China Aviation Oil (Singapore) Corporation Ltd
A Subsidiary of China National Aviation Fuel Group Corporation
中国航油（新加坡）股份有限公司
中国航空油料集团公司子公司

Expanding Horizons

高飞远翔

ANNUAL REPORT 2009
2009 年 年 度 报 告

Our **Vision** 公司愿景

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

坚守诚信、勇于创新，成为具有跨国经营优势的能源贸易和实业协同发展型企业

Our **Mission** 公司使命

- To maintain our position as the preferred importer and most important international supplier of jet fuel in the People's Republic of China
- To be a leading jet fuel supplier/trader in the Asia Pacific region
- To be an important international trader/supplier of other oil products and petrochemicals
- To achieve sustainable growth in shareholder value
- To create a secure working environment where employees feel motivated and have a sense of belonging
- To be a socially responsible corporation, proactively undertaking economic, cultural, educational and environmental responsibilities

- 保持中国航油进口首选和最重要的国际供应商的地位
- 成为亚太区航油供应与贸易的领先者
- 成为其他油品、化工品重要的国际贸易商和供应商
- 为股东提供可持续性的价值增长
- 为员工创造安全、富有激励性、有归属感的工作环境
- 积极承担公司对社会的经济责任、文化责任、教育责任和环境责任

Corporate **Profile 公司简介**

CAO is the largest purchaser of jet fuel in the Asia Pacific region and the key supplier of imported jet fuel to the People's Republic of China ("PRC") civil aviation industry. In recent years, we have proactively expanded into the international trading of jet fuel and other oil products.

CAO是亚太地区最大的航油买家，也是中国民用航空业的最主要进口航油供应商。近年来，我们积极扩展航油及其他油品的国际自营贸易业务。

CAO owns investments in strategic oil-related businesses, which include Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd and China National Aviation Fuel TSN-PEK Pipeline Transportation Company Ltd.

CAO对战略性的油品相关业务进行投资，包括上海浦东国际机场航空油料有限责任公司和中国航油集团津京管道运输有限责任公司。

Incorporated in Singapore on 26 May 1993, CAO was listed on the mainboard of the Singapore Exchange Securities Trading Limited on 6 December 2001.

CAO于1993年5月26日在新加坡注册成立，2001年12月6日在新加坡证券交易所主板上市。

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

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

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

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

Contents 目录

Corporate **Values** 核心价值观

Integrity, Fairness, Transparency and Innovation encapsulate the values embraced by CAO as we strive together to achieve sustainable growth for our stakeholders. Integrity is the foundation of our conduct and business dealings, with Fairness and Transparency as guiding principles. Innovation fuels our engines for growth.

诚信 为商之道、做人之理

公平 处世之规、做事之则

透明 上市之责、经营之任

创新 生存之源、成长之力

Teamwork paid off as CAO emerged as the Champion in the Chinese Enterprises Association (Singapore)'s 2nd CAO Badminton Tournament

CAO发挥团队精神，夺得中资企业（新加坡）协会第二届中国航油杯羽毛球联谊赛冠军

Open communication forms the foundation of a dedicated and driven team

公开交流是建设忠诚及主动团队的基础

Team building activities have helped to strengthen staff cohesiveness

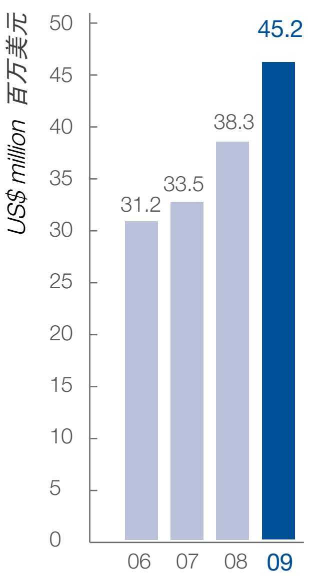
团队建设活动有助于加强员工凝聚力

Fiit

Fairness, Integrity, Innovation, Transparency
公平、诚信、创新、透明

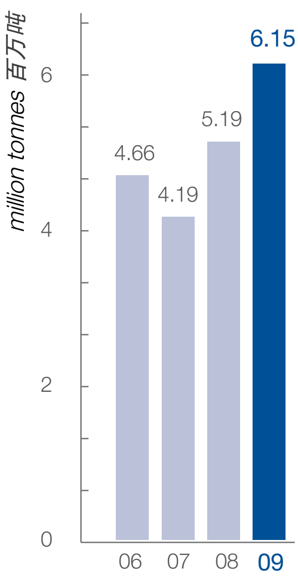
Record **Performance** 业绩创历史新高

Net Profit*
净利润*

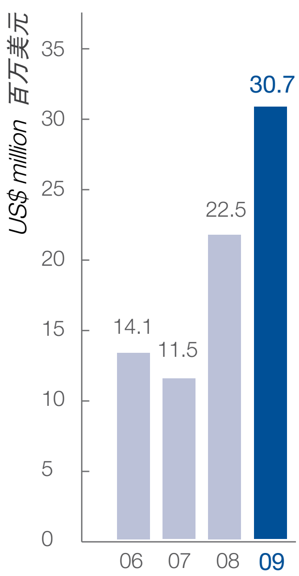


*excluding one-off non-operating gains in 2006 and 2007
*剔除2006年和2007年一次性非经营收益

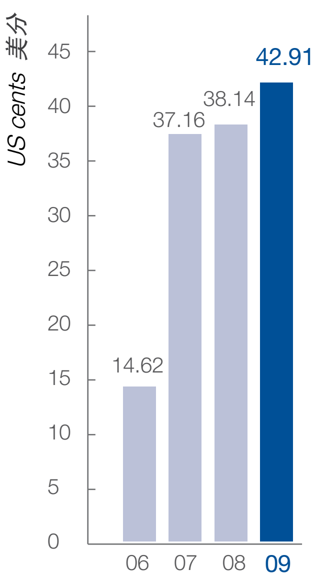
Total Jet Fuel Supply and Trading Volume
航油供应与贸易总量



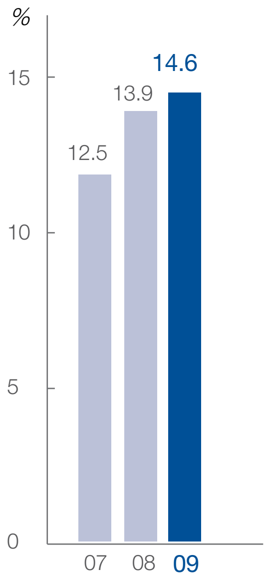
Gross Profit
毛利总额



Net Asset Value per Share
每股净资产值

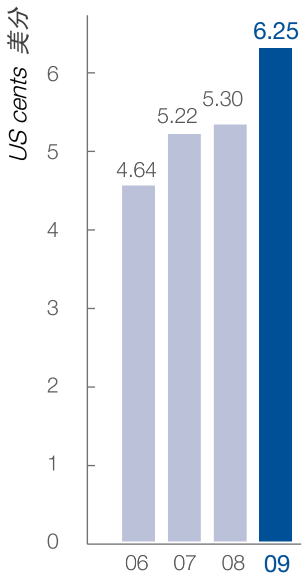


Return on Equity*
股本回报率*



*excluding one-off non-operating gain in 2007
*剔除2007年一次性非经营收益

Earnings per Share*
每股收益*



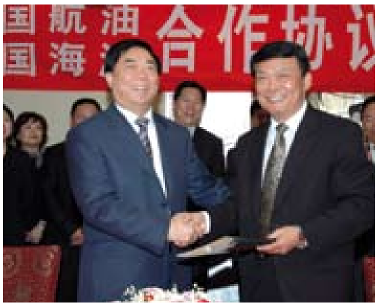
*excluding one-off non-operating gain in 2006 and 2007
*剔除2006年和2007年一次性非经营收益

Chairman's **Statement**

Flying **Higher**, Flying **Further**

Dr Wang Kai Yuen
Chairman

The Shanghai World Expo and Guangzhou Asian Games are expected to boost air traffic and jet fuel demand in the PRC



Entering into a framework agreement with CNOOC to establish a partnership for sale of jet fuel outside the PRC

I am pleased to report that despite the nascent recovery in the global economy and volatility in the financial markets, the CAO Group demonstrated its resilience in the financial year 2009. It delivered higher profitability in its core business of jet fuel supply and trading by expanding in the PRC and the Asia Pacific region. Jet fuel trading and supply volume hit a record high of 6.15 million tonnes, an increase of 18% over 2008. Excluding the one-off non-operating gains in 2006 and 2007, net profit for 2009 was also a historic high for the Group.

I am also pleased to report a rebound in the performance of the Group's principal associated company and key profit contributor, Shanghai Pudong International Airport Aviation Fuel Supply Co., Ltd ("SPIA"). SPIA had incurred losses in the fourth quarter of 2008 and first quarter of 2009, which resulted from higher cost of sales vis-à-vis its sales revenue due to the sharp decline in oil prices in the second half of 2008. SPIA returned to profitability following the full consumption of high-cost inventories in April 2009. The Group's share of profit in SPIA for 2009 more than doubled to US$21.0 million from US$10.4 million in 2008.

For the year ended 31 December 2009, the Group's net profit attributable to shareholders increased 17.9% from US$38.3 million to US$45.2 million. Return on equity increased from 13.9% in 2008 to 14.6% in 2009.

The Board is pleased to recommend a first and final (one tier, tax-exempt) dividend of S$0.02 cents per share, unchanged from the previous year. In deciding the quantum of dividend payout, the Board has considered the Group's capital requirements for business expansion this year. Notwithstanding that, we remain committed to paying out consistent dividends to shareholders.

The Group commenced share buyback activities in November 2009 following shareholders' approval of the Share Purchase Mandate in September 2009. As of 15 March 2010, the Group has purchased 3.66 million of its shares at total cost of US$3.06 million, all of which are held as treasury shares.

Despite the nascent recovery in the global economy and volatility in the financial markets, the CAO Group demonstrated its resilience in the financial year 2009. It delivered higher profitability in its core business of jet fuel supply and trading by expanding in the PRC and the Asia Pacific region.

Expanding Horizons

2009 was a difficult year for the global civil aviation industry due to the impact of the global economic recession and Influenza A (H1N1) virus on air travel. However, China's civil aviation industry bucked the trend by achieving the fastest growth and highest profits in the world for the year. The total number of China's air travel passengers reached 230 million in 2009, an increase of 19.7% year-on-year, driven by significant growth in domestic air travel. However, this did not translate into growth in demand for jet fuel imports in 2009, due to slower recovery in the PRC international air passenger traffic volume and increased PRC domestic production and supply of jet fuel. The volume of jet fuel imported by CAO into the PRC remained stable in 2009.

Nonetheless, CAO successfully expanded its jet fuel supply and trading business in the PRC and beyond. A breakthrough for CAO was the framework agreements signed with large refineries in the PRC (such as China National Offshore Oil Corporation Marketing Company ("CNOOC") and West Pacific Petrochemical Co., Ltd) to export jet fuel out of the PRC. CAO also extended its jet fuel trading activities in the region into markets such as Hong Kong, Singapore and Australia.

CAO leveraged on its competitive strength of being the largest purchaser of jet fuel in the Asia Pacific region and continued to strengthen its optimisation and trading capabilities by securing more sources of jet fuel, chartering ships and leasing oil storage tanks. These initiatives have enabled jet fuel supply and trading activities to remain as a key earnings driver for the Group in 2009.

For the trading of other oil products, the Group treaded cautiously in view of the volatile oil markets. In 2009, CAO commenced trading of two new products – gasoil and fuel oil, on a small-scale basis to gain experience in these markets.

Implementation of CAO Corporate Social Responsibility Programme

As we continue to forge ahead in the business, we have not forgotten our role as a corporate citizen. To demonstrate our commitment, the CAO Corporate Social Responsibility ("CSR") Programme was implemented in January 2010. This entails the proactive undertaking of economic, cultural, education and environmental responsibilities. For 2010, besides giving to charitable causes, CAO will focus its efforts on adopting a charity. We have also embarked on efforts to be environmentally friendly by being energy and waste efficient.

Acknowledgements

The Group has performed well despite uncertainties in the global market and this is due to the efforts of our stakeholders – our management and staff as well as our customers and business partners. I would like to thank them, our shareholders, my fellow directors and all other stakeholders for their confidence and support.

In particular, China National Aviation Fuel Group Corporation ("CNAF") and BP have continued to play a vital role in the development of CAO. CNAF, CAO's parent company, has demonstrated unstinting support to help CAO grow its business. BP, as strategic investor, has provided valuable assistance in the areas of trading, risk management and business development.

On behalf of the Board, I would specially like to thank Mr Michael Bennetts, who was a BP-nominee Director on the Board of CAO. Mr Bennetts stepped down in August 2009 following his resignation from BP to pursue personal interests. The Board has benefited from his knowledge of the global oil and gas industry. We wish him all the best.

I would also like to express my gratitude to Mr Zhang Zhenqi, who resigned as Executive Director/General Manager (Trading) of CAO in February 2010 to take up a new appointment in the CNAF group, for his efforts and contributions to CAO. Mr Zhang managed the day-to-day operations of CAO from June 2007 to May 2008 and was subsequently tasked with the responsibility of overseeing CAO's trading business. He has played an instrumental role in the development of CAO. I wish him all the best in his new role within the CNAF group.

On behalf of the Board, I would like to extend a warm welcome to Mr Chen Liming, who was appointed a BP-nominee Director on the Board of CAO in place of Mr Bennetts in August 2009 and Mr Luo Qun, who was appointed as a CNAF-nominee Director on the Board of CAO in place of Mr Zhang in February this year. Mr Chen is currently the President of BP China and Mr Luo is currently the Vice President of the CNAF Group. I am confident that both Mr Chen and Mr Luo will be valuable assets to the Board and to CAO.

My appreciation also goes to our former Chairman, Mr Lim Jit Poh for his invaluable guidance as CAO's Senior Advisor for a year from 15 November 2008.

Looking Ahead

Whilst the business outlook for the Group in 2010 has improved, uncertainties still linger over the global economy. The PRC civil aviation industry is expected to resume double-digit growth in 2010, in tandem with PRC's economic growth and several international events to be held in the PRC this year, including the Shanghai Expo and the Asian Games in Guangzhou. As such, we expect PRC's jet fuel demand to increase as well.

As jet fuel demand in Asia Pacific is expected to increase in line with improving economic conditions, we will continue to leverage on our strength as the largest purchaser of jet fuel in this region and our established network in the PRC to proactively expand our jet fuel trading business. We will also gear up our efforts to grow trading activities in other oil products.

Another key focus for the Group this year is to acquire or access assets that will facilitate our plans to expand the trading business, particularly in the areas of oil storage, transportation and logistics assets.

Financially, the Group is in a strong position. We have sufficient cash reserves and the flexibility to raise funds should the need arises. As such, the Group is well positioned to seize opportunities as the global economy recovers. With the continued support of our stakeholders, we are confident that CAO can achieve its objective of delivering sustainable growth in shareholder value.

Dr Wang Kai Yuen
Chairman
15 March 2010

更高，更远

虽然全球经济刚开始复苏，金融市场仍存在波动，但本集团在2009财年里仍显示了应变能力。通过进一步拓展在中国和亚太地区的航油供应与贸易业务，本集团的核心业务航油供应与贸易业务盈利能力明显增强。

我很高兴地在此通报，虽然全球经济刚开始复苏，金融市场仍存在波动，但本集团在2009财年里仍显示了应变能力。通过进一步拓展在中国和亚太地区的航油供应与贸易业务，本集团的核心业务航油供应与贸易业务盈利能力明显增强，航油贸易与供应量创历史新高，达615万吨，与2008年相比增长18%。剔除2006年和2007年的一次性非经营性收益，本集团2009年的净利润也创历史新高。

同时，我还很欣慰的通报，CAO集团的主要联营公司及主要利润来源之一 —— 上海浦东国际机场航空油料有限责任公司（以下简称“浦东航油”）的业绩出现反弹。由于2008年下半年油价急剧下跌，浦东航油销售成本高于销售收入，形成收支倒挂，导致浦东航油在2008年第四季度和2009年第一季度出现亏损。在2009年4月完全消耗了高成本库存后，浦东航油扭亏为盈。本集团在2009年对浦东航油的并帐利润达2100万美元，较2008年的1040万美元翻了一番。

截至2009年12月31日的财年里，本集团股东可分配净利润从3830万美元增至4520万美元，增长幅度为17.9%。股本回报率从2008年的13.9%增长至2009年的14.6%。

董事会在此建议派发每股0.02新元的首次及年末（单层免税）股息，和去年保持一致。在决定派发股息的数额时，董事会考虑了本集团今年拓展业务的资金需求。尽管如此，我们仍然致力于向股东派发稳定的股息。

在2009年9月获得股东批准股票回购授权后，本集团于2009年11月开始股票回购。截至2010年3月15日，本集团已回购了366万股CAO股票，总费用为306万美元，全部保留为库存股。

拓展视野

受到全球经济衰退和甲型H1N1流感的影响，2009年是全球民航业艰难的一年。但中国民航业逆流而上，成为2009年全球增长速度最快、利润最高的民航市场。2009年，在国内航空客运量强劲增长的驱动下，中国航空客流量达到2.3亿人次，同比增长19.7%。但由于中国国际航空客运量恢复较为缓慢，加上国内航油产量和供应量增加，2009年中国的航油进口需求并没有出现同样幅度的增长。CAO向中国进口的航油量在2009年保持稳定。

尽管如此，CAO成功地拓展了在中国及中国境外的航油供应与贸易业务。CAO实现的一项重大突破是与中国大型炼厂（例如中国海洋石油总公司销售公司和大连西太平洋石油化工有限公司）签订了从中国出口航油的框架协议。CAO还将其在本地区的业务拓展至香港、新加坡与澳大利亚等市场。

CAO依托其作为亚太最大航油买家的竞争优势，通过锁定更多航油来源、租船和租赁储罐，不断加强其优化与贸易活动。这些积极的措施使得航油供应与贸易业务仍然是本集团2009年的主要利润增长驱动力之一。

