 31 December	860,184	860,184

Notes to the Financial Statements

Year ended 31 December 2014

22 EARNINGS PER SHARE (CONT'D)

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2014 was based on the profit attributable to ordinary shareholders of US$49,160,000 (2013: US$70,216,000), and a weighted average number of ordinary shares outstanding of 860,184,000 (2013: 860,184,000).

Weighted average number of ordinary shares (diluted)

	2014 Number of shares ('000)	2013 Number of shares ('000)
Weighted average number of ordinary shares (basic and diluted)*	860,184	860,184

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. The outstanding share options were assessed to be anti-dilutive for the years ended 31 December 2013 and 2014.

* Excludes 6,000,000 ordinary shares held as treasury shares.

** The basic and diluted earnings per share are adjusted for transactions that adjust the number of shares without a corresponding change in resources. The effects of the bonus shares, issued on 10 March 2014 have been included in the basic and diluted earnings per share calculation for the years ended 31 December 2013 and 2014 as though they had been in issue throughout both periods.

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 (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Middle distillates: Jet fuel and gas oil supply and trading
- Other oil products: Fuel oil and petrochemicals products supply and trading
- Investments in oil-related assets: Investments in oil-related assets through the Group's holdings in associates

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

Notes to the Financial Statements

Year ended 31 December 2014

23 OPERATING SEGMENTS (CONT'D)

	Middle distillates US$'000	Other oil products US$'000	Investment in oil-related assets US$'000	Total US$'000
2014				
Revenue	13,474,524	3,586,507	–	17,061,031
Gross profit	32,156	(4,759)	–	27,397
Other administrative/operating expenses	(9,118)	(3,596)	(3,443)	(16,157)
Depreciation and amortisation	(1,498)	–	–	(1,498)
Foreign exchange gain	818	–	–	818
Interest income	304	–	–	304
Other income	46	–	–	46
Finance costs	(1,683)	(1,392)	–	(3,075)
Share of profits of associates (net of tax)	–	–	43,194	43,194
Tax expense	(450)	–	(1,419)	(1,869)
Reportable segment profits after tax	20,575	(9,747)	38,332	49,160
Reportable segment total assets	955,306	157,083	266,326	1,378,715
2013				
Revenue	12,456,025	3,115,843	–	15,571,868
Gross profit	41,011	11,480	–	52,491
Other administrative/operating expenses	(14,596)	(1,268)	(4,746)	(20,610)
Depreciation and amortisation	(1,799)	–	–	(1,799)
Foreign exchange gain	896	–	–	896
Interest income	208	–	–	208
Other income	54	3	4	61
Finance costs	(2,581)	(2,717)	(1)	(5,299)
Share of profits of associates (net of tax)	–	–	46,476	46,476
Tax expense	(377)	–	(1,831)	(2,208)
Reportable segment profits after tax	22,816	7,498	39,902	70,216
Reportable segment total assets (Restated)	1,183,117	269,523	268,758	1,721,398

Notes to the Financial Statements

Year ended 31 December 2014

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
2014		
People's Republic of China	8,742,933	233,708
South Korea	73,521	31,626
United States of America	365,973	953
Hong Kong	1,909,991	5,101
Indonesia	1,532,431	–
Singapore	2,558,258	7,914
Malaysia	123,232	–
Other countries	1,754,692	–
	17,061,031	279,302
2013		
People's Republic of China	8,508,881	228,450
South Korea	80,936	34,311
United States of America	324,769	935
Hong Kong	2,127,038	5,300
Indonesia	1,263,275	–
Singapore	1,664,134	8,957
Malaysia	360,950	–
Other countries	1,241,885	–
	15,571,868	277,953

** Excludes deferred tax assets

Major customers

Revenue from two customers (2013: two customers) of the middle distillates segment for the supply of jet fuel amounting to approximately US$6,444,596,000 (2013: US$5,847,717,000), represents 38% (2013: 38%) of the Group's total revenue.

Notes to the Financial Statements

Year ended 31 December 2014

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 and the Company's objectives, policies and processes for measuring and managing risk. Additional quantitative disclosures are included throughout these financial statements.

Risk management framework

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

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

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

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 31 December 2014, there was no significant concentration of credit risk except for amounts receivable due from 2 (2013: 2) major customers amounting to US$148,880,000 (2013: US$152,659,000) which accounted for 37% (2013: 27%) of the Group's gross trade receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Notes to the Financial Statements

Year ended 31 December 2014

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Trade and other receivables (cont'd)

In respect of the Group's associates, there was an amount due from a major customer amounting to US$108,675,000 (2013: US$129,855,000), which accounted for 43% (2013: 43%) of the associate's total trade receivables. Except for this receivable, there was no significant concentration of credit risk.