在其他油品贸易业务方面，鉴于油品市场的波动性，本集团采取了谨慎的态度。CAO于2009年启动了两个新产品的贸易业务 —— 柴油和燃料油，进行小规模贸易活动，以获得相应的市场经验。

实施CAO企业社会责任计划

在经营业务不断取得进展的同时，我们没有忘记作为一个企业公民应有的责任。为了表示我们对履行企业社会责任的承诺，我们于2010年1月实施了CAO企业社会责任计划，包括积极承担经济责任、文化责任、教育责任和环境责任。2010年，除了捐助慈善事业外，CAO将着力于确认一家指定的慈善团体，长期参与其活动。我们还致力于降低能耗和杜绝浪费，为环保做出贡献。

致谢

尽管全球市场存在不确定性，本集团仍然取得良好业绩，这归功于我们的利益相关方的共同努力，包括我们的管理层、员工、客户与业务合作伙伴。在此，我向他们、CAO的股东、各位董事及其他所有利益相关方致谢，感谢他们对公司的信心和支持。

中国航空油料集团公司（以下简称为“CNAF”）和BP在CAO的发展中继续发挥着重要作用。CAO的母公司CNAF不遗余力地支持CAO的业务发展。而CAO的战略投资者BP则在贸易、风险管理和业务发展方面提供了宝贵的帮助。

我代表董事会向CAO董事会的前BP提名董事Michael Bennetts先生致以特别的谢意。Michael Bennetts先生由于个人原因辞去了BP的职务，随后于2009年8月卸下其在CAO的职务。Michael Bennetts先生在全球石油天然气行业的丰富知识让董事会受益良多，我们祝他将来一切顺利。

张振启先生在2010年2月因接受CNAF集团新的任命而辞去CAO执行董事/总经理（贸易）的职务。在此，我要感谢他为CAO所做的努力和贡献。2007年6月至2008年5月期间，张先生负责管理CAO的日常经营，随后负责监督CAO的贸易业务。他在CAO的发展过程中发挥了重要作用。我祝张先生在CNAF集团新的工作岗位上一切顺利。

我代表董事会向陈黎明先生和罗群先生表示热烈欢迎。陈黎明先生于2009年8月代替Michael Bennetts先生出任CAO董事会中的BP提名董事，陈先生目前是BP中国总裁。罗群先生于今年2月代替张先生出任CAO董事会中的CNAF提名董事。罗先生目前是CNAF集团的副总经理。我相信陈先生和罗先生都将为CAO及其董事会作出宝贵的贡献。

同时，我向CAO前任董事长林日波先生表达谢意，感谢他自2008年11月15日起担任公司高级顾问一年，为CAO提供了宝贵的指导意见。

展望未来

2010年，CAO集团的经营形势将有进一步提高，但全球经济仍存在不确定性。中国经济的持续增长，加上上海世博会与广州亚运会等国际盛事将在中国举行，预期将推动中国民航业在2010年恢复两位数增长。因此，我们估计中国的航油需求量也会相应增加。

亚太地区的航油需求量预计将随着经济形势的改善而增长，我们会继续依托自身作为亚太地区最大航油买家的优势以及在中国建立的网络，积极拓展航油贸易业务。我们还会加大拓展其他油品贸易业务的力度。

本集团今年的另一个重点是收购或获取能够促进我们贸易业务拓展计划的实业投资，尤其是与油罐、运输和物流相关的实业投资。

本集团的财务实力稳健，我们的现金储备充足，且具备在必要时筹集资金的灵活性。因此，在全球经济恢复的形势下，CAO有能力，也有优势去抓住机遇。在各利益相关方的不断支持下，我们相信CAO能够实现目标，为股东创造可持续增长的价值。

王家园博士
董事长
2010年3月15日

Chief Executive Officer's **Review**

Forging Ahead

Meng Fanqiu
Chief Executive Officer / Executive Director

In 2009, CAO encountered the most challenging external business environment since its public listing in 2001 with the global economy still reeling from the unprecedented global financial turbulence in the year before and exacerbated by the outbreak of the Influenza A (H1N1) virus.

Despite the challenging environment, CAO focused on "identifying opportunities amidst challenges and seeking growth amidst the crisis". CAO proactively implemented its corporate strategy, which is centred on its core jet fuel procurement and supply business. We achieved a strategic breakthrough by focusing on expanding the jet fuel entrepreneurial trading activities. We made deliberate efforts to ensure that internal management practices continue to be underpinned by stringent risk management controls. Through the fostering of CAO's core corporate values, we further enhanced team cohesiveness and competencies.

Through the hard work and commitment of staff at all levels, we surmounted the challenges and exceeded key performance targets set by the Board at the beginning of the year. In the first year after CAO implemented its corporate strategy, CAO achieved record high performance:

- Jet fuel import volumes into the PRC remained stable in 2009, but total jet fuel supply and trading volume increased 18% over 2008 to 6.15 million tonnes. This was the second consecutive year that total jet fuel supply and trading volume hit a historic high.
- Gross profit was also a historic high at US$30.7 million, an increase of 36% as compared to 2008.
- Net profit was US$45.2 million, an increase of 18% over 2008. Excluding one-off non-operating gains in 2006 and 2007, net profit was also a historic high.
- CAO's overall financial position remains healthy, with no interest-bearing debts. As our financial standing continues to improve, CAO's credit facilities increased despite the tightened credit environment, which supported the expansion of our trading business.

Significant Optimisation Gains from Jet Fuel Procurement and Supply

There was a fundamental transformation in CAO's jet fuel procurement model in 2009. From procuring jet fuel solely through tenders, CAO now procures jet fuel through diversified means, including term contracts, tenders and spot tenders. Not only did this transformation strengthen CAO's jet fuel supply capabilities, it also created more opportunities for us to integrate jet fuel procurement, supply and trading activities through optimisation, thereby creating greater value from our trading activities.

CAO continually provided regular market information and other value-added services to its customers, which helped to further strengthen its relationships with customers. CAO has established good relations with major refineries and shipping companies. Our operational capability was strengthened through the leasing of oil storage facilities. Emphasis was also placed on stringent control on the quality of jet fuel and timeliness of deliveries. CAO successfully ensured the supply of jet fuel into the PRC, especially during important events such as China's 60th National Day celebrations.

Breakthrough in Jet Fuel Trading

During the year under review, CAO continued to develop its entrepreneurial trading business (i.e. the purchase and sale of jet fuel outside the PRC) on the foundation of supply optimisation business. Besides Singapore, we expanded our jet fuel trading activities in markets such as Australia and Hong Kong. CAO also leased oil storage tanks. The significant increase in entrepreneurial trading volumes was the key driver for the double-digit growth in total jet fuel supply and trading volume in 2009.

Establishing the channels to export jet fuel from the PRC was a particular area of focus for CAO during the year. The ability to import and export jet fuel into and out of the PRC has enabled CAO to consolidate its position in the PRC.

CAO entered into a cooperation framework agreement with China National Offshore Oil Corporation Marketing Company ("CNOOC"), under which CAO has the right to export jet fuel from CNOOC Huizhou Refinery. CAO also signed a cooperation framework agreement with West Pacific Petrochemical Co., Ltd ("WEPEC") and had been exporting jet fuel produced by WEPEC.

CAO continued to develop its international oil trading business by (i) commencing gasoil trading activities; (ii) enhancing the business model for petrochemicals trading business; (iii) engaging in small-scale fuel oil trading activities; and (iv) developing growth strategies for gasoil and fuel oil businesses through in-depth market analyses.

The growth in entrepreneurial trading activities has resulted in a diversification of CAO's earnings base. In 2009, optimisation and trading profits have exceeded profit derived from procuring and supplying jet fuel into the PRC. This significant change in CAO's gross profit profile is a clear indication that CAO's trading capabilities and competitiveness have strengthened considerably.

Investment Governance Practices Enhanced

CAO completed the acquisition of a 49-percent equity interest in China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Limited ("TSN-PEKCL") in early 2009. We implemented our storage strategy in North East Asia and South East Asia in line with the expansion of our international oil trading activities. Besides assessing refineries to explore potential opportunities to secure stable sources of supply at competitive rates, we also conducted market researches on jet fuel supply to airports in neighbouring countries to explore opportunities in these markets.

CAO established the Investment Governance Committee ("IGC") and implemented the Investment Governance Standards which improved the evaluation and approval process for potential projects and established our priorities in terms of geography, project categories and financial indicators. The IGC is chaired by the Head of Business Development and comprises the CEO, CFO and other relevant management staff. Our investment direction and strategy are clearly set out in CAO's investment strategy for the next 5 years and the implementation roadmap for 2010. These initiatives have helped to strengthen the investment governance practices of CAO.

Significant Improvement from Associated Companies

CAO closely monitored the operations of its associated companies. Important matters relating to our associated companies, such as the budget, were evaluated, reviewed and given due consideration by CAO. CAO also proactively assisted its associated companies in areas such as risk management and business development. These efforts have resulted in significant improvements in the business operations of our associated companies, particularly in customer relations, treasury and risk management.

CAO's share of profits from associated companies increased 130% to US$24.2 million in 2009 as compared to 2008. Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA") remained as a key profit contributor of CAO following the reversal of losses in the first quarter of 2009 and achieving creditable performance for the full year. TSN-PEKCL achieved the profit that China National Aviation Fuel Group Corporation ("CNAF") had undertaken to guarantee when CAO acquired the 49-percent equity stake in TSN-PEKCL. After the turnaround in financial performance in 2008, China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") remained profitable in 2009.

Deeper Cooperation with BP

CAO's business relationship with its strategic investor, BP continued to strengthen as we expand our scope of business collaboration during the course of the year. CAO and BP have also been in active discussions on a long-term strategic cooperation. The interim trading agreement which CAO entered into with BP Singapore Pte Ltd ("BPS") in December 2008 had proven to be effective and mutually beneficial. As such, both parties having agreed to extend its business collaboration for another year, had signed a new interim trading agreement in December 2009.

Risk Management Capabilities Further Strengthened

We continue our efforts to inculcate a strong risk management culture in CAO by incorporating risk controls in work processes and staff training on an ongoing basis. We have established and implemented an Enterprise Risk Management system where top 10 risk areas of CAO were identified. The potential impact of each of these top risks to CAO was assessed and mitigating actions were formulated.

Given the volatile global economic environment in 2009, concerted efforts were made to control credit risks. We stepped up credit assessments on our counterparties and diversified the utilisation of credit risk mitigation tools. Our ability to pre-empt risks was strengthened through regular stress-testing of various trading scenarios. The evaluation and review processes of new business activities had been fine-tuned. We also effectively prevented liquidity risks by enhancing our cash management practices and forecasting the Group's cashflow requirements on an ongoing basis.

Management Practices Enhanced

We kept a tight rein on expenses through constantly improving on the processes involving budget formulation and subsequent monitoring, analyses and evaluation of expenses. This has resulted in effective control of the Group's expenses as a whole.

The internal policies and procedures of CAO were enhanced as we reviewed and revised various processes, policies and manuals, including the Risk Management and Trading Policies Manual, Human Resource Manual, Credit Review Process and Delegation of Authority.

In line with our commitment to strengthen the capabilities of our staff, customised training courses were conducted throughout the year, particularly in areas relating to risk management, international trading, project management and leadership training. As the business expands, we continually fine-tune our staffing structure and maintain a talent pipeline ready to take the Group into the next lap.

Shaping Our Corporate Culture

Through actively engaging all employees in management communications, team building events and other activities, a unique corporate culture of CAO is gradually forming – a culture that unites everyone despite cultural diversities, and a culture that fosters the ethos of CAO, i.e. democracy, harmony, innovation and risk awareness. In 2009, all staff participated in the shaping and formulation of our corporate strategy and targets for 2010-2014. Through the ideas and inspiration of the staff, our internal slogan, "Together we progress, Together we succeed", was created and our core values of "Fairness, Integrity, Innovation and Transparency" were further entrenched in the organisation.

With the shaping of our corporate culture, the personal development of the staff and business growth of CAO are now closely intertwined. This resulted in a more cohesive, dedicated and driven team, which forms the backbone of the successful implementation of CAO's corporate strategy.

For media and investor relations, we adopt an open policy and remain committed in our efforts to strengthen communications with the media, analysts and investors. The share price of CAO increased 48% in 2009. As at 31 December 2009, market capitalisation of CAO stood at S$824 million (or US$587 million).

In line with the implementation of the CAO Corporate Social Responsibility Programme in January 2010, we stepped up efforts to undertake corporate social responsibilities as a corporate citizen to enhance our contributions to society.

Forging Ahead

In 2010, despite the nascent recovery of the global economy, uncertainties remain. We do not expect changes to the fundamentals of the jet fuel market in Asia in the near future. Whilst the jet fuel market in Asia is expected to remain weak due to over supply, we expect more competition in the market. These factors will have a bearing on our core jet fuel procurement business.

Nonetheless, I believe the external environment is still favourable to CAO on the whole. There is clear evidence of economic recovery in China and other emerging markets, particularly China, which has targeted economic growth in 2010 to be around 8%. We expect the Shanghai World Expo and the Guangzhou Asian Games to boost air traffic volumes and jet fuel demand in the PRC, creating good opportunities for CAO.

In 2010, CAO will continue to forge ahead with the implementation of its corporate strategy, with the aim of building up CAO's competitive advantage with assets that are synergetic to our trading businesses. CAO will continue to develop its trading businesses at a steady pace whilst proactively seeking asset investments. We strive to achieve breakthroughs in (i) trading activities outside the PRC; (ii) asset investments; and (iii) strategic cooperation with BP.

We will also step up our efforts to achieve three transformations (i) to transform our business model from one that is focused on ensuring jet fuel supply to one that is market-based; (ii) to transform from a single business model to a more diversified business model; and (iii) to transform from a pure trading company to one that is integrated with synergetic assets. We are laying the groundwork to ensure that CAO achieves its target of becoming a leading jet fuel trader in the Asia Pacific region and a competitive trader in other oil products by 2014.

The success of a company lies in its ability to capitalise on opportunities and sustain innovations. Looking ahead, we are confident that CAO will be able to rise to the challenges and ascend to greater heights in 2010.

Acknowledgements

The understanding and support of shareholders are vital to the development of CAO. On behalf of all staff of CAO, I would like to express my gratitude to all our shareholders. In particular, I would like to thank our parent company, CNAF, for its unstinting and generous support to the development of CAO. My appreciation also goes to BP for its assistance to CAO in the areas of international trading and risk management. I look forward to closer cooperation with BP going forward.

My sincere appreciation goes to the Board of Directors of CAO, led by Dr Wang Kai Yuen, for their excellent work in the past year. The strategic counsel and support of the Board were vital to CAO's record performance in 2009. I have personally benefited from the wealth of experience of the Directors.

I would specially like to thank our former Senior Advisor, Mr Lim Jit Poh, whose insightful advice has been very beneficial to the development of CAO. My appreciation also goes to our former Executive Director/General Manager (Trading), Mr Zhang Zhenqi, who has made significant contributions during the developmental phase of CAO.

I am thankful to China National Aviation Fuel Supply Co., Ltd, our suppliers and other business partners for their support. I look forward to strengthening our cooperation further in the coming year.

I would like to thank our associated companies – SPIA, TSN-PEKCL and Xinyuan for their good performance over the past year, which contributed to CAO's record performance in 2009.

I would also like to extend my sincere thanks to the staff of CAO for their cooperation, understanding and support. CAO would not have been able to achieve its performance in 2009 without the dedication and hard work of the staff at all levels.

Meng Fanqiu
CEO/Executive Director
15 March 2010

扬帆挥桨 激流勇进

615 万吨业务量

在挑战中寻机遇，
在危机中求发展。

2009年，CAO经历了自2001年上市以来最为复杂的外部经营环境。金融海啸对全球经济的影响持续显现，H1N1甲型流感的爆发，对脆弱的全球经济无疑又是雪上加霜。

面对严峻的经营形势，CAO“在挑战中寻机遇，在危机中求发展”，紧紧围绕航油采购供应这一核心业务，继续大力推进实施公司发展战略。以拓展航油自营贸易为重点，积极寻求战略突破口；以严格控制风险为核心，努力夯实基础管理；以打造企业核心价值观为手段，进一步提升团队凝聚力和素质。

经过全体员工的共同努力，公司成功克服各种不利因素，超额完成了年初董事会确定的主要经营目标，做到了实施战略起步之年有进步，取得了历年来最好的经营业绩：

- 全年航油供应与贸易量为615万吨，在中国进口量保持稳定的情况下，同比增长18%，继2008年以来连续两年创历史新高。
- 全年实现毛利3070万美元，同比增长36%，为历史最高。
- 全年实现净利润4520万美元，同比增长18%，扣除2006年和2007年一次性非经营性收益，为历史最高。
- CAO无带息负债，整体财务状况继续保持稳健。随着公司的信誉持续恢复，CAO的信用额度在银行收紧信贷的环境下持续增加，有力地支持了贸易业务的拓展。

航油采购供应模式优化收效显著

2009年，公司的采购模式发生了根本性转变。由单一的招标方式，转变为长期合同、招标、临时采购等灵活多样的组合采购方式。在提升供应保障能力的同时，创造了更多的贸易机会，实现了航油采购供应与贸易的有机结合，通过供应优化，创造出更大的贸易附加价值。

公司每日向用户提供市场信息，不断为国内用户提供增值服务，进一步巩固了客户关系。公司也与主要炼厂、船东建立起稳定、良好的合作关系。通过租用油库增强运作能力，产品质量和船期得到严格控制。公司出色地完成了中国60年国庆等重大活动的供油保障任务。

航油自营贸易实现突破性增长

在继续进行供应优化贸易的基础上，2009年强化自营贸易，即购买和销售完全在中国境外的贸易。除新加坡外，贸易范围开始拓展到澳大利亚、中国香港等国家和地区，并且开始租赁储罐。航油自营贸易的增加，驱动公司2009年航油供应与贸易总量取得双位数的增幅。

CAO特别关注中国的航油出口，建立航油业务“能进能出”的完整业务链，巩固了CAO在中国市场的地位。CAO与中国海洋石油总公司分销公司（以下简称“中海油”）签署合作框架协议，取得中海油惠州炼厂航油出口销售权。CAO也与中国大连西太平洋石油化工有限公司（以下简称“大连西太”）签署框架合作协议，实现了为大连西太出口航油。

公司稳步推进油品国际贸易业务，包括开展柴油贸易、不断改进化工贸易模式、开展小规模燃料油贸易，以及加强市场研究，制订柴油、燃料油业务拓展策略。

首席执行官**报告**

自营贸易活动的拓展，扩宽了公司利润来源渠道，2009年公司贸易利润首次超过为中国国内采购供应航油的利润，利润结构发生了重大变化，标志着公司的贸易能力和市场竞争力显著提高。

实业投资基础管理显著增强

公司2009年年初成功完成了收购中国航油集团津京管道运输有限责任公司（以下简称“管输公司”）49%股权项目；协同国际贸易的拓展，在东北亚和东南亚地区实施仓储战略；加强对中等规模炼厂项目的评估，为获取有竞争力的、稳定的资源拓宽渠道；开展对周边国家机场供油的市场调研，为新的业务增长寻找切入点。

公司成立了由首席执行官、财务总监等相关公司管理层人员组成、业务发展部主管为主席的投资管理委员会，制定了《CAO投资管理准则》，完善了项目评估审查报批流程，明晰项目选择的区域、类型、指标优先顺序，明确项目评价的关键指标参数；公司制定了未来5年实业投资规划和2010年的实施计划，明确了实业投资方向和策略；实业投资基础管理工作显著增强。

联营公司效益大幅改善

CAO密切关注各联营公司的经营情况，对联营公司的预算、决策以及经营中的重大事项进行认真评估、严格审核、谨慎决策。利用自身优势，积极协助联营公司加强风险管理和拓展业务，联营公司的客户关系、资金和风险管理工作取得了明显的进步，2009年的业绩均有良好的表现。

2009年，公司对联营公司的累计投资收益同比增长130%，达2420万美元。其中上海浦东国际机场航空油料有限责任公司（以下简称“浦东航油”）遏制了第一季度效益大幅下滑的不利局面，全年取得了较好的经营业绩，仍是CAO利润最重要的来源之一；管输公司完成了项目收购时中国航空油料集团公司（以下简称“CNAF”）的担保利润；中国航油集团新源石化有限责任公司（以下简称“新源公司”）在2008年扭亏为盈的基础上，2009年继续保持盈利。

与BP战略合作不断深入

CAO与战略投资者BP的业务合作关系不断加强，双方在2009年扩大了业务合作范围。CAO和BP积极就长期战略合作进行磋商。CAO与BP新加坡于2008年12月签定的临时贸易协议实施一年来卓有成效，实现了对双方的互惠互利，双方同意将此业务合作延长多一年，于2009年12月签定了新的临时贸易协议。

风险管控水平进一步提升

公司继续积极推行全员风险控制理念。在公司管理的各个环节严格执行风险管理的工作流程，结合全员培训，培育良好的风险管理文化；全面建立和实施企业风险管理体系，识别出公司面临的10大风险点，并对这些关键风险点对公司的影响进行了全面评估，同时制定了相应的风险控制措施。

鉴于2009年外部环境，加强对交易对家的信用评估，争取更多的信用工具，增加信用风险消除工具的应用，控制信用风险；针对贸易业务需要，模拟不同贸易情景和油价走势进行压力测试，提高公司应对风险的预见力；健全新业务和项目评估审查流程；强化资金管理，结合业务进展进行滚动预测，有效地防范了资金风险。

日常运作合规高效

CAO不断完善预算的编制、监督、分析、报告和考核工作，大力压缩非经营性支出，公司总的成本费用得到有效控制。

CAO也加强了公司的制度流程建设。对公司现有的风险管理和贸易手册、人事管理手册、信用审查流程、授权制度等进行审查、修订和完善。

以风险管理、国际贸易、项目管理等为重点开展普及性和有针对性的员工专业知识培训，并强化针对高级管理人员的领导力培训。公司继续根据业务发展需求聘用高素质人才，员工队伍结构不断优化，员工整体素质稳步提升，为本集团下一个发展阶段做好准备。

企业文化逐步形成

通过引导员工参与公司管理、团队建设、文体活动等丰富多彩的方式，推动在多元文化背景下逐步形成得到全体员工普遍认同的企业文化 —— 包括民主文化、和谐文化、创新文化、风险意识文化。2009年，全员参与制定了公

司2010年—2014年的发展规划，形成共同的战略目标；全员参与提出了“携手同心，共创未来”企业口号；“公平、诚信、创新、透明”的企业核心价值观得到了普遍认同。

通过企业文化建设，使员工个人的职业发展与公司的前途紧密联系起来，大大增加了凝聚力、忠诚度和主动性，成为有效实施公司发展战略的重要保障。

在媒体和投资者关系方面，我们采取公开的态度，继续致力于加强与媒体、分析师和投资者的沟通。CAO股价在2009年上涨48%，截至2009年12月底市值约8.24亿新元(5.87亿美元)。

我们积极履行企业社会责任，配合2010年1月实施的CAO企业社会责任计划，加强公司对社会的贡献。

扬帆挥桨，激流勇进

2010年，全球经济逐渐复苏，但前景仍不明朗。亚洲地区航油需求疲软，市场供过于求的现象在短期内恐无根本性改变，市场竞争也将更加激烈，预期将给公司的核心业务 —— 航油采购带来一定的冲击。

虽然还有许多不确定因素，但我认为整体外部经营环境对公司还是有利因素居多。中国以及其他新兴经济体已有效遏止了经济明显下滑态势，特别是中国在全球率先实现了整体经济状况回升向好，目前已确定2010年经济增速目标仍为8%左右。中国举办的上海世博会和广州亚运会，将拉动航空运输周转量，促进中国国内航油需求的增长，为公司发展创造了良好机遇。

2010年公司将一如既往地大力实施发展战略，以初步建立具有和贸易协同的资产优势为目标，继续实施“稳健”的贸易策略和“积极”的投资策略，努力实现“三个突破”：一是海外贸易拓展取得新的突破；二是实业投资取得实质性突破；三是与BP的长期战略合作取得突破。

同时，我们将进一步促进公司“从航油供应保障型向市场贸易型转变，从业务单一型向相关多元化转变，从贸易型公司向工贸结合型公司转变”的战略转型，为实现在2014年将公司打造成为“亚太地区航油贸易的领先者、其他油品贸易的有力竞争者”的战略目标起好步、布好局、奠好基。

机遇蕴含精彩，创新成就伟业。展望2010年，我们将满怀信心朝着更高的目标迈进，只争朝夕，勇往直前，扬帆挥桨，激流勇进，续写中国航油（新加坡）股份有限公司新的篇章！

致谢

公司的发展离不开股东的理解和支持。在此，我首先代表全体员工向全体股东表示感谢！我要特别感谢母公司CNAF给予公司巨大而无私的支持；我也要特别感谢BP在国际贸易和风险控制方面所给予的帮助，希望今后能进一步加强与BP的合作。

我也非常感谢王家园博士领导的董事会一年来卓有成效的工作，董事会的正确决策，是我们能够取得业绩的决定因素。各位董事的专业经验，也使我个人获益匪浅。

我要特别感谢林日波先生，作为公司的高级顾问，他的建议对公司发展十分有益。特别感谢离任的执行董事/总经理（贸易）张振启先生，他对公司的恢复重建工作作出很大贡献。

感谢中国航空油料有限公司以及各大供应商等商业伙伴对公司的支持，期待我们不断加深合作。

感谢浦东航油、管输公司和新源公司，联营公司的良好业绩，为公司2009年业绩创历史新高作出重大贡献。

我要衷心感谢CAO全体员工对我的理解、配合和支持，公司取得的优良业绩是全体员工共同努力和辛勤付出的结果。

孟繁秋
首席执行官兼执行董事
2010年3月15日


SOARING TO NEW

HEIGHTS

We ascend to the next level of development by transforming our business model and successfully diversifying our earnings base.

Steering with Clear Direction

From left to right *左到右:*
(standing 站) Timothy Bullock Liu Fuchun 刘福春
(sitting 坐) Meng Fanqiu 孟繁秋 Wang Kai Yuen 王家园 Sun Li 孙立

From left to right *左到右:*
(standing 站) Luo Qun 罗群 Chen Liming 陈黎明
(sitting 坐) Ang Swee Tian 汪瑞典 Zhao Shousen 赵寿森

Wang Kai Yuen
Chairman (Independent, Non-Executive)

- Appointed on 28 April 2008
- Appointed as Chairman of the Board on 14 November 2008
- Chairman of Remuneration Committee since 14 November 2008
- Member of Audit and Nominating Committees since 28 April 2008

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

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

王家园
董事长（独立、非执行）

- 2008 年 4 月 28 日加入董事会
- 2008年11月14日被任命为公司董事长
- 2008年11月14日被任命为薪酬委员会主席
- 2008年4月28日被任命为审计委员会和提名委员会成员

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

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

Sun Li
Deputy Chairman (Non-Executive, Non-Independent)

- Appointed on 30 April 2007

Mr Sun Li is the President of China National Aviation Fuel Group Corporation ("CNAF") since February 2007. Prior to this appointment, he held the position of Deputy President of CNAF from November 2005 to January 2007.

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

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

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

Mr Sun is currently the Chairman of CNAF Corporation Limited.

He graduated from Tsinghua University, where he majored in polymer chemistry. Mr Sun holds a Postgraduate Diploma with a qualification title of Senior Engineer. He attended the MBA course at Capital University of Economics and Business in Beijing and the Masters course in Politics at the Party School of the Central Committee of the Communist Party of China.

孙立
副董事长（非执行、非独立）

- 2007年4月30日加入董事会

2007年2月，孙立先生出任中国航空油料集团公司总经理。此前，2005年11月到2007年1月期间，孙先生担任中国航空油料集团公司副总经理。

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

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

1998年10月至1999年9月，孙先生任中国石油天然气集团公司炼化部副主任。1999年9月至2002年12月，任中国石油兰州石化分公司总经理。2002年12月至2005年11月，任中国石油天然气股份有限公司化工与销售分公司总经理。

孙先生目前是中国航空油料有限责任公司董事长。

孙先生毕业于清华大学化学系高分子化工专业；研究生学历，高级工程师资格；还曾在首都经贸大学工商管理硕士研究生班和中央党校政治学硕士生班学习。

Meng Fanqiu
Executive, Non-Independent Director

- Appointed on 28 March 2006
- Appointed as CEO on 9 May 2008

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

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

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

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

孟繁秋
执行、非独立董事

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

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

在担任CAO首席执行官之前，孟先生是中国航空油料集团公司规划发展部总经理。他于2003年加入中国航空油料集团公司，从事战略规划、投资管理和企业改革以及企业法制工作。他曾是中国航空油料总公司改制重组项目综合组组长，改制后成立了中国航空油料有限责任公司，是CNAF最具战略意义的重组改制项目。在被任命为CAO首席执行官时，孟先生卸下了CNAF规划发展部总经理的职务。

孟先生于1991年至2003年任职于中国民航总局，直接参与了《中华人民共和国民用航空法》起草和制定工作－该法为中华人民共和国第一部关于民用航空的法律。2000年起，他开始从事民用航空管理体制改革工作：直接参与拟订民用航空企业的整体改制重组方案；直接参与拟订中国航空集团公司、中国东方航空集团公司和中国南方航空集团公司以及服务保障企业改革重组方案；直接参与拟订成都双流国际机场、西安咸阳国际机场、沈阳桃仙国际机场等机场的股份制改造方案和空管改革方案；具体负责东方航空公司兼并西北航空公司项目。他曾被评为民航总局优秀公务员。

他毕业于中国政法大学国际经济法专业，还获得了中国人民大学民商法硕士学位。他还拥有中华人民共和国律师资格和中华人民共和国企业法律顾问资格。他曾参与由新加坡交易所、新加坡董事学会和立杰律师事务所主办的关于新加坡监管环境的培训课程。

Zhao Shousen
Non-Executive, Non-Independent Director

- Appointed on 28 March 2006
- Vice Chairman of Audit Committee since 29 March 2006
- Member of Risk Management Committee since 29 March 2006

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

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

赵寿森
非执行、非独立董事

- 2006年3月28日加入董事会
- 2006年3月29日被任命为审计委员会副主席
- 2006年3月29日被任命为风险管理委员会成员

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

赵先生拥有山东经济学院财会专业学士学位，北京交通大学产业经济学博士学位。

Liu Fuchun
Independent Director

- Appointed on 28 March 2006
- Chairman of Nominating Committee since 29 March 2006
- Member of Audit and Remuneration Committees since 29 March 2006

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

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

刘福春
独立董事

- 2006年3月28日加入董事会
- 2006年3月29日被任命为提名委员会主席
- 2006年3月29日被任命为审计委员会和薪酬委员会成员

刘福春先生自2000年6月至2007年4月担任中国粮油食品进出口（集团）有限公司的董事兼总裁。在此之前，他从1964年－1981年11月先后任中国粮油食品进出口总公司综合处职员、驻美国代表处业务员；1981年11月－1985年7月任中国驻温哥华总领馆副领事；1985年7月－1991年6月先后任中国粮油食品进出口总公司油脂处副处长、处长、鹏利（伦敦）有限公司总经理；1991年6月－2000年6月先后任中国粮油食品进出口总公司副总经理、常务董事、副总裁。

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

Timothy Bullock
Non-Executive, Non-Independent Director

- Appointed on 1 May 2008
- Chairman of Risk Management Committee since 14 November 2008
- Member of Audit Committee since 1 May 2008

Mr Timothy Bullock is the Integrated Supply & Trading ("IST") Chief Operating Officer, Global Oil, of BP International Ltd. He is responsible for BP's global oil supply and trading activities. Mr Bullock has more than 20 years of global energy industry experience in BP's manufacturing, supply and trading, and gas and power marketing and trading activities. He joined BP in 1983 and has held various positions in the BP Group in London, Belgium, Singapore, North America and South Africa.

He has held various senior managerial positions with responsibilities over BP's supply and trading business in several regions since 1996, including Trading Director of Eastern Hemisphere at BP Singapore, Vice President of Supply and Logistics Europe at BP London, Regional Business Unit Leader of Energy Finance and Chemicals at BP London and Strategic Projects Director for Asia. He spent three years in BP Houston's North American Gas and Power, IST, where he was responsible for the largest gas trading and marketing business in North America. Mr Bullock was the Regional Business Leader of Europe and Africa Oil, IST, at BP London prior to being appointed as IST Group Vice President responsible for all of IST's activities outside North and South America on 1 January 2007. He was appointed to his current role, IST Chief Operating Officer, Global Oil, in January 2008.

Mr Bullock holds a MBA from Warwick University and a Bachelor of Science (First Class) from Durham University.

Timothy Bullock
非执行、非独立董事

- 2008年5月1日加入董事会
- 2008年11月14日被任命为风险管理委员会主席
- 2008年5月1日被任命为审计委员会成员

Timothy Bullock 先生是BP国际有限公司环球石油综合供应与贸易的首席运营官，负责BP的环球石油供应与贸易业务。Bullock先生在环球能源市场上有超过20年的经验，这期间在BP从事制造、供应与贸易，以及天然气与能源行销与贸易业务。他于1983年加入BP，曾在BP集团的伦敦、比利时、新加坡、北美和南非公司任职。

自1996年起，Bullock先生担任BP贸易与供应业务各项高级管理职位，包括在BP新加坡公司担任东半球贸易主管、在BP伦敦公司担任供应与物流欧洲业务副总裁、在BP伦敦公司担任供应与贸易业务能源融资及化工品的区域业务部负责人，以及在BP伦敦担任亚洲区战略项目主管。他在BP休斯敦的综合供应与贸易业务北美天然气与电力市场方面花了三年的时间，负责这块北美最大的天然气贸易与行销业务。Bullock先生曾在BP伦敦担任欧洲和非洲油品供应与贸易区域业务负责人，之后于2007年1月1日被任命为负责北美和南美以外综合供应与贸易业务的集团副总裁。他于2008年1月出任目前的职位，即综合供应与贸易环球石油集团副总裁。

Bullock先生毕业于英国华威大学的工商管理硕士学位，以及英国杜伦大学的科学学士一等荣誉学位。

Chen Liming
Non-Executive, Non-Independent Director

- Appointed on 5 August 2009
- Member of Remuneration and Nominating Committees since 5 August 2009

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

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

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

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

陈黎明
非执行、非独立董事

- 2009年8月5日加入董事会
- 2009年8月5日被任命为薪酬委员会和提名委员会成员

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

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

1991年至1994年他曾作为高级研究员就职于新加坡标准与工业研究院，负责科研和合资公司谈判等方面的工作。1986年至1991年他曾在美国康乃尔大学读书并工作，工作涉及贸易及销售领域。赴美前，陈黎明先生曾就职于国内一研究院，从事科研工作。

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

Ang Swee Tian
Independent Director

- Appointed on 14 November 2008
- Chairman of Audit Committee since 14 November 2008
- Member of Remuneration, Nominating and Risk Management Committees since 14 November 2008

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

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

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

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

汪瑞典
独立董事

- 2008年11月14日加入董事会
- 2008年11月14日被任命为审计委员会主席
- 2008年11月14日被任命为薪酬、提名和风险管理委员会成员

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

汪先生于1999年至2005年担任新加坡交易所（“新交所”）总裁。在这期间，新交所成为中国企业挂牌和增资的首选市场，他在该过程中发挥了积极作用。汪先生在1984年成立的亚洲第一个金融期货交易中心——新加坡国际金融交易所（SIMEX）发挥关键作用，在设立新交所亚洲结算行（AsiaClear，于2006年开始提供场外结算工具）过程中做出杰出贡献。2006年1月退休后至2007年12月，汪先生一直担任新交所高级顾问。

2007年3月，汪先生成为被选入美国期货协会（简称“FIA”）期货名人堂首位来自亚洲交易所的业者。该奖项的旨在表彰对期货和期权市场有杰出贡献的人士。

汪先生在1970年毕业于新加坡南洋大学，获得会计学一级荣誉学位。1973年，他以优异成绩荣获美国西北大学工商管理硕士学位。

Luo Qun
Non-Executive, Non-Independent Director

- Appointed on 26 February 2010
- Vice Chairman of Remuneration and Nominating Committees since 26 February 2010

Mr Luo Qun is the Vice President of China National Aviation Fuel Group Corporation (“CNAF”). Prior to this appointment, Mr Luo was the President of CNAF Logistics (previously known as CNAF Hai Tian Transportation Co., Ltd) from September 2004 to August 2008 and concurrently assumed the position of Assistant to the President of CNAF from December 2007 to August 2008. Mr Luo had held several leadership positions within the CNAF Group and was the project leader of the construction of the new jet fuel supply facilities at Guangzhou Baiyun International Airport from 1999 to 2004. From 1996 to 2004, he was a Director of South China Bluesky Aviation Oil Co., Ltd, a joint-venture between CNAF, BP Global Investments and Fortune Oil PLC.