Guarantees

The maximum exposure of the Company in respect of the intra-group financial guarantee (see note 14 and 15) at the end of the reporting period is if the facility amount of US$40,000,000 (2013: US$20,000,000) is drawn down by the subsidiary and the credit facility extended by the suppliers defaulted. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

Liquidity risk

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

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

Interest rate risk

It is the Group's and 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 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 currencies giving rise to this foreign currency risk are primarily the Singapore dollar, the Chinese renminbi and Hong Kong dollar. Currently, the Group does not hedge its foreign currency exposure.

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

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.

Notes to the Financial Statements

Year ended 31 December 2014

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Commodity price risk

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

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

Sensitivity analysis

A change of 10% in oil forward price at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as the financial year ending 31 December 2013.

	Profit or loss	
	10% increase US$'000	10% decrease US$'000
2014		
Oil physical and paper derivative instruments	5,994	(5,994)
2013		
Oil physical and paper derivative instruments	(1,483)	1,483

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$3,421,000 (2013: US$11,020,000). 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.

Estimation of fair values

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

Derivative financial instruments

The fair values of oil physical and paper derivative instruments were determined based on price indices.

Other financial assets and liabilities

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

Notes to the Financial Statements

Year ended 31 December 2014

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 have been received by the associate. The management of SPIA assessed that the possibility of repaying the claim amount to be low.

Fishery damage compensation

During the year, OKYC made enhancements to the shipping berth within its storage terminal site which affected the fishermen operating near to the storage terminal site. OKYC has entered into settlement agreements with the fishermen to pay them compensation sums as determined by the local government. Based on the terms of the settlement, the compensation sums are to be determined by an independent appraiser. As at 31 December 2014, the compensation amount is still under evaluation by an independent appraiser and as such cannot be estimated reliably. Management of OKYC expects to pay the compensation amount once it has been finalised by the independent appraiser.

26 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Within one year	25,353	21,612	24,956	21,226
Between one and five years	11,746	30,141	11,556	29,933
	37,099	51,753	36,512	51,159

Notes to the Financial Statements

Year ended 31 December 2014

26 OPERATING LEASES (CONT'D)

Leases as lessee (cont'd)

The Company leases an office under operating lease. The lease typically runs for a period of 5 years, with an option to renew the lease after that date. Lease payments are increased every 3 years to reflect market rentals based on changes in a local price index. In addition, the Company leases storage facilities and time charter oil vessels for periods ranging from 3 months to 2 years, with options to renew the leases at the end of the respective lease term.

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

27 RELATED PARTIES

Key management personnel compensation

Key management personnel compensation comprises:

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

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

Other related party transactions

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

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

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

Notes to the Financial Statements

Year ended 31 December 2014

27 RELATED PARTIES (CONT'D)

Other related party transactions (cont'd)

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

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

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 reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Valuation of trade receivables

At each reporting date, 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.

Notes to the Financial Statements

Year ended 31 December 2014

28 ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONT'D)

Valuation of investment in associates

The Group evaluates whether there are any indicators of impairment in the investment in associates at each reporting date. If there are indicators of impairment, management performs an evaluation of the investment's recoverable amount. The recoverable amount is based on the higher of value-in-use or fair value less cost to sell.

Value-in-use is estimated based on management's forecast of future cash flows discounted to present value using the pre-tax discount rate. The fair value less cost to sell requires an estimate of the market value of the investments. Significant estimates and assumptions are made in determining value-in-use and fair value less cost to sell.

Valuation of goodwill on consolidation

On an annual basis, the Group is required to perform an impairment assessment based on goodwill on consolidation. 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.

Taxes

Significant judgement is required in determining the capital allowances, taxability of certain income and deductibility of certain expenses during the estimation of the provision for taxes and deferred tax liabilities.

The Company exercises significant judgement to determine the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Fair value of derivative financial instruments

The Company holds derivative financial instruments to hedge the changes in oil commodity prices. The Company has not applied hedge accounting to derivative financial instruments that economically hedge the exposure of the changes in oil commodity 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.

Critical judgement made in applying accounting policies

Classification of investment in associate and joint venture

During the year, the Company assessed the terms and conditions of the shareholder's agreement entered for each of its investments in associates and joint venture. The Company made critical judgement over its ability to exercise influence or control over its investees. The Company's judgement included considerations of the influence or joint control exercised at the board of the respective investees, and their rights and obligations arising from board reserve matters as agreed with the other shareholders.