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

罗群
非执行、非独立董事

- 2010年2月26日加入董事会
- 2010年2月26日被任命为薪酬委员会和提名委员会副主席

罗群先生是中国航空油料集团公司（简称“CNAF”）副总经理。被任命为CNAF副总经理之前，罗先生在2004年9月至2008年8月间担任中国航油集团物流有限公司（前身为中国航油集团海天航运有限公司）总经理，2007年12月至2008年8月，他兼任CNAF总经理助理。罗先生在CNAF集团担任过多个领导岗位，曾在1999年至2004年间担任广州新白云国际机场迁建供油工程指挥部指挥长。1996年至2004年间任华南蓝天航空油料有限公司董事（华南蓝天航空油料有限公司为CNAF、BP环球投资有限公司及香港富地石油有限公司的合资公司）。

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

Senior **Management** 管理层主要人员简介

Meng Fanqiu
Chief Executive Officer / Executive Director

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

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

孟繁秋
首席执行官 / 执行董事

作为首席执行官，孟繁秋先生负责有效管理和平衡经营集团的整个业务。他负责贯彻落实业务发展战略规划，提升集团的竞争力和盈利能力。他也负责和主导各业务单位，努力使其达到预期目标，确保整体业务增长，并且监督和负责审核业绩公告。

请参阅“董事会”部分关于孟先生更详细的介绍。

Wang Chunyan
Chief Financial Officer

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

Mr Wang has more than 14 years of experience in China's petroleum industry. Prior to joining CAO, Mr Wang was the Deputy Head of Financial Assets Division at Shengli Petroleum Administrative Bureau, a subsidiary of SINOPEC. 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.

王春焱
财务总监

作为财务总监，王春焱先生负责领导和管理CAO整体财务规划与会计事务。他也监管CAO的资金运作、会计核算、预算、税收和审计事宜。

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

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

Management 管理层

From left to right:

(Standing) Head of Business Development (Ms Han Jing Xieng) Head of Operations (Mr Yong Sin Han)
Head of Investor Relations (Ms Loh Woon Yen) Head of Risk Management (Ms Oi Mow Lie)
Head of Legal / Company Secretary (Mrs Doreen Nah)
Head of Finance (Ms Tee Siew Kim) Head of HR & Admin (Ms Lily Choo)

(Sitting) Head of Trading (Ms Jean Teo) CFO (Mr Wang Chunyan) CEO / Executive Director (Mr Meng Fanqiu)
Executive Assistant to CEO (Ms Su Wen) Assistant to CEO (Mr Guo Feng)

SPREADING OUR

WINGS

Through new partnerships to sell jet fuel and other oil products internationally, we continue to strengthen our capabilities and expand in the region and beyond.

Jet Fuel Supply & Trading

2009 was a year of breakthrough for CAO's jet fuel supply and trading business. CAO expanded its jet fuel trading business from the PRC to other markets in the Asia Pacific region, including Hong Kong, Singapore and Australia. CAO also successfully enhanced its trading capabilities through initiatives such as leasing oil storage tanks and securing more sources of supply.

The outlook for the global economy and the PRC civil aviation industry at the beginning of the year was extremely bearish. The meltdown of global financial markets and the onset of the Influenza A (H1N1) epidemic had severely affected international air travel. Air traffic volumes rebounded in the second half of the year as the global economic outlook improved significantly, led by growth in Asia. The rebound in PRC's civil aviation industry, led by strong growth in domestic air travel, was particularly strong. Total PRC domestic air passenger volume increased by 22% in 2009 as compared to 2008. As international air passenger volume gradually recovered by the end of the year, the demand for imported jet fuel in the PRC rebounded in tandem. CAO's jet fuel procurement business remained stable for the year as a whole.

Oil prices were volatile throughout the year. Jet fuel prices recorded a low of US$57.86 per barrel at the beginning of the year and climbed to a high of US$87.32 per barrel towards the end of the year. As CAO used jet swaps and other derivatives instruments to hedge against the volatile oil prices, our profitability for jet fuel procurement business was not affected by the fluctuations in oil prices.

On the other hand, volatility in oil prices and relatively low freight rates enabled CAO to expand its supply optimisation and trading activities. Total jet fuel supply and trading volume for CAO in 2009 was 6.15 million tonnes, an increase of 18% over 5.19 million tonnes in 2008, which was mainly due to more optimisation and trading activities.

During the year, CAO began to lease oil storage tanks in North Asia and Singapore to support its trading strategies. CAO also actively participated in regular purchase and supply tenders in Asia Pacific.

Whilst making headways in expanding in the region, efforts were also made to consolidate CAO's foothold in the PRC. A breakthrough for CAO during the year was the framework cooperation agreement we signed with China National Offshore Oil Corporation Marketing Company ("CNOOC") to export a portion of CNOOC's export quota of the jet fuel produced by its new Huizhou Refinery. CAO also signed a framework cooperation agreement with West Pacific Petrochemical Co., Ltd ("WEPEC"), a large Sino-foreign

refinery in Dalian, to export a portion of WEPEC's jet fuel to the international market. Furthermore, CAO effectively implemented measures to ensure jet fuel supplies into the PRC during the country's 60th National Day celebrations in October 2009. These initiatives have enhanced CAO's corporate image in the PRC and strengthened our customers' confidence in us.

Besides tenders, CAO diversified its procurement procurement model to include term contracts and spot purchases. CAO also chartered vessels to deliver the cargoes directly to ports in the PRC. These developments have enabled CAO to establish direct relationships with oil majors, refineries and traders, strengthened our logistics management capability and enhanced profitability. We have also seen a significant improvement in our operational abilities, particularly in ensuring the safety, quality and timeliness of CAO's deliveries.

Looking ahead, we anticipate 2010 to be another exciting year for CAO. We expect healthier global economic growth prospects to further propel the rebound in international air traffic volumes. Major international events to be held in China in 2010, including the World Expo in Shanghai from May till October 2010 and the 16th Asian Games in Guangzhou in November 2010, are expected to boost the growth of air traffic and jet fuel demand in the PRC. As such, PRC's jet fuel import demand is expected to remain robust, notwithstanding the increase in the country's domestic jet fuel production capacity.

As CAO strives towards its strategic goal of becoming the leader in jet fuel supply and trading in Asia Pacific, CAO will continue to expand its regional jet fuel supply and trading business by building strong relationships with suppliers and customers, expanding supply destinations, improving logistics capability through ship chartering and increasing access to oil storage facilities. CAO will also continue to develop a mutually beneficial cooperation with its strategic investor, BP, by leveraging on BP's global trading strength and CAO's competitive advantage in the PRC.

航油供应与贸易

2009年是CAO航油供应与贸易业务取得重大突破的一年。CAO将航油贸易业务拓展到了除中国大陆以外的亚太地区，如中国香港、新加坡和澳大利亚。同时，CAO成功通过租用储罐、锁定货源等方式增强了贸易能力。

2009年初，人们对全球和中国民航发展的预期是非常悲观的，全球金融危机和H1N1流感爆发严重影响了国际航空旅游业。亚洲经济在第二季度出现显著好转，全球经济同时也显示出回暖迹象，国际和区域经济的好转带动了全球航空业务量反弹，其中，中国国内民航业回暖尤为显著，2009年中国国内客运量与2008年相比增长了22%，国际航班量在2009年年底也呈复苏趋势，中国国内航油进口需求随之增加，使CAO航油采购业务在2009年保持稳定。

石油价格在2009年全年波动剧烈，航油价格从年初最低的每桶57.86美元上升至年底每桶87.32美元的高位，由于CAO运用了航油掉期纸货和其他衍生品工具对波动的油价进行了套期保值，我们航油供应业务的利润并没有受到油价波动的影响。

同时，油价的波动和相对较低的船运费使CAO能够拓展供应优化与贸易业务。2009年CAO航油供应与贸易量为615万吨，比2008年的519万吨增加了约18%，这部分增长主要来自供应优化与贸易业务。

在这一年中，CAO开始了北亚和新加坡租罐业务来支持贸易活动。CAO也积极参与亚太地区供应商定期的采购与供应招标。

在拓展区域内业务的同时，我们努力巩固了CAO在中国市场地位。CAO在2009年的一项重大举措是和中国海洋石油总公司销售分公司（以下简称“中海油”）签署了合作框架协议，负责承销中海油惠州炼厂出口的部分航油。CAO和中国大连的大型中外合资炼厂——大连西太平洋石

油化工有限公司（以下简称“大连西太”）也签署了合作框架协议，承销大连西太出口的部分航油至国际市场。另外，CAO采取了有效措施保障了中华人民共和国建国60周年进口航油的供应安全。这些举措提升了CAO在中国大陆市场的形象，增强了客户对公司的信心。

除招标采购外，我们的采购模式扩展至包括长期合同、现货采购等在内的其他多种方式，形成多种采购模式灵活有效的组合。同时，CAO自行租船将航油运送至中国的港口。这些改进措施使得我们同石油巨头、炼厂以及贸易商建立了直接的合作关系，增强了我们的物流管理能力和盈利能力，供货的安全保证、质量保证、时间保证等运作能力也取得了显著进步。

展望2010年，我们期望这对于CAO贸易业务又是一个进步之年。我们预计不断恢复的全球经济能够进一步推动国际航空运输业务的反弹。2010年中国将举行多项大型国际性活动，如2010年5月-10月将在中国上海举行的世博会以及2010年11月将在广州举办第16届亚洲运动会。这些大型国际性活动将会刺激中国的航空运输增长，航油需求也将随之增长。因此，在中国国内航油生产量增长的情况下，中国航油进口需求预计将继续保持稳定。

CAO将为实现成为亚太地区航油供应和贸易领先者的战略目标而奋斗，CAO会继续与供应商和用户建立稳固的合作关系，同时通过自行租船和增加储罐运作能力来拓展区域航油供应与贸易业务，提升物流运作能力。CAO将会继续拓展与战略投资者BP的合作，利用BP的全球贸易优势和我们在中国市场的优势取得共同进步。

Petrochemicals
and Other Oil Products

Despite the challenging trading environment in 2009, our petrochemicals trading team successfully established CAO as an important player in the petrochemicals market. The team built up effective relationships with refineries, oil majors and large trading houses. Total volume of petrochemical products traded in 2009 with 40 counterparties spread across 11 countries was about 266,300 tonnes valued at US$193 million. Products that we traded include benzene, toluene, paraxylene, styrene monomer and ethylene.

Apart from petrochemical products, CAO had commenced trading of other oil products on a small scale in 2009, including diesel and fuel oil. In view of the global economic crisis and volatile oil market, CAO had adopted a very cautious approach towards expanding into new oil products during the year.

The petrochemicals trading team will continue to scale up its trading activities in 2010 and plans to broaden its geographical reach to markets such as the Arabian Gulf region. As the global economic recovery appears to be on track, CAO is likely to accelerate the pace of growing this business segment by recruiting dedicated traders to trade a wider spectrum of oil products. This will enable CAO to build a more diversified trading portfolio and reduce reliance on jet fuel. Nonetheless, CAO will grow its trading portfolio prudently and at a steady pace, with stringent risk controls in place.

石化与其他油品业务

尽管2009年贸易环境极具挑战性，但是我们的石化产品贸易团队还是成功地树立了CAO作为石化贸易的重要参与者的市场形象。石化团队同炼厂、石油巨头和大型贸易公司建立了很好的合作关系。2009年我们与11个国家共40多个对家进行贸易，石化产品贸易总量达到了26.63万吨，总价值达到了1.93亿美元，品种包括纯苯、甲苯、对二甲苯、苯乙烯和乙烯。

除石化产品外，CAO也开始包括柴油和燃料油在内的小规模其他油品贸易。由于全球金融危机和石油市场的波动，我们2009年在拓展新油品业务方面采取了谨慎的策略。

2010年，石化贸易团队将继续努力扩展贸易业务，并计划将我们的贸易市场拓展到阿拉伯湾等其他地区。在全球经济不断复苏的情况下，我们将招聘在不同油品领域有经验的贸易员，加速拓展其他油品贸易业务，使CAO建立起更加多元化的贸易产品组合，减弱对航油业务的过度依赖，我们会在严格控制风险的同时，谨慎稳健地发展我们的贸易产品组合业务。

Investments in **Oil-related Assets**

Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd

Formed in 1997, Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA") is the sole supplier of jet fuel to the airlines operating at Shanghai Pudong International Airport ("Pudong Airport"), the second largest airport in the PRC in terms of air passenger numbers. Assets owned by SPIA include a full suite of hydrant systems, fuel-pumping trucks, fuel pumps, oil storage facilities within the airport and at the jetty, and a 42-km pipeline directly connecting Pudong Airport to Shanghai Waigaoqiao Port.

In 2009, SPIA provided jet fuel sales and refuelling services to about 80 PRC domestic airlines and foreign airlines operating at Pudong Airport, of which 54 are foreign airlines. CAO is the second largest shareholder of SPIA, owning a 33% stake. The other two shareholders are Shanghai International Airport Co., Ltd. (40%) and Sinopec Assets Management Co. Ltd (27%).

SPIA confronted its most challenging operating environment since inception in 2009. Despite the global financial crisis and the onset of Influenza A (H1N1) virus, SPIA achieved credible growth. Net profit more than doubled to about RMB460 million in 2009, as SPIA returned to profit following the full consumption of the high-cost inventories in April 2009. SPIA handled 287,678 takeoffs and landings in 2009, an increase of 8.3% over 2008. Total jet fuel refuelling volume was 2.4 million tonnes, slightly lower than 2008 due to less international air traffic.

Looking ahead, refuelling volume is expected to increase significantly in 2010, as the global economic recovery and Shanghai World Expo is expected to boost domestic and international air traffic at Pudong Airport. To meet the expected increase in the demand for jet fuel at Pudong Airport, SPIA's operational capabilities will be further strengthened as two new storage tanks of 10,000 m^3 each are expected to commence operations by the end of March in 2010.

上海浦东国际机场航空油料有限责任公司

上海浦东国际机场航空油料有限责任公司（以下简称“浦东航油”）成立于1997年，该公司是中国大陆的第二大机场（按旅客人数排名）——上海浦东国际机场（以下简称“浦东机场”）的唯一航油供应商。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、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。

2009年，浦东航油向在浦东机场运营的中国及其他国家和地区共约80家航空公司（其中外国航空公司54家）提供了销售和加注航油的服务。CAO是浦东航油的第二大股东，拥有其33%股权，浦东航油的其他两个股东是上海国际机场股份有限公司（拥有40%股权）和中国石化集团资产管理有限公司（拥有27%股权）。

受全球金融危机、甲型H1N1流感爆发等不利因素的影响，2009年是浦东航油运营以来经营形势最严峻的一年，但浦东航油的经营业绩仍增长稳健，净利润比2008年翻了一番，达4.6亿元人民币。这主要归因于浦东航油在2009年4月完全消化了高成本库存后成功扭亏为盈。2009年，浦东机场的飞机起降架次达28万7678架次，较2008年增长8.3%。全年的加油量为240.7万吨，因国际航空运输量减少而比2008年略微降低。

全球经济逐渐复苏和2010年上海世博会的到来，预期将为浦东航油带来强劲的增长动力。此外，浦东航油新建的两个1万立方米的油库预计将在2010年3月底启用，这将进一步增加浦东航油的运营能力。

SPIA Refuelling Volumes 浦东航油加油量

(Million Tonnes 百万吨)

油品相关实业投资

China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation

China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation ("TSN-PEKCL") provides logistics services for the jet fuel requirements of Beijing Capital International Airport ("Beijing Airport") and Tianjin Binhai International Airport ("Tianjin Airport") using its principal asset, which is a 185-km long multi-oil product pipeline ("Pipeline").

The Pipeline, which runs from Tianjin Nanjiang Port to Beijing Airport and Tianjin Airport, is the longest multi-oil product pipeline with the largest pipe diameter and the highest transfer volume in the PRC aviation industry. China National Aviation Fuel Group Logistics Co., Ltd and CAO own 51% and 49% of the equity stake in TSN-PEKCL respectively.

As the principal transportation channel for the supply of jet fuel to Beijing Airport – the largest airport in China, and Tianjin Airport, TSN-PEKCL has sustained steady growth in the volume of jet fuel transferred via the Pipeline. Despite the global financial crisis and the onset of Influenza A (H1N1) virus in 2009, jet fuel transportation volume remained stable at 2.05 million tonnes, which accounted for about 70% of the total volume of jet fuel consumed at Beijing Airport and Tianjin Airport. Net profit for 2009 increased 47.5% over 2008 to RMB48.17 million.

中国航油集团津京管道运输有限公司

中国航油集团津京管道运输有限公司（以下简称“管输公司”）通过其主要资产，即全长185公里的管道（以下简称“管道”）为北京首都国际机场（以下简称“北京机场”）及天津滨海国际机场（以下简称“天津机场”）提供航油输送服务。

管道连接天津南疆码头和北京机场、天津机场，是中国民航业最长、管径最大和输油量最高的多类油品管道。中国航空油料集团物流有限公司与CAO分别拥有管输公司51%和49%的股权。

管输公司投入运营以来，作为保障中国最大机场北京机场和天津机场航油供应的最主要的输送渠道，其航油管输量保持持续、稳定的增长，即使是在2009年全球性金融危机持续、H1N1甲型流感爆发的情况下，中国民航业的发展受到严重影响，管输公司仍然保持了205万吨的航油管输量，占北京、天津机场航油加注量约70%。管输公司全年净利润为4817万元人民币，较2008年增加47.5%。

CAO Xinyuan Petrochemicals

China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan") provides storage services and trades jet fuel and other oil products. Xinyuan's key asset is the Shuidong storage tank farm with a total capacity of 50,000 m^3 near the Shuidong harbour in the city of Maoming in Guangdong province, PRC.

In 2009, Xinyuan achieved notable growth in its core business of jet fuel trading and storage. Xinyuan also proactively explored business opportunities in the trading of other oil and petrochemical products that are related to its core business, albeit in a prudent manner. As a result, Xinyuan achieved record performance in 2009 – Xinyuan's net profit jumped 432.8% over 2008 to RMB3.8 million, on the back of an increase of 79.3% in sales revenue to RMB299 million.

Xinyuan has three shareholders, namely Shenzhen Juzhengyuan Petrochemical Co. Ltd (holding 60% equity stake), CAO (39%) and China National Aviation Fuel Group Corporation (1%).

中国航油集团新源石化有限公司

中国航油集团新源石化有限公司（以下简称“新源公司”）主要从事航油和其他油品的储运和贸易业务。新源公司的主要资产为位于中国广东茂名的库容为5万立方米的水东油库。

2009年，新源公司在其核心业务航油贸易和仓储业务方面有明显增长的同时，积极谨慎地尝试与公司核心业务关联度高的其他化工油品贸易业务，推动公司整体业绩提升至历史最好水平。新源公司2009年销售收入2.99亿元人民币，较2008年增长79.3%，实现净利润380万元人民币，较2008年增长432.8%。

新源公司的股东包括：深圳巨正源石化有限公司、CAO和中国航空油料集团公司，分别持有其60%、39%和1%的股权。

NAVIGATING WITH CLEAR

DIRECTION

We are committed to risk management practices that provide sound support to the company as we implement our corporate strategy.

Enabling Business Growth on
A Strong Foundation

CAO's operating environment was affected by the global financial crisis in 2009. Despite the difficult and complex business environment, we continued to strengthen CAO's risk management infrastructure in line with our motto of "Effective Control, Timely Support and Balanced Growth". In particular, we focused on three areas: (i) identifying risks; (ii) monitoring risks; and (iii) effectively implementing mitigation measures.

Increased efforts were made to improve the self-adaptability of CAO's risk management system and mechanism, as well as the building of a risk management culture. The various risk mitigation measures in response to the global financial crisis bore remarkable results. Not only did these measures enable CAO to ride out the global financial crisis and economic recession, it also facilitated the robust growth of CAO's businesses.

More Effective Management Structure

The robust three-tier management and control structure has ensured methodological and effective risk management practices for CAO:

1. The Risk Management Committee ("RMC") at the Board level oversees strategic risk management issues. The RMC, led by a BP-nominee Director with extensive experience in the oil and gas industry, develops CAO's risk management policies and frameworks. The RMC also approves the limits for various types of risks, such as market, credit, operational, compliance and reputational risks, and reviews CAO's risk exposures.
2. Based on the scope of RMC's delegation of authority, the Company Risk Meeting ("CRM") plans and implements risk management activities to control risks such as market, credit, operational, compliance and reputational risks. 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.
3. 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.

Over the past three years, CAO has built up a strong foundation for its operations and an increasingly fit-for-purpose and comprehensive risk management system. The RMC has given more autonomy and responsibilities to the CRM to adjust limits within the boundaries approved by the RMC. This has increased the effectiveness of the three-tier management control structure and enhanced CAO's capability to manage risks, particularly with respect to ensuring efficiency, accuracy and flexibility towards new activities and opportunities.

A More Comprehensive Risk Management Framework

In 2009, we further enhanced the Company's risk management system to align with CAO's corporate strategy. We continuously improve on the risk management software to strengthen its adaptability and review work processes to enhance flexibility. The improved credit management process has resulted in quicker response time to meet the requirements of CAO's trading activities. Regular credit reviews have also enabled us to react faster to constantly changing market conditions. Periodic stress testings have strengthened our ability to forecast the impact of various possible market conditions on potential trading scenarios.

Measures were implemented to ensure successful implementation of our corporate strategy, which include the formulating and subsequently implementating the Investment Governance Standards, strengthening our staffing structure, enhancing the effectiveness of the communication mechanisms involving daily work processes and conducting in-depth resources training. These measures have also resulted in significantly heightened risk awareness of the Company as a whole.

More Professional Means

Against the financial crisis backdrop, special attention was given to operational risk in 2009. The CAO Investment Governance Standards was implemented to standardise investment procedures, with clearly defined limits and thresholds on investment returns and risks to safeguard

CAO's interest. We specifically focused on new businesses and have established a set of pre-defined benchmarks and processes to evaluate new business activities.

With regards to credit risk, credit policies and counterparty assessment processes were reviewed and compared against industry best practices and ratings to ensure that our model is flexible enough to meet the ever changing market conditions. We also explored and assessed various credit mitigation tools, such as credit insurance and bank covers, utilising these tools to improve control over our credit exposures and to diversify our means of credit risk management to cater to the needs of a growing business more effectively.

In 2009, we fine-tuned our stress-testing tool which was developed to provide better pre-emptive analyses of the risks taken by the trading books. This analysis, together with periodic analyses of our trading results, formed the basis of the management as well as the RMC's decision-making process. Regular front-middle-back offices reconciliations as well as continuous reviews of trading limits and delegation of authorities also help to provide effective support to the growing trading business.

More Macro-level Management

In the process of deepening our ability to manage risk, we gradually recognise the need to upgrade from traditional risk management methods of focusing on a single or part of a business unit to creating a coordinated and structured enterprise-wide management approach to manage risks from a macro-level perspective. To that end, we embarked on the Enterprise Risk Management ("ERM") exercise in 2009. It enables a multi-dimensional approach to risk management by considering views from strategic to operational levels to identify, classify and measure all potential risks to CAO. After identifying the ten major risks faced by CAO, appropriate monitoring and mitigating measures were put in place and the department/personnel accountable for these measures were identified. Next in line was to implement mitigating actions on the remaining risks, identified in the order of their relative importance of their impact on our operations. We have also established a process to re-evaluate the risks regularly to ensure that we do not lose sight of the key risks and focus our efforts to mitigate these risks.

More In-depth Risk Management Culture

In 2009, we continue to emphasise on training and raising the competency level of the risk management team, as well as overall risk awareness, to cultivate sound corporate risk management practices. We have continued to strengthen capabilities within the organisation via targeted training programmes. Periodic quizzes were conducted on key personnel of various business units to assess their understanding of CAO's risk management policies and processes. Trainings were then identified to focus on areas for improvement. From compliance to daily work processes and close monitoring of risks to awareness on early warning of potential risk areas, we have continued to reinforce our motto of "Effective Control, Timely Support and Balanced Growth".

Outlook

Despite improving global economic prospects in 2010, uncertainties that could derail the recovery process still remain. The business environment for the company remains challenging.

Consequently, we will focus on improving our workflows, strengthening financial and credit risk management and optimising resources allocation to enhance the timeliness of risk reporting in 2010. We will also strive to further strengthen our ability to forecast risks and expand the width and depth of CAO's risk management capabilities through the ERM initiatives. We continue to uphold our risk management motto of "Effective Control, Timely Support and Balanced Growth" and strive to build up a risk awareness culture where everyone is involved and risks are managed in all aspects. This will effectively facilitate CAO in achieving its strategic goals.

夯实 业务发展基础

2009年，受国际金融危机影响，公司经营环境发生了重大变化。面对严峻复杂的经营形势，我们以“管控有效、支持有力、平衡发展”的风险管理理念，不断夯实风险管理基础，在特别关注的环境集中投入资源，重点在识别风险、监控风险和实施企业全面风险管理等方面不断深入，着力加强风险管理体制和机制的自主适应性，打造企业风险管理文化，各项应对危机的风险管理措施成效显著，有效地推动公司业务实现又好又快的增长。

更有效的管理体制

继续保持稳健的三重风险管理体制，为CAO科学有效的风险管理提供了保证：

1. 董事会层面的风险管理委员会负责制定公司的风险政策和风险管理框架。风险管理委员会由具有石油与天然气丰富经验的一名BP提名董事领导，负责审批市场、信用、运作、守规和信誉等各类别风险的最高限额并监督实施情况。
2. 公司风险会议在风险管理委员会授权之下，具体负责市场、信用、运作、守规和信誉等各类风险管理活动的组织和实施。公司风险会议的主席由风险管理部主管担任，既向首席执行官负责，同时也有权直接、独立地向风险管理委员会汇报。
3. 风险管理部的重点是日常风险管理业务的执行，确保所有政策，流程和限额得到遵守和落实。

经过近三年来的努力，公司业务基础更加稳固，与之相对应的风险管理体制和机制日臻完善。

为了使公司的三重风险管理体制更有效地发挥作用，我们不断提升风险管理工作水平，特别是提高面对新业务、新机会时，在风险管理方面反映的时效性、准确性、灵活性。风险管理委员会在公司最高风险限额之下，授予公司风险会议更大的限额调整空间，使其能够根据市场变化情况和公司业务发展情况来决定限额下授权的调整和再授

权，使公司风险会议在三重风险管理体制下，获得了更大自主权，同时也承担了更重大的责任。经过2009年一年的实践，取得了良好的效果。

更完善的风险管理体系

2009年，我们从战略发展的角度对公司风险管理体系进一步完善。我们不断地推进对风险管理系统软件的改进和对工作流程的回顾，一方面使系统软件更具适应性，另一方面也使业务流程更具灵活性。改进后的信用管理流程提升了对贸易需求的响应效率。定期信用检查也使我们能够更好地应对不断变化的市场。通过定期对可能发生的贸易情形实施不同市场情景下的压力测试，风险管理的前瞻性得以明显提高。新的投资管理准则得以颁布和实施，人力资源配置进一步优化，日常工作沟通机制与业务培训工作持续深入开展，全员风险意识显著增强，有力地保障了公司战略的顺利实施。

更专业的管理手段

在金融危机的大环境下，我们高度关注经营风险。这一年我们实施了CAO投资管理准则，一方面使投资流程标准化、规范化，另一方面明确了投资回报指标和风险界限，保障了投资的安全性。我们对新业务给予特别的关注，制定了明确的评估标准和流程。

不断优化公司的信用政策和对家评估流程，我们做了同业内最佳实践方法的回顾比较和评估，以确保我们使用的信用评估模型能够适应市场环境的变化。我们还对各种信用保险和银行信用风险缓解工具进行了研究和评估，通过选择多样的信用风险管理手段更好地支持业务的增长。

2009年，我们通过进一步开发、完善压力测试工具，更好地在事前分析各贸易账户的交易风险。连同贸易结果的定期分析，成为管理层和风险管理委员会制定和优化决策的重要依据。前中后台的定期对账、贸易限额和授权政策的不断回顾和修订也都对贸易业务的发展提供了有效的支持。

更多宏观层面的管理

在深化风险管理工作的过程中，我们逐步认识到需要对只在单个或部分业务部门展开的传统风险管理方法进行提升，形成企业整体协调的结构化管理方法，从更宏观的层次上对风险管理进行把握。为此，我们在2009年下大力气推行企业风险管理（ERM）体系建设，从公司整体的角度，把从战略到运作各层面可能对公司产生影响的风险点进行识别、分类和衡量。首先明确了十大风险点，再按轻重缓急制定了有针对性的监控和应对措施，并将责任落实到相关部门和人员。同时也建立了定期评估和更新机制，以确保我们面临的主要风险始终能够受到重点监控，不会被忽视。

更深入的风险管理文化

2009年，我们继续把不断培训和提升风险管理团队的整体素质和能力以及提升公司全员风险意识作为工作重点，以培育良好的企业风险文化。公司继续举办有针对性的内部培训课程，并且进行定期的测验，认真评估各部门关键岗位人员对公司风险管理政策和流程的理解程度，依据测验评估结果有针对性地开展培训工作，引导全体员工牢固树立从日常工作流程的守规和对风险点的密切监控，到对未来的风险预警全过程的风控概念，从而贯彻我们“管控有效，支持有力，平衡发展”的理念。

展望

2010年，世界经济形势虽然已经开始好转，但不确定因素依然很多，竞争将更加激烈，公司所面临的经营环境依然十分严峻，风险管理工作所面临的形势和环境将更为复杂。

2010年，我们将以改进工作流程、加强资金和信用风险管理、优化资源配置为重点，以强化风险报告的时效性，提高风险管理前瞻性为突破口，以深入开展企业风险管理活动为载体，不断拓展风险管理工作的广度和深度。坚持“管控有效、支持有力、平衡发展”的风险管理理念，努力打造以“全程管理、全员参与”为特色的企业风险文化，从而为公司实现战略目标提供强有力的保障。

Financial **Performance Summary**

Strong **Figures**

CONSOLIDATED INCOME STATEMENT

	2009 US$'000	2008 US$'000	Change %
Revenue	3,634,324	5,370,244	-32.3[1]
Cost of sales	(3,603,617)	(5,347,712)	-32.6
Gross profit[2]	30,707	22,532	+36.3[3]
Other income	(657)[4]	5,838	NM
Administrative expenses	(7,815)	(5,512)	+41.8[5]
Other operating expenses	(444)	619[6]	NM
Finance costs	(767)	(542)	+41.5
Share of profits of associates (net of tax)	24,175[7]	10,516	+129.9[8]
Profit before income tax	**45,199**	**33,451**	**+35.1**
Income tax credit	–[9]	4,894[10]	NM
Profit for the year	**45,199**	**38,345**	**+17.9**
Attributable to:			
Owners of the parent	45,199	38,345	+17.9

1. Decrease due to lower average jet fuel prices (2009: US$71.09 per barrel; 2008: US$130.16 per barrel).
2. Derived from (i) jet fuel supply and trading; and (ii) trading of other oil products.
3. Increase attributable to higher gains from jet fuel optimisation and trading activities.
4. Due to (i) lower bank interest income; and (ii) translation losses from weakening of the US Dollar against the Singapore Dollar.
5. Increase mainly due to higher staff costs, IT-related expenses and business travelling expenses.
6. Includes non-recurring reversal of impairment loss of US$1.99 million on leasehold properties of the Group.
7. Includes share of results from (i) Shanghai Pudong International Airport Aviation Fuel Supply Company Limited ("SPIA"); (ii) China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation ("TSN-PEKCL") (March 2009 onwards); and (iii) CAO Xinyuan Petrochemicals.
8. Increase mainly attributable to doubling of profit contribution from SPIA to US$20.95 million.
9. No income tax provision as there are adequate tax losses carried forward from prior years to offset against profit.
10. Includes (i) reversal of provisions from previous years; and (ii) tax refund from Inland Revenue Authority of Singapore ("IRAS").

STATEMENTS OF FINANCIAL POSITION

As at 31 December

	Group		Company	
	2009 US$'000	2008 US$'000	2009 US$'000	2008 US$'000
Non-current assets				
Property, plant and equipment	8,061	8,296	8,061	8,296
Intangible assets	100	174	100	174
Associates	150,934[1]	82,005	81,236	35,911
	159,095	90,475	89,397	44,381
Current assets				
Inventories	37,606	–	37,606	–
Trade and other receivables	379,833[2]	251,522	379,833	251,522
Cash and cash equivalents	182,192[3]	153,102	182,178	153,081
	599,631	404,624	599,617	404,603
Total assets	758,726	495,099	689,014	448,984
Equity attributable to owners of the parent				
Share capital	215,573	215,573	215,573	215,573
Reserves	94,162	60,127	24,454	14,016
Total equity	309,735	275,700	240,027	229,589
Current liabilities				
Trade and other payables	448,991[4]	219,399	448,987	219,395
Total liabilities	448,991	219,399	448,987	219,395
Total equity and liabilities	758,726	495,099	689,014	448,984

1. Increase due to (i) cost of investment in TSN-PEKCL of US$45.3 million; and (ii) share of profits in associates of US$24.18 million.
2. Increase as sales volume was relatively higher in December 2009 as compared to December 2008.
3. Increase mainly due to (i) timing difference in receipts from trade receivables and payables to suppliers of US$38.0 million; and (ii) receipt of US$31.1 million in dividends from SPIA. Partially offset by: (i) dividend payout of US$9.9 million in May 2009; and (ii) payment of US$45.3 million for acquisition of 49% stake in TSN-PEKCL.
4. Increase due to expansion in volume of trading activities.