Supplementary Information

INTERESTED PERSON TRANSACTIONS

	Aggregate value of interested person transactions excluding transactions conducted under shareholders mandate pursuant to Rule 920 of the SGX Listing Manual		Aggregate value of interested person transactions conducted under shareholders mandate pursuant to Rule 920 of the SGX Listing Manual	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Sales revenue from related corporations	–	–	3,794,788	3,441,494
Sales revenue from related corporation of a corporate shareholder	–	–	627,605	719,389
Purchases from related corporations	–	–	456,173	194,061
Purchases from related corporation of a corporate shareholder	–	–	551,313	914,253
Services rendered from related corporation of a corporate shareholder	–	–	538	544
Gain/(Loss) from trading of derivative financial instruments with related corporation of a corporate shareholder	–	–	20	(727)
Supply chain services rendered from related corporation	–	–	7,703	5,154
Supply chain services rendered from related corporation of a corporate shareholder	–	–	224	356
Transportation revenue earned by associate from related corporations	–	–	8,725	9,324
Purchases by associate from related corporation	–	–	135	–
Loan granted by associate to related corporation	–	–	5,802	8,377
Principal deposited with interested person	–	–	34,784	5,749
Loan granted to a corporate shareholder	–	–	–	9,846
Interest income earned by associates from related corporations	–	–	376	–

Statistics of Shareholdings

As at 5 March 2015

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

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

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

DISTRIBUTION OF SHAREHOLDINGS

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

TWENTY LARGEST SHAREHOLDERS

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

SUBSTANTIAL ORDINARY SHAREHOLDERS

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

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

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

Notice of Annual General Meeting

CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

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

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

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' report and the audited financial statements for the financial year ended 31 December 2014 together with the auditors' report thereon. **(Resolution 1)**

2. To declare a first and final (one-tier, tax exempt) dividend of S$0.02 per ordinary share for the year ended 31 December 2014. **(Resolution 2)**

3. To approve Directors' Fees of S$638,451 for the year ended 31 December 2014 (2013: S$638,249). **(Resolution 3)**

4. To re-elect the following Directors, each of whom will retire by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible, will offer themselves for re-election:-

   Mr Sun Li **(Resolution 4)**
   Mr Luo Qun **(Resolution 5)**

5. To record the retirement of Mr Chen Liming who is retiring pursuant to Article 91 of the Company's Articles of Association and will not be seeking re-election as a Director of the Company.

6. To re-elect Mr Li Runsheng, who will retire in accordance with Article 97 of the Company's Articles of Association and who, being eligible, will offer himself for re-election. **(Resolution 6)**

7. To re-appoint Messrs KPMG LLP as the Company's auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

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

8. That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance to any Instrument made or granted by the Directors while this Resolution was in force,

Notice of Annual General Meeting

Provided that :

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 15% of the issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding at the time of the passing of this Resolution; and

(b) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 8)**

9. That:

(a) approval be and is hereby given for the renewal of, and amendments to, the shareholders' general mandate (which was last renewed at the annual general meeting of the Company held on 24 April 2014) for the Company, its subsidiaries and associated companies which fall within the definition of entities at risk under Chapter 9 of the Listing Manual or any of them to enter into any of the transactions falling within the categories of interested person transactions set out in Annex II to the Company's Letter to Shareholders dated 26 March 2015 (the "**Letter**"), with any party who is of the class or classes of interested persons described in Annex II to the Letter, provided that such transactions are made on normal commercial terms and are not prejudicial to the Company and its minority shareholders, and are entered into in accordance with the review procedures for interested person transactions as set out in Annex II to the Letter (such shareholders' general mandate, as amended, hereinafter called the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or until the date on which the next annual general meeting of the Company is required by law to be held, whichever is the earlier;

(c) the audit committee of the Company (comprising Independent Directors Mr Ang Swee Tian, Dr Wang Kai Yuen and Mr Li Runsheng, and Non-Independent, Non-Executive Directors Dr Zhao Shousen and Mr Alan Haywood as at the date of the Letter) be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by SGX-ST from time to time; and

Notice of Annual General Meeting

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

10. That:

(a) for the purposes of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire fully paid issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchase(s) on the SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted (the "**Other Exchange**"); and/or

(ii) off-market purchase(s) if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

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

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held; and

(ii) the date by which the next annual general meeting of the Company is required by law to be held; and

(c) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the Share Purchase Mandate.

Notice of Annual General Meeting

For the purposes of this Resolution:

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

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

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

(a) in the case of an on-market purchase of a Share, one hundred and five per cent. (105%) of the Average Closing Price of the Shares; and

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

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

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary

Singapore, 26 March 2015

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 8 Temasek Boulevard, #31-02, Suntec Tower Three, Singapore 038988 not later than 3.00 p.m. on 20 April 2015.

Notice of Annual General Meeting

Explanatory Notes:

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

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

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

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

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

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

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

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

Notice of Annual General Meeting

Article 91 of the Articles of Association of the Company

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

Article 97 of the Articles of Association of the Company

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

Personal Data Privacy:

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

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

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

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

CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

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

PROXY FORM

IMPORTANT:

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

I/We, ____

of ____

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

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

and/or (delete as appropriate)

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

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

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

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

Dated this ____________ day of ____________ 2015

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

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

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM

Personal Data Privacy:

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

Notes:

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

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

Affix
Postage
Stamp

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

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

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

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

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Website : www.caosco.com

Company Registration No.: 199303293Z

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