Corporate **Information**

As at 15 March 2010

Directors
Wang Kai Yuen
(Independent Chairman)
Sun Li
(Deputy Chairman / Non-Independent, Non-Executive Director)
Meng Fanqiu
(Chief Executive Officer / Executive Director)
Ang Swee Tian
(Independent Director)
Timothy Bullock
(Non-Independent, Non-Executive Director)
Chen Liming
(Non-Independent, Non-Executive Director)
Liu Fuchun
(Independent Director)
Luo Qun
(Non-Independent, Non-Executive Director)
Zhao Shousen
(Non-Independent, Non-Executive Director)

Board Committees
Audit Committee
Ang Swee Tian *(Chairman)*
Zhao Shousen *(Vice Chairman)*
Wang Kai Yuen
Liu Fuchun
Timothy Bullock

Remuneration Committee
Wang Kai Yuen *(Chairman)*
Luo Qun *(Vice Chairman)*
Liu Fuchun
Chen Liming
Ang Swee Tian

Nominating Committee
Liu Fuchun *(Chairman)*
Luo Qun *(Vice Chairman)*
Wang Kai Yuen
Chen Liming
Ang Swee Tian

Risk Management Committee
Timothy Bullock *(Chairman)*
Zhao Shousen
Ang Swee Tian

Company Secretary
Doreen Nah

Auditors
KPMG LLP
Partner in charge: Tay Puay Cheng
(Appointed on 28 April 2006 – 4 years)

Share Registrar And Share Transfer Office
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Principal Bankers
Calyon, Singapore Branch
ING Bank N.V., Singapore Branch
Fortis Bank S.A./N.V., Singapore Branch
Rabobank International, Singapore Branch
Bank of Communications Co., Ltd, Singapore Branch
Agricultural Bank of China, Singapore Branch
Bank of China, Singapore Branch
United Overseas Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Overseas Chinese Banking Corporation

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8 Temasek Boulevard
#31-02 Suntec Tower Three
Singapore 038988
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Website: www.caosco.com

公司信息

截至2010年3月15日

董事
王家园
（独立董事长）
孙立
（副董事长/非独立、非执行董事）
孟繁秋
（首席执行官 / 执行董事）
汪瑞典
（独立董事）
Timothy Bullock
（非独立、非执行董事）
陈黎明
（非独立、非执行董事）
刘福春
（独立董事）
罗群
（非独立、非执行董事）
赵寿森
（非独立、非执行董事）

董事会委员会
审计委员会
汪瑞典（主席）
赵寿森（副主席）
王家园
刘福春
Timothy Bullock

薪酬委员会
王家园（主席）
罗群（副主席）
刘福春
陈黎明
汪瑞典

提名委员会
刘福春（主席）
罗群（副主席）
王家园
陈黎明
汪瑞典

风险管理委员会
Timothy Bullock（主席）
赵寿森
汪瑞典

公司秘书
蓝肖蝶

外部审计师
KPMG LLP
负责合伙人：郑培深
（受聘于2006年4月28日，至今已4年）

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
Calyon, 新加坡分行
ING Bank N.V., 新加坡分行
Fortis Bank S.A./N.V., 新加坡分行
Rabobank International, 新加坡分行
Bank of Communications Co., Ltd, 新加坡分行
Agricultural Bank of China, 新加坡分行
Bank of China, 新加坡分行
United Overseas Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Overseas Chinese Banking Corporation

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网址：www.caosco.com

Statement of Corporate Governance

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

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

This report describes the Company's corporate governance practices for the financial year ended 31 December 2009 with specific reference to the 2005 Code.

(A) BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1

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

Commentary

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

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

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

Some of the businesses that the Board transacts include:

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

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

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

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

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

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

Statement of Corporate Governance

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

Board meetings are held at least once a quarter, and as required by business imperatives, to review and approve the release of the quarterly and full-year results and to discuss reports by Management including significant acquisitions and divestments, approving the annual budget and reviewing performance of the Group's businesses. The Board met four times in 2009. 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 Board and Board committee meetings held in 2009, as well as the attendance of each Board member at these meetings, are disclosed below:

	Board Meetings	Board Committee Meetings			
		Audit	**Nominating**	**Remuneration**	**Risk Management**
Wang Kai Yuen	4	4	1	2	N.A.
Sun Li	4	N.A.	N.A.	N.A.	N.A.
Meng Fanqiu	4	N.A.	N.A.	N.A.	N.A.
Zhang Zhenqi (1)	4	N.A.	N.A.	N.A.	N.A.
Zhao Shousen	3	3	1	2	3
Liu Fuchun	4	4	1	2	N.A.
Timothy Bullock	4	4	N.A.	N.A.	3
Michael Bennetts (2)	3	N.A.	N.A.	1	N.A.
Ang Swee Tian	4	4	1	2	3
Chen Liming (3)	1	N.A	1	1	N.A
Luo Qun (4)	N.A.	N.A.	N.A.	N.A.	N.A.
Number of Meetings Held	4	4	1	2	3

Notes:

(1) Resigned as Executive Director/General Manager (Trading) on 26 February 2010.

(2) Resigned as Non-Executive/Non-Independent Director and member of the Remuneration Committee and the Nominating Committee on 5 August 2009.

(3) Appointed as Non-Executive/Non-Independent Director and member of the Remuneration Committee and the Nominating Committee on 5 August 2009.

(4) Appointed as Non-Executive/Non-Independent Director and Vice Chairman of the Remuneration Committee and the Nominating Committee on 26 February 2010.

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

To ensure that the Directors are competent in carrying out their roles and responsibilities, regular and on-going training is provided for the Directors. These include attendance of courses co-organised by the SGX-ST, the Singapore Institute of Directors and/or PricewaterhouseCoopers. Courses attended by some Directors included (a) the Audit Committee Essentials Series (Module 2) held on 8 October 2009 relating to the importance of (i) Composition of the Audit Committee; and (ii) Conduct of Audit Committee Meetings; (b) a workshop session on "Losing Control-a Board Perspective" held on 13 October 2009; and (c) a seminar on "Regulatory Regime and Listing Rules of Singapore" conducted in Mandarin and held on 23 October 2009 in Beijing.

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. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Commentary

Of the nine members on the Board, six are nominated by substantial shareholders and three are Independent Directors. Independent Directors constitute at least one-third of the Board. None of nine Board members is related to one another.

At least two Independent Directors are resident in Singapore. These two Independent Directors are Dr Wang Kai Yuen and Mr Ang Swee Tian.

The Chairman of the Board, Dr Wang Kai Yuen has extensive experience as Director of public-listed companies in Singapore and currently holds directorship positions in a number of public-listed companies. He has good working relationships with the various regulators in Singapore.

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

Chairman and Chief Executive Officer

Principle 3

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

Commentary

The Chairman of the Board, Dr Wang Kai Yuen, is an Independent Non-Executive Director. He acts independently in the best interests of the Company and the Group.

The Chairman is primarily responsible for overseeing the overall management and strategic development of the Company. With the assistance of the Company Secretary, he regulates Board meetings and ensures that all procedures and good governance practices are complied with.

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

The Chairman is in constant consultation with the Board and the various Board committees on major issues. As such, the Board believes there are adequate safeguards in place against having a concentration of power and authority in a single individual.

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

Board Membership

Principle 4

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

Commentary

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

Nominating Committee

Liu Fuchun	Chairman
Zhao Shousen	Vice Chairman (up to 26 February 2010)*
Wang Kai Yuen	Member
Chen Liming	Member
Ang Swee Tian	Member

* *Luo Qun was appointed as Vice Chairman in place of Zhao Shousen on 26 February 2010.*

Mr Liu Fuchun, the Chairman of the Nominating Committee is not associated with any substantial shareholder of the Company.

The responsibilities of the Nominating Committee include:

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

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

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

CNAF and BP have agreed under a Shareholders' Agreement dated 5 December 2005 that each shall nominate four and two Directors respectively to the Board, out of a maximum nine Directors. The remaining three shall be Independent Directors.

With the resignation of Mr Michael Bennetts on 5 August 2009 as a Director of the Company, the Nominating Committee nominated one new Director, Mr Chen Liming to the Board. Mr Chen Liming is a BP-nominee. The Board approved the said nomination and appointed Mr Chen Liming as a member of the Board. With the resignation of Mr Zhang Zhenqi on 26 February 2010, the Nominating Committee nominated one new Director, Mr Luo Qun to the Board. Mr Luo Qun is a CNAF-nominee.

Pursuant to Article 97 of the Company's Articles of Association, Mr Chen Liming who was appointed as a Director of the Company on 5 August 2009 and Mr Luo Qun who was appointed as a Director of the Company on 26 February 2010 shall retire at the forthcoming Annual General Meeting ("**AGM**"). The Nominating Committee nominated and the Board approved Mr Chen Liming and Mr Luo Qun to seek for re-election at the forthcoming AGM.

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

Board Performance

Principle 5

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

Commentary

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

The Nominating Committee completed a Board assessment and effectiveness questionnaire for 2009 and evaluated the Board's performance based on how the Board has enhanced the long-term shareholder value. The Nominating Committee is satisfied with the current composition and performance of the Board as a whole.

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

Access to Information

Principle 6

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

Commentary

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

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

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

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

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

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

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

(B) REMUNERATION MATTERS

Procedures for developing Remuneration Policies

Principle 7

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

Level and Mix of Remuneration

Principle 8

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

Disclosure on Remuneration

Principle 9

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

Commentary

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

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

Remuneration Committee

Wang Kai Yuen	Chairman
Zhao Shousen	Vice Chairman (up to 26 February 2010)*
Liu Fuchun	Member
Chen Liming	Member
Ang Swee Tian	Member

* *Luo Qun was appointed as Vice Chairman in place of Zhao Shousen on 26 February 2010.*

The Remuneration Committee assists the Board and Management by assessing and making remuneration recommendations for the Executive Directors and senior executives of the Company. The Remuneration Committee also administers the performance bonus scheme and China Aviation Oil Share Option Scheme of the Company.

Broadly, remuneration for the Executive Directors and senior executives for financial year ended 31 December 2009 are based on the Company's and individual performances and the remuneration for Non-Executive Directors in the form of fees are based on responsibilities and memberships in the Board and its committees.

The remuneration of Directors for the financial year ended 31 December 2009, in bands of S$250,000 are set out below:

Remuneration Band & Name of Director	Fee	Base/fixed salary and allowance	Variable/ performance	Others	Share options/ Long Term incentives	Total
Above S$500,000 to S$750,000	(%)	(%)	(%)	(%)	(%)	(%)
Meng Fanqiu	0	75	24	1	0	100
Zhang Zhenqi (1)	0	71	28	1	0	100
Above S$250,000 to S$500,000	–	–	–	–	–	–
Below S$250,000	(%)	(%)	(%)	(%)	(%)	(%)
Wang Kai Yuen	94	0	0	6	0	100
Sun Li	88	0	0	12	0	100
Zhao Shousen	95	0	0	5	0	100
Liu Fuchun	89	0	0	11	0	100
Timothy Bullock	94	0	0	6	0	100
Michael Bennetts (2)	90	0	0	10	0	100
Chen Liming (3)	90	0	0	10	0	100
Ang Swee Tian	94	0	0	6	0	100

Notes:

(1) Zhang Zhenqi resigned as Executive Director/General Manager (Trading) on 26 February 2010.

(2) Michael Bennetts resigned as a Director and a member of the Remuneration Committee and the Nominating Committee on 5 August 2009.

(3) Chen Liming was appointed as a Director and as a member of the Remuneration Committee and the Nominating Committee on 5 August 2009.

The number of five key executives (who are not also Directors) for the financial year ended 31 December 2009 in remuneration bands is set out below:

Remuneration Bands	Number of Executives
Above S$500,000 to S$600,000	1
Above S$250,000 to S$500,000	4

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

There are no employees in the Group who are immediate family members of the Chairman or any of the Directors during the financial year ended 31 December 2009. "Immediate family member" means the spouse, child, adopted child, stepchild, brother, sister and parent.

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

Basic/fixed salary - The basic salary (inclusive of statutory employer contributions to Central Provident Fund) for each Executive Director or key management personnel is recommended by the Remuneration Committee, taking into account the performance of the individual for the financial year 2009, the inflation price index and information from independent sources on the pay scale for similar jobs in a selected group of comparable organisations.

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

Variable/Performance - The Group operates a bonus scheme for all employees including the Executive Directors. The criteria for the bonus scheme are the level of profit achieved from certain aspects of the Group's business activities against targets, together with an assessment of the Company's and individual's performance during the year. The remuneration disclosed above for the Executive Directors and the five key executives exclude the 2009 variable bonuses payable in relation to profit targets achieved for the Company's oil trading activities. The quantum of the said 2009 variable bonuses are being considered by the Remuneration Committee and will be decided in the financial year ending 31 December 2010.

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

- Allowances include travel allowance.

Share Options - The Non-Executive Directors of the Company are eligible to participate in the China Aviation Oil Share Option Scheme, which was established since 6 November 2001. As of to date, the Company has not granted any share options to any eligible participants of the China Aviation Oil Share Option Scheme. Details on the China Aviation Oil Share Option Scheme are disclosed in the Appendix to this report.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10

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

Commentary

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

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

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

Audit Committee

Principle 11

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

Commentary

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

Audit Committee

Ang Swee Tian	Chairman
Zhao Shousen	Vice-Chairman
Wang Kai Yuen	Member
Liu Fuchun	Member
Timothy Bullock	Member

The Audit Committee held four meetings in 2009 where it met with external and internal auditors to review both the Company and Group's financials and audit reports. A key issue for discussion is the financial statements and announcements made by the Company to shareholders. The members of the 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 external and internal auditors' plans to ensure that the plans adequately cover, in particular, significant internal controls of the Company relating to financial, operational and compliance-related matters. Significant issues are discussed at Audit Committee meetings.

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

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

The Audit Committee monitors all interested person transactions, including transactions under the general mandate on interested person transactions approved by shareholders at the Extraordinary General Meeting held on 29 April 2009 ("**IPT Mandate**"), and conflict of interest situations including transactions, procedures or actions taken which may raise issues about the Management's integrity.

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

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

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

Statement of Corporate Governance

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

(D) INTERNAL CONTROLS

Principle 12

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

Commentary

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

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

Risk Management Committee

Timothy Bullock	Chairman
Zhao Shousen	Member
Ang Swee Tian	Member

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

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

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

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

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

Based on the controls and systems that have been put in place, the Board is satisfied that there are adequate internal controls in the Company and the Group.

Internal Audit

Principle 13

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

Commentary

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

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

Grant Thornton has set out a three-year rolling plan to do a comprehensive internal audit of the Company's policies and procedures. Grant Thornton had presented their internal audit plan 2009 to the Audit Committee. The Audit Committee adopted the proposed audit plan.

(E) COMMUNICATION WITH SHAREHOLDERS

Principle 14

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

Commentary

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

Principle 15

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

Commentary

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

At each annual general meeting, shareholders are encouraged to participate in the question and answer session. The Board, 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 annual general meeting, comprehensive explanatory notes will be sent together with the notice of the annual general meeting.

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

DEALINGS IN THE COMPANY'S SECURITIES

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

INTERESTED PERSON TRANSACTIONS

Shareholders have adopted a revised IPT Mandate . The IPT Mandate sets out the levels and procedures to obtain approval for such transactions. Information regarding the IPT Mandate is available on the Company's website at www.caosco.com. All business units are required to be familiar with the IPT Mandate and report any such transactions to the Finance Department. The Finance Department keeps a register of the Group's interested person transactions. Information on interested person transactions for 2009 is found under "Supplementary Information" on page 101.

APPENDIX

Details of China Aviation Oil Share Option Scheme

The Share Option Scheme was approved by shareholders at an extraordinary general meeting of the Company held on 6 November 2001 which allows share options to be granted to full-time confirmed employees (including Executive Directors) and Non-Executive Directors of the Group. Full-time confirmed employees and Directors (excluding Nnon-Executive Directors) of the parent company and its subsidiaries (the "**Parent Group Executives/Directors**") are also eligible to participate in the Share Option Scheme if, in the opinion of the Remuneration Committee, such persons have contributed or will contribute to the success of the Company. Persons who are controlling shareholders of the Group or their associates are not eligible to participate in the Share Option Scheme.

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

Any grant of the share options to a Parent Group Executive/Director which, together with share options already granted to that Parent Group Executive/Director in any capacity under the Share Option Scheme which represents five (5) percent or more of the total number of Shares available to the Parent Group Executives/Directors under the Share Option Scheme, shall be approved by independent shareholders of the Company in a separate resolution for each such Parent Group Executive/Director. The aggregate number of Shares which may be offered by way of grant of share options to Parent Group Executives/Directors in any capacity under the Share Option Scheme shall not exceed twenty (20) percent of the total number of Shares available under the Scheme and this shall be approved by independent shareholders of the Company in separate resolution.

The exercise price for each Share in respect of which a share option is exercisable shall be determined by the Remuneration Committee in its absolute discretion, and fixed by the Remuneration Committee at (i) a price (the "**Market Price**") equal to the average of the last dealt prices for a Share for the five (5) consecutive trading days immediately preceding the offer date of that share option; or (ii) a discount price to the Market Price which shall not exceed 20% of the Market Price.

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 first anniversary of the offer date of that share option, provided always that share options shall be exercised before the tenth anniversary of the relevant offer date, in the case of share options granted to full-time confirmed employees of the Group (including Executive Directors and Parent Company Executives/Directors)(collectively referred to as "**Executive Options**"); and before the fifth anniversary of the relevant offer date, in the case of non-Executive Options, or such earlier date as may be determined by the Remuneration Committee.

Options granted with the exercise price set at a discount to the Market Price shall only be exercisable at any time (in whole or in part) by a participant after the second anniversary of the offer date of that option, provided always that options shall be exercised before the tenth anniversary of the relevant offer date in the case of Executive Options or the fifth anniversary of the relevant offer date in the case of non-Executive Options, or such earlier date as may be determined by the Remuneration Committee.

The Share Option Scheme shall continue to be in force at the discretion of the Remuneration Committee, subject to 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. Subject to compliance with any applicable laws and regulations in Singapore, the Share Option Scheme may be continued beyond the above-stipulated period with the approval of the shareholders of the Company by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

Financial Statements

Contents

Directors' Report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2009.

Directors

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

Wang Kai Yuen – Chairman	
Sun Li – Deputy Chairman	
Meng Fanqiu – Chief Executive Officer/Executive Director	
Ang Swee Tian	
Timothy Bullock	
Liu Fuchun	
Zhao Shousen	
Chen Liming	(Appointed on 5 August 2009)
Luo Qun	(Appointed on 26 February 2010)

* *Michael Bennetts and Zhang Zhenqi resigned as directors on 5 August 2009 and 26 February 2010 respectively*

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), no director 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.

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 for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 24 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 of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiary to any person to take up unissued shares in the Company or its subsidiary; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiary.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiary under option.

Share repurchases

During the financial year, the Company purchased 921,000 of its own shares by way of market acquisition pursuant to the authority given to the directors under the Share Purchase Mandate approved by the shareholder at the Extraordinary General Meeting of the Company held on 18 September 2009.

Directors' Report

Audit Committee

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

- Ang Swee Tian (Chairman), non-executive, independent director
- Zhao Shousen (Vice-Chairman), non-executive, non-independent director
- Wang Kai Yuen, non-executive, independent director
- Liu Fuchun, non-executive, independent director
- Timothy Bullock, non-executive, non-independent director

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

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

The Audit Committee also reviewed the following:

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

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

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

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

On behalf of the Board of Directors

Wang Kai Yuen
Chairman

Meng Fanqiu
Chief Executive Officer/Executive Director

17 March 2010

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 67 to 100 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 2009 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
Chairman

Meng Fanqiu
Chief Executive Officer/Executive Director

17 March 2010

Independent Auditors' Report

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

We have audited the accompanying financial statements of China Aviation Oil (Singapore) Corporation Ltd (the Company) and its subsidiary (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2009, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 67 to 100.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

(a) 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;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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:

(a) 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 2009 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

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

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
17 March 2010

Statements of Financial Position

As at 31 December 2009

	Note	Group 2009 US$'000	Group 2008 US$'000	Company 2009 US$'000	Company 2008 US$'000
Non-current assets					
Property, plant and equipment	4	8,061	8,296	8,061	8,296
Intangible assets	5	100	174	100	174
Subsidiary	6	–	–	–	–
Associates	7	150,934	82,005	81,236	35,911
		159,095	90,475	89,397	44,381
Current assets					
Inventories	8	37,606	–	37,606	–
Trade and other receivables	9	379,833	251,522	379,833	251,522
Cash and cash equivalents	10	182,192	153,102	182,178	153,081
		599,631	404,624	599,617	404,603
Total assets		758,726	495,099	689,014	448,984
Equity attributable to owners of the parent					
Share capital	11	215,573	215,573	215,573	215,573
Reserves	12	94,162	60,127	24,454	14,016
Total equity		309,735	275,700	240,027	229,589
Current liabilities					
Trade and other payables	13	448,991	219,399	448,987	219,395
Total liabilities		448,991	219,399	448,987	219,395
Total equity and liabilities		758,726	495,099	689,014	448,984

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

Consolidated Income Statement

Year ended 31 December 2009

	Note	2009 US$'000	2008 US$'000
Revenue	15	3,634,324	5,370,244
Cost of sales		(3,603,617)	(5,347,712)
Gross profit		30,707	22,532
Other income	16	(657)	5,838
Administrative expenses		(7,815)	(5,512)
Other operating expenses		(444)	619
Results from operating activities		21,791	23,477
Finance costs	17	(767)	(542)
Share of profits of associates (net of income tax)		24,175	10,516
Profit before income tax		45,199	33,451
Income tax credit	18	–	4,894
Profit for the year	16	45,199	38,345
Attributable to:			
Owners of the parent		45,199	38,345
Earnings per share:			
Basic and diluted earnings per share (cents)	19	6.25	5.30

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

	2009 US$'000	2008 US$'000
Profit for the year	45,199	38,345
Other comprehensive income/(expense)		
Translation differences relating to financial statements of foreign associates	(569)	5,456
Other comprehensive income/(expense) for the year, net of income tax	(569)	5,456
Total comprehensive income for the year	44,630	43,801
Attributable to:		
Owners of the parent	44,630	43,801

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2009

	Share capital US$'000	Foreign currency translation reserve US$'000	Statutory reserve US$'000	Accumulated profits US$'000	Total equity US$'000
At 1 January 2008	215,573	7,288	7,033	38,688	268,582
Total comprehensive income for the year					
Profit for the year	–	–	–	38,345	38,345
Other comprehensive income					
Translation differences relating to financial statements of foreign associates	–	5,456	–	–	5,456
Total other comprehensive income	–	5,456	–	–	5,456
Total comprehensive income for the year	–	5,456	–	38,345	43,801
Contributions by and distributions to owners					
Dividends to equity holders	–	–	–	(36,683)	(36,683)
Total transactions with owners	–	–	–	(36,683)	(36,683)
At 31 December 2008	215,573	12,744	7,033	40,350	275,700

	Share capital US$'000	Foreign currency translation reserve US$'000	Statutory reserve US$'000	Reserve for own shares US$'000	Accumulated profits US$'000	Total equity US$'000
At 1 January 2009	215,573	12,744	7,033	–	40,350	275,700
Total comprehensive income for the year						
Profit for the year	–	–	–	–	45,199	45,199
Other comprehensive expense						
Translation differences relating to financial statements of foreign associates	–	(569)	–	–	–	(569)
Total other comprehensive expense	–	(569)	–	–	–	(569)
Total comprehensive income/(expense) for the year	–	(569)	–	–	45,199	44,630
Contributions by and distributions to owners						
Transfer of retained earnings to statutory reserve	–	–	344	–	(344)	–
Own shares acquired	–	–	–	(721)	–	(721)
Dividends to equity holders	–	–	–	–	(9,874)	(9,874)
Total transactions with owners	–	–	344	(721)	(10,218)	(10,595)
At 31 December 2009	215,573	12,175	7,377	(721)	75,331	309,735

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

Consolidated Statement of Cash Flows

Year ended 31 December 2009

	2009 US$'000	2008 US$'000
Cash flows from operating activities		
Profit for the year	45,199	38,345
Adjustments for:		
Depreciation of property, plant and equipment	343	556
Amortisation of intangible assets	114	106
Gain on sale of property, plant and equipment	–	(53)
Reversal of impairment losses on property, plant and equipment	–	(1,992)
Share of profits of associates (net of tax)	(24,175)	(10,516)
Interest income	(772)	(5,073)
Income tax credit	–	(4,894)
Unrealised exchange differences	3	1,210
	20,712	17,689
Change in inventories	(37,606)	–
Change in trade and other receivables	(159,564)	63,089
Change in trade and other payables	229,592	(194,341)
Cash generated from/(used in) operations	53,134	(113,563)
Income tax paid	–	(1,115)
Net cash from/(used in) operating activities	53,134	(114,678)
Cash flows from investing activities		
Interest received	937	5,211
Acquisition of property, plant and equipment	(108)	(80)
Acquisition of intangible assets	(40)	(11)
Proceeds from sale of property, plant and equipment	–	81
Acquisition of associate	(45,325)	–
Dividends received	31,090	–
Net cash (used in)/from operating activities	(13,446)	5,201
Cash flows from financing activities		
Purchase of own shares	(721)	–
Dividends paid	(9,874)	(36,683)
Net cash used in financing activities	(10,595)	(36,683)
Net increase/(decrease) in cash and cash equivalents	29,093	(146,160)
Cash and cash equivalents at 1 January	153,102	300,472
Effect of exchange rate fluctuations on cash held	(3)	(1,210)
Cash and cash equivalents at 31 December	182,192	153,102

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

Notes to the Financial Statements
Year ended 31 December 2009

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 2010.

1 Domicile and activities

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

The financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiary (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates.

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

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

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

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and in arriving at estimates with a significant risk of resulting in a material adjustment in the following year are discussed in note 25.

2 Basis of preparation (cont'd)

2.5 Adoption of new and revised financial reporting standards

The Group has adopted the new and revised FRSs and interpretations which became effective for the current financial year. With the adoption of the new and revised FRSs and interpretations, the Group has changed its disclosures in the following areas:

- Determination and presentation of operating segments
- Presentation of financial statements

Determination and presentation of operating segments

As of 1 January 2009, the Group determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer (CEO), who is the Group's chief operating decision maker. This change in presentation of operating segments is due to the adoption of FRS 108 *Operating Segments*. Previously, operating segments were determined and presented in accordance with FRS 14 *Segment Reporting*. The new FRS in respect of operating segment disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change only impacts presentation and disclosure aspects, there is no impact on earnings per share.

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. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses.

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

Presentation of financial statements

The Group applies revised FRS 1 *Presentation of Financial Statements (2008)*, which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change only impacts presentation aspects, there is no impact on earnings per share.

3 Significant accounting policies

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

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the profit or loss in the period of the acquisition.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Investment in associates

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

Associates are accounted for using the equity method and are recognised initially at cost. The Group's investments include goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the Group's share of the income, expenses and equity movements of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

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

Accounting for subsidiaries and associates

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

3 Significant accounting policies (cont'd)

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to US dollars or the Chinese renminbi, which are the functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date 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 period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction.

Foreign operations

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

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

3.3 Property, plant and equipment

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

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

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

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

The cost of replacing a part 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 part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

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

Leasehold properties	50 years
Motor vehicles	5 to 10 years
Furniture and fittings	5 years
Office equipment	5 years
Renovations	5 years
Computers	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end, and adjusted as appropriate.

3.4 Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates is presented together with investments in associates.

Goodwill is measured at cost less accumulated impairment losses, and tested for impairment.

Other intangible assets

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

3.5 Financial instruments

Non-derivative financial instruments

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which 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 balance sheet 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.

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

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 trade and other receivables.

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivative financial liabilities

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

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

Trade and other payables 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.

Share capital

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

When share capital recognised as equity is repurchased, the amount of the consideration paid which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. 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 transferred to or from accumulated profits.

3.6 Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date 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 had had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant 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. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

3 Significant accounting policies (cont'd)

3.6 Impairment (cont'd)

Financial assets (including receivables) (cont'd)

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment 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 receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets 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.

The recoverable amount of an asset or cash-generating unit 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. 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 groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

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

3.7 Inventories

Inventories held for trading purposes are stated at fair value less costs to sell and any changes in net realisable value are recognised in profit or loss.

3.8 Employee benefits

Defined contribution plans

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

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

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 recognition

Sale of goods

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

Trading of paper swaps

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

Interest income

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

Dividend income

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

3.11 Operating leases

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

3.12 Finance costs

Finance costs comprise bank charges.

3.13 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to 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: 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, and differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

3 Significant accounting policies (cont'd)

3.13 Income tax (cont'd)

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.

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 period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.15 Segment reporting

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

3.16 New standards and interpretations not yet adopted

The Group has not applied the following financial reporting standards (including their consequential amendments) and interpretations that have been issued as of the reporting date but are not yet effective:

FRS 27 (revised)	:	Consolidated and Separate Financial Statements
FRS 101 (revised)	:	First-time Adoption of FRS
FRS 103 (revised)	:	Business Combinations
INT FRS 117	:	Distributions of Non-cash Assets to Owners
Amendments to FRS 32	:	Amendments Relating to Classification of Rights Issues
Amendments to FRS 39	:	Amendments Relating to Eligible Hedged Items
Amendments to FRS 102	:	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 105	:	Non-current Assets Held for Sale and Discontinued Operations
Improvements to FRSs 2009		

The initial application of these standards and interpretations relevant to the Group's operations is not expected to have any material impact on the Group's financial statements.

4 Property, plant and equipment

Group and Company	Leasehold properties US$'000	Motor vehicles US$'000	Furniture and fittings US$'000	Office equipment US$'000	Renovations US$'000	Computers US$'000	Total US$'000
Cost							
At 1 January 2008	9,205	491	69	130	647	391	10,933
Additions	–	–	–	47	–	33	80
Disposals	–	(275)	–	–	–	(182)	(457)
At 31 December 2008	9,205	216	69	177	647	242	10,556
Additions	–	–	–	–	–	108	108
At 31 December 2009	9,205	216	69	177	647	350	10,664
Accumulated depreciation and impairment losses							
At 1 January 2008	2,914	359	61	114	406	271	4,125
Depreciation for the year	378	29	4	12	83	50	556
Disposals	–	(247)	–	–	–	(182)	(429)
Reversal of impairment losses	(1,992)	–	–	–	–	–	(1,992)
At 31 December 2008	1,300	141	65	126	489	139	2,260
Depreciation for the year	184	21	1	14	49	74	343
At 31 December 2009	1,484	162	66	140	538	213	2,603
Carrying amounts							
At 1 January 2008	6,291	132	8	16	241	120	6,808
At 31 December 2008	7,905	75	4	51	158	103	8,296
At 31 December 2009	7,721	54	3	37	109	137	8,061

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

Leasehold properties

Based on the valuation carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd (Colliers), a qualified independent valuer, at open market value on an existing use basis in 2004, the recoverable amount of the leasehold properties was determined to be lower than the carrying amount, and an impairment loss of US$3,578,000 was recognised accordingly in other operating expenses.

In 2006, based on an independent valuation carried out by Colliers at open market value on an existing use basis, the Company reversed an amount of US$1,586,000 of the impairment loss recognised in 2004. The remaining amount of US$1,992,000 was reversed in 2008 based on an independent valuation carried out by Colliers in the previous financial year. In arriving at the valuations of the leasehold properties, Colliers had adopted the Direct Comparison Method whereby they had analysed and studied recent sales evidence of similar properties in the vicinity. The impairment loss made in 2004 and subsequent reversals of the impairment loss in 2006 and the previous financial year were recognised in other operating expenses.

5 Intangible assets

	US$'000
Group and Company	
Cost	
At 1 January 2008	312
Additions	11
At 31 December 2008	323
Additions	40
At 31 December 2009	363
Accumulated amortisation and impairment losses	
At 1 January 2008	43
Amortisation for the year	106
At 31 December 2008	149
Amortisation for the year	114
At 31 December 2009	263
Carrying amounts	
At 1 January 2008	269
At 31 December 2008	174
At 31 December 2009	100

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

6 Subsidiary

	Company	
	2009 US$'000	2008 US$'000
Unquoted equity investment, at cost	–	–

Details of the subsidiary are as follows:

	Name of subsidiary	Country of incorporation	Ownership 2009 %	Ownership 2008 %
#	CAOT Pte Ltd (CAOT)	Singapore	100	100

\# Audited by KPMG LLP, Singapore.

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

7 Associates

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Investments in associates	150,934	82,005	82,625	37,300
Impairment losses	–	–	(1,389)	(1,389)
	150,934	82,005	81,236	35,911

In 2009, the Group did not receive dividends from its associates. In 2008, dividends received from associates amounted to US$31,289,000.

Details of the associates are as follows:

	Name of associate	Country of incorporation	Ownership 2009 %	Ownership 2008 %
#	Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (SPIA)	People's Republic of China	33	33
@	China Aviation Oil Xinyuan Petrochemicals Co. Ltd (Xinyuan)	People's Republic of China	39	39
^	China National Aviation Fuel TSN-PEK Pipeline Transportation Centre (TSN-PEKCL)	People's Republic of China	49	–

\# Audited by Shanghai Wan Long Certified Public Accountants, 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.

^ Audited by Beijing Xing Hua Certified Public Accountants, 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.

Summary financial information for associates, not adjusted for the percentage ownership held by the Group:

	2009 US$'000	2008 US$'000
Assets and liabilities		
Non-current assets	99,982	67,370
Current assets	682,665	815,898
Total assets	782,647	883,268
Current and total liabilities	(507,686)	(701,087)
Results		
Revenue	1,589,887	2,821,004
Expenses	(1,519,678)	(2,789,189)
Profit after taxation	70,209	31,815
Group's share of associates' contingent liabilities (refer to Note 22)	16,863	35,994
Group's share of associates' capital commitments	171	–

8 Inventories

	Group and Company	
	2009	2008
	US$'000	US$'000
Trading inventories at fair value less costs to sell	37,606	–

The inventories are recognised at fair value based on the price index, Platts.

9 Trade and other receivables

	Group and Company	
	2009	2008
	US$'000	US$'000
Trade receivables	138,638	153,592
Other receivables	2,196	2,502
Deposits	11,365	245
Amounts due from:		
- immediate and ultimate holding company (non-trade)	1,131	1,310
- associate (non-trade)	–	31,289
- related corporations (trade)	180,963	49,135
- related corporation of a corporate shareholder (trade)	45,271	13,330
	227,365	95,064
Loans and receivables	379,564	251,403
Prepayments	269	119
	379,833	251,522

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

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

The non-trade balance due from the immediate and ultimate holding company is unsecured and interest-free, and is repayable on demand.

The non-trade balance due from an associate was unsecured and interest free, and was fully repaid during the financial year.

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 14.

10 Cash and cash equivalents

	Group 2009 US$'000	Group 2008 US$'000	Company 2009 US$'000	Company 2008 US$'000
Cash at bank and in hand	34,572	3,403	34,558	3,382
Deposits with financial institutions	147,620	149,699	147,620	149,699
	182,192	153,102	182,178	153,081

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

	2009 Interest rate %	2009 Carrying amount US$'000	2008 Interest rate %	2008 Carrying amount US$'000
Group and Company				
US$ deposits	0.20	147,620	1.08	117,480
S$ deposits	–	–	0.41	32,219
		147,620		149,699

The Group and the Company's exposure to foreign currency risk and interest rate risk are disclosed in note 14.

11 Share capital

	Company 2009 Number of shares ('000)	Company 2008 Number of shares ('000)
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December	722,821	722,821

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

Capital management

The 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 excluding minority interest. The Board also monitors the level of dividends to ordinary shareholders.

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

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiary are not subject to externally imposed capital requirements.

12 Reserves

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Foreign currency translation reserve	12,175	12,744	–	–
Statutory reserve	7,377	7,033	–	–
Reserve for own shares	(721)	–	(721)	–
Accumulated profits	75,331	40,350	25,175	14,016
	94,162	60,127	24,454	14,016

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

(b) The associates of the Group established in the PRC follow the accounting principles and relevant financial regulations of the PRC applicable to enterprises established in the PRC (PRC GAAP) in the preparation of the accounting records and its financial statements. Pursuant to accounting regulations for foreign-invested PRC enterprises (中华人民共和国外商投资企业会计制度[财会字(1992)33号]) and the PRC Company Law (中华人民共和国公司法), the associates are required to appropriate 10% of the profit arrived at in accordance with PRC GAAP for each year to a statutory reserve. The profit arrived at must be used to set off against any accumulated losses. The appropriation to statutory reserve, after offsetting against any accumulated losses, must be made before the distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends. During the current financial year, SPIA did not appropriate any profit to the statutory reserve as the statutory reserve of SPIA has reached 50% of its registered capital. Xinyuan is not required to appropriate current year's profit to the statutory reserve as it has incurred accumulated losses as at the end of the financial year.

(c) the reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2009, the Group held 921,000 of the Company's shares (2008: NIL).

(d) The Directors have proposed a final (one-tier tax exempt) ordinary dividend of S$0.02 (2008: S$0.02) per share, amounting to US$10,280,000 (2008: US$9,874,000). The dividends have not been provided for.

13 Trade and other payables

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Trade payables	435,673	211,816	435,673	211,816
Accrued operating expenses	12,574	7,136	12,570	7,132
Other payables	168	447	168	447
Derivatives	576	–	576	–
	448,991	219,399	448,987	219,395

The Group and the Company's exposures to foreign currency risk are disclosed in note 14.

14 Financial instruments

Credit risk

Impairment losses

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

	Gross 2009 US$'000	Impairment losses 2009 US$'000	Gross 2008 US$'000	Impairment losses 2008 US$'000
Group and Company				
Not past due	364,872	–	216,057	–

The change in impairment loss in respect of trade receivables during the year is as follows:

	Group and Company 2009 US$'000	Group and Company 2008 US$'000
At 1 January	–	1,194
Impairment loss written off	–	(1,194)
At 31 December	–	–

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

Liquidity risk

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

	Carrying amount	Cash flows			
	US$'000	Contractual cash flows US$'000	Within 1 year US$'000	Within 2 to 5 years US$'000	More than 5 years US$'000
Group					
2009					
Non-derivative financial liabilities					
Trade and other payables	448,415	(448,415)	(488,415)	–	–
Derivative financial instruments					
Oil commodity derivatives	576*	(576)	(576)	–	–
	448,991	(448,991)	(448,991)	–	–
2008					
Non-derivative financial liabilities					
Trade and other payables	219,399	(219,399)	(219,399)	–	–

14 Financial instruments (cont'd)

Liquidity risk (cont'd)

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 2 to 5 years	More than 5 years
	US$'000	US$'000	US$'000	US$'000	US$'000
Company					
2009					
Non-derivative financial liabilities					
Trade and other payables	448,411	(448,411)	(488,411)	–	–
Derivative financial instruments					
Oil commodity derivatives	576*	(576)	(576)	–	–
	448,987	(448,987)	(448,987)	–	–
2008					
Non-derivative financial liabilities					
Trade and other payables	219,395	(219,395)	(219,395)	–	–

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

Currency risk

Exposure to currency risk

The Group's and Company's exposures to foreign currency risk are as follows:

	31 December 2009				31 December 2008				
	US dollar	Singapore dollar	Renminbi	Total	US dollar	Singapore dollar	Renminbi	Euro	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group									
Trade and other receivables	378,246	456	1,131	379,833	218,652	271	32,599	–	251,522
Cash and cash equivalents	179,976	2,216	–	182,192	119,231	33,466	–	405	153,102
Trade and other payables	(442,965)	(5,864)	(162)	(448,991)	(214,550)	(4,674)	(175)	–	(219,399)
	115,257	(3,192)	969	113,034	123,333	29,063	32,424	405	185,225
Company									
Trade and other receivables	378,246	456	1,131	379,833	218,652	271	32,599	–	251,522
Cash and cash equivalents	179,976	2,202	–	182,178	119,231	33,445	–	405	153,081
Trade and other payables	(442,965)	(5,860)	(162)	(448,987)	(214,550)	(4,670)	(175)	–	(219,395)
	115,257	(3,202)	969	113,024	123,333	29,046	32,424	405	185,208

14 Financial instruments (cont'd)

Currency risk (cont'd)

Sensitivity analysis

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

	Group		Company	
	Equity US$'000	Profit or loss US$'000	Equity US$'000	Profit or loss US$'000
31 December 2009				
Singapore dollar	–	319	–	320
Renminbi	–	(97)	–	(97)
31 December 2008				
Singapore dollar	–	(2,906)	–	(2,905)
Renminbi	–	(3,242)	–	(3,242)
Euro	–	(41)	–	(41)

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

Interest rate risk

Profile

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

	Carrying amount	
	2009 US$'000	2008 US$'000
Group and Company		
Variable rate instruments		
Financial assets	182,192	153,102

A change of 100 basis points in interest rates during the year 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 for 2008.

	Profit or loss	
	100 bp increase US$'000	100 bp decrease US$'000
31 December 2009		
Variable rate instruments	1,822	(1,822)
31 December 2008		
Variable rate instruments	(1,531)	1,531

14 Financial instruments (cont'd)

Fair values

Fair values versus carrying amounts

The carrying amounts of the Company's financial instruments carried at cost or amortised cost approximate their fair values as at 31 December 2009 and 31 December 2008 because of the short period to maturity.

Fair value hierarchy

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

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

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group and Company				
31 December 2009				
Derivative financial liabilities	–	(576)	–	(576)

15 Revenue

	Group	
	2009 US$'000	**2008 US$'000**
Revenue from middle distillates	3,496,805	5,370,153
Revenue from other oil products	137,519	91
	3,634,324	5,370,244

16 Profit for the year

The following income/(expense) items have been included in arriving at profit for the year:

	Group	
	2009 US$'000	2008 US$'000
Other income		
Gain on sale of property, plant and equipment	–	53
Interest income	772	5,073
Foreign exchange (loss)/gain	(1,429)	635
Others	–	77
	(657)	5,838
Non-audit fees paid to auditors of the Company	(36)	(133)
Staff costs (including traders' commission)	(8,698)	(3,566)
Contributions to defined contribution plans, included in staff costs	(252)	(138)
Reversal of impairment losses on property, plant and equipment	–	1,992

17 Finance costs

	Group	
	2009 US$'000	2008 US$'000
Bank charges	767	542

18 Income tax credit

	Group	
	2009 US$'000	2008 US$'000
Current tax credit		
Over provided in prior years	–	(4,894)
Income tax credit	–	(4,894)

Reconciliation of effective tax rate

	Group	
	2009 US$'000	2008 US$'000
Profit before income tax	45,199	33,451
Income tax using Singapore tax rate of 17% (2008: 18%)	7,684	6,021
Tax effects of revenue at concessionary tax rate	(1,407)	(1,403)
Effects of results of associates presented net of tax	(4,110)	(1,893)
Other income not subject to tax	(18)	(19)
Expenses not deductible for tax purposes	171	95
Over provided in prior years	–	(4,894)
Utilisation of previously unrecognised tax losses	(2,320)	(2,801)
	–	(4,894)

18 Income tax credit (cont'd)

Reconciliation of effective tax rate (cont'd)

The following temporary differences have not been recognised:

	Group	
	2009 **US$'000**	**2008** **US$'000**
Other temporary differences	4,237	927
Tax losses	180,074	206,600
	184,311	207,527

In the previous financial year, the Comptroller of Income Tax (CIT) agreed to allow for tax deduction on the losses arising from speculative options trading incurred by the Company in 2004 of approximately US$516 million; and to regard the waiver of debts by the scheme creditors under the Scheme of Arrangement undertaken by the Company in 2006 as non-taxable. Consequently, the Group reversed tax provision of US$4.9 million made in respect of prior years of assessment.

Following the decisions by CIT, the unutilised trading losses incurred by the Company in 2004 are included in the temporary differences which have not been recognised.

The Company was granted concessionary rate of tax under the Global Trader Programme (GTP) for a period of 5 years from 1 January 2008 to 31 December 2012. Under the GTP, income derived from qualifying trading transactions of approved products by the Company is taxed at the concessionary rate of 10% instead of the normal statutory rate of 17% (2008: 18%). This incentive is granted subject to the achievement of certain business volume and other terms and conditions.

The tax losses are subject to agreement with the tax authorities and compliance with tax regulations in the respective countries in which the Group entities operate. The tax losses 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.

As at 31 December 2009, deferred tax liabilities for unremitted earnings of the Group's associates have not been recognised, as the Group is not expected to incur additional tax obligations should these earnings be remitted into Singapore, due either to the availability of double taxation relief or tax exemption granted for such foreign-sourced dividend income in accordance with the current tax legislations in Singapore.

19 Earnings per share

The calculation of basic and diluted earnings per share at 31 December 2009 was based on the profit attributable to ordinary shareholders of US$45,199,000 (2008: US$38,345,000), and a weighted average number of ordinary shares outstanding of 721,900,000 (2008: 722,821,000), calculated as follows:

Profit attributable to ordinary shareholders

	2009 **US$'000**	**2008** **US$'000**
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	45,199	38,345

19 Earnings per share (cont'd)

Weighted average number of ordinary shares

	2009 Number of shares ('000)	2008 Number of shares ('000)
Issued ordinary shares at 1 January	722,821	722,821
Effect of own shares held	(78)	–
Weighted average number of ordinary shares at 31 December	722,743	722,821

As there were no dilutive potential ordinary shares during the year, basic and diluted earnings per share are the same.

20 Operating segments

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

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

* *None of these investments meets the quantitative thresholds for determining reportable segments in 2009 or 2008.*

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

	Middle distillates US$'000	Other oil products US$'000	Others US$'000	Total US$'000
2009				
Revenue	3,496,805	137,519	–	3,634,324
Gross profit	31,530	(823)	–	30,707
Other operating expenses	(5,369)	(610)	(1,823)	(7,802)
Depreciation and amortisation	(457)	–	–	(457)
Foreign exchange loss	(1,429)	–	–	(1,429)
Interest income	772	–	–	772
Finance costs	(701)	(66)	–	(767)
Share of profits of associates (net of income tax)	–	–	24,175	24,175
Income tax expense	–	–	–	–
Reportable segment profits after income tax	24,346	(1,499)	22,352	45,199

20 Operating segments (cont'd)

	Middle distillates US$'000	Other oil products US$'000	Others US$'000	Total US$'000
2008				
Revenue	5,370,153	91	–	5,370,244
Gross profit	22,526	6	–	22,532
Other operating expenses	(2,739)	(32)	(1,470)	(4,241)
Depreciation and amortisation	(652)	–	–	(652)
Foreign exchange gains	635	–	–	635
Other operating income	130	–	–	130
Interest income	5,073	–	–	5,073
Finance costs	(542)	–	–	(542)
Share of profits of associates (net of income tax)	–	–	10,516	10,516
Income tax credit	4,894	–	–	4,894
Reportable segment profits after income tax	29,325	(26)	9,046	38,345

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 customers. Segment assets are based on the geographical location of the assets.

	Revenue US$'000	Non-current assets US$'000
Geographical information		
2009		
People's Republic of China	2,915,658	–
Singapore	317,772	8,161
Korea	179,697	–
Other regions	221,197	–
	3,634,324	8,161
2008		
People's Republic of China	5,333,179	–
Singapore	37,065	8,470
	5,370,244	8,470

Major customer

Revenue from an associate and a related corporation of the Company totalled approximately US$2,261,112,000 (2008: US$4,371,555,000), representing 62% (2008: 81%) of the Group's total revenue.

21 Financial risk management

Overview

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

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

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

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.

21 Financial risk management (cont'd)

Credit risk (cont'd)

At the balance sheet date, there was no significant concentration of credit risk except for amounts receivable due from a (2008:2) major customer amounting to US$128,868,000 (2008: US$130,001,000) which accounted for 93% (2008: 85%) of the Group's total trade receivables, and receivables due from related corporations amounting to US$180,963,000 (2008: US$49,135,000). The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

In respect of the Group's associate, there was an amount due from a major customer amounting to US$108,485,000 (2008: US$367,564,000) to an associate, which accounted for 44% (2008: 68%) of the associate's total trade receivables. Except for this receivable, there was no significant concentration of credit risk.

Liquidity risk

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

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

Interest rate risk

As at 31 December 2009, the Group and the Company does not have any interest-bearing liabilities.

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

As the Group's and the Company's interest bearing financial assets 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 US dollar and the Chinese renminbi, which are the principal functional currencies of Group entities. The currency giving rise to this foreign currency risk is primarily the Singapore dollar. Currently, the Group does not hedge this foreign currency exposure.

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

Market risk

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

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

21 Financial risk management (cont'd)

Commodity price risk

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

Sensitivity analysis

A change of 10% in oil forward prices at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Profit or loss	
	10% increase US$'000	**10% decrease US$'000**
2009		
Oil forward price	(1,348)	1,348
2008		
Oil forward price	34	(34)

Estimation of fair values

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

Derivative financial instruments

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

Other financial assets and liabilities

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

22 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.

22 Contingent liabilities (cont'd)

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). The accumulated claim indicated by the customer amounted to RMB742 million (US$109.1 million) as at 31 December 2007. In the previous and current financial years, SPIA did not receive any claim for overcharged custom duties and VAT from this customer. Although an agreement to settle this claim has not been reached as at the end of the current financial year, the accumulated claim indicated by the customer has been substantially reduced. Management of SPIA and the immediate holding company of the Company, CNAF, will continue to discuss with this customer to reach an amicable settlement of this claim.

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

23 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2009 US$'000	2008 US$'000
Within one year	172	–
Between one and five years	556	–
	728	–

24 Related parties

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

Key management personnel compensation

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

Key management personnel compensation comprises:

	Group	
	2009 US$'000	2008 US$'000
Directors' fees	330	326
Directors' remuneration	818	729
Key executive officers' remuneration	1,337	938
	2,485	1,993

24 Related parties (cont'd)

Key management personnel compensation (cont'd)

The remuneration disclosed above for the Executive Directors and the 5 key executives exclude the 2009 variable bonuses payable in relation to profit targets achieved for the Company's oil trading activities.

The quantum of the said 2009 variable bonuses are being considered by the Remuneration Committee and will be decided in the financial year ending 31 December 2010.

Other related party transactions

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

	Group	
	2009	**2008**
	US$'000	**US$'000**
Related corporation of a corporate shareholder		
Sale of jet fuel	133,567	50,395
Sale of gas oil	18,827	–
Sale of petrochemical products	10,636	–
Purchase of jet fuel	732,891	35,132
Purchase of gas oil	17,765	–
Related corporations		
Sale of jet fuel	1,351,619	2,703,673
Sale of fuel oil	38,127	–
Associate		
Sale of jet fuel	1,285,768	2,581,039
A firm in which a former director is a member		
Professional fees paid	–	156

25 Accounting estimates and judgement in applying accounting policies

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

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

Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Impairment loss on trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Income taxes

Significant judgement is required in determining the capital allowances, taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes.

Fair value of derivative financial instruments

The Company holds derivative financial instruments to hedge the changes in oil product prices. The Company has not applied hedge accounting to derivative financial instruments that economically hedge the exposure of the changes in oil 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.

26 Comparative information

The following comparative in the financial statements has been restated to enhance comparability and to be consistent with current year presentation:

	2008 (As restated) US$'000	**2008 (As previously reported) US$'000**
Other temporary differences	927	244
Tax losses	206,600	207,968
	207,527	208,212

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	
	2009	**2008**	**2009**	**2008**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Sales revenue from related corporations	–	–	1,389,746	2,703,673
Sales revenue from related corporation of a corporate shareholder	–	–	163,030	50,395
Purchases from related corporation of a corporate shareholder	–	35,132	750,656	–
Supply chain services rendered from related corporation	–	–	779	–
Supply chain services rendered from related corporation of a corporate shareholder	–	–	1,397	–
Transportation revenue earned by associate from related corporations	–	–	5,707	–
Other revenue earned by associate from related corporations	–	–	1,517	–
Special fees paid to a Director	–	207	–	–

Shareholding Information

As at 15 March 2010

Number of Issued Shares	: 722,820,537
Number of Issued Shares (excluding Treasury Shares)	: 719,160,537
Number/Percentage of Treasury Shares	: 3,660,000 (0.51%)
Class of Shares	: Ordinary Shares
Voting Rights (excluding Treasury Shares)	: 1 vote per share

Based on information available to the Company as at 15 March 2010, approximately 28.76% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	2,880	16.58	1,419,765	0.20
1,000 - 10,000	11,300	65.05	49,017,384	6.82
10,001 - 1,000,000	3,179	18.30	115,581,705	16.07
1,000,001 AND ABOVE	12	0.07	553,141,683	76.91
TOTAL	17,371	100.00	719,160,537	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO.OF SHARES	%
1	DBS VICKERS SECURITIES (S) PTE LTD	370,085,099	51.46
2	BP INVESTMENTS ASIA LIMITED	144,564,119	20.10
3	UNITED OVERSEAS BANK NOMINEES PTE LTD	6,339,800	0.88
4	DBS NOMINEES PTE LTD	5,934,582	0.83
5	OCBC SECURITIES PRIVATE LTD	5,502,610	0.77
6	CITIBANK NOMINEES SINGAPORE PTE LTD	5,302,251	0.74
7	UOB KAY HIAN PTE LTD	3,839,676	0.53
8	HSBC (SINGAPORE) NOMINEES PTE LTD	3,735,391	0.52
9	PHILLIP SECURITIES PTE LTD	2,576,173	0.36
10	LEE FOOK CHOY	2,342,000	0.33
11	OCBC NOMINEES SINGAPORE PTE LTD	1,912,782	0.27
12	CIMB-GK SECURITIES PTE. LTD.	1,284,200	0.18
13	LER HOCK SENG	1,000,000	0.14
14	LAM YEW CHONG	938,000	0.13
15	CITIBANK CONSUMER NOMINEES PTE LTD	899,868	0.13
16	KANG HIAN SOON	866,000	0.12
17	BANK OF CHINA NOMINEES PTE LTD	771,116	0.11
18	KIM ENG SECURITIES PTE. LTD.	707,883	0.10
19	TAN ROSALIND	700,000	0.10
20	KHNG GUAN LENG STEPHEN	610,000	0.08
	TOTAL	559,911,550	77.88

SUBSTANTIAL ORDINARY SHAREHOLDERS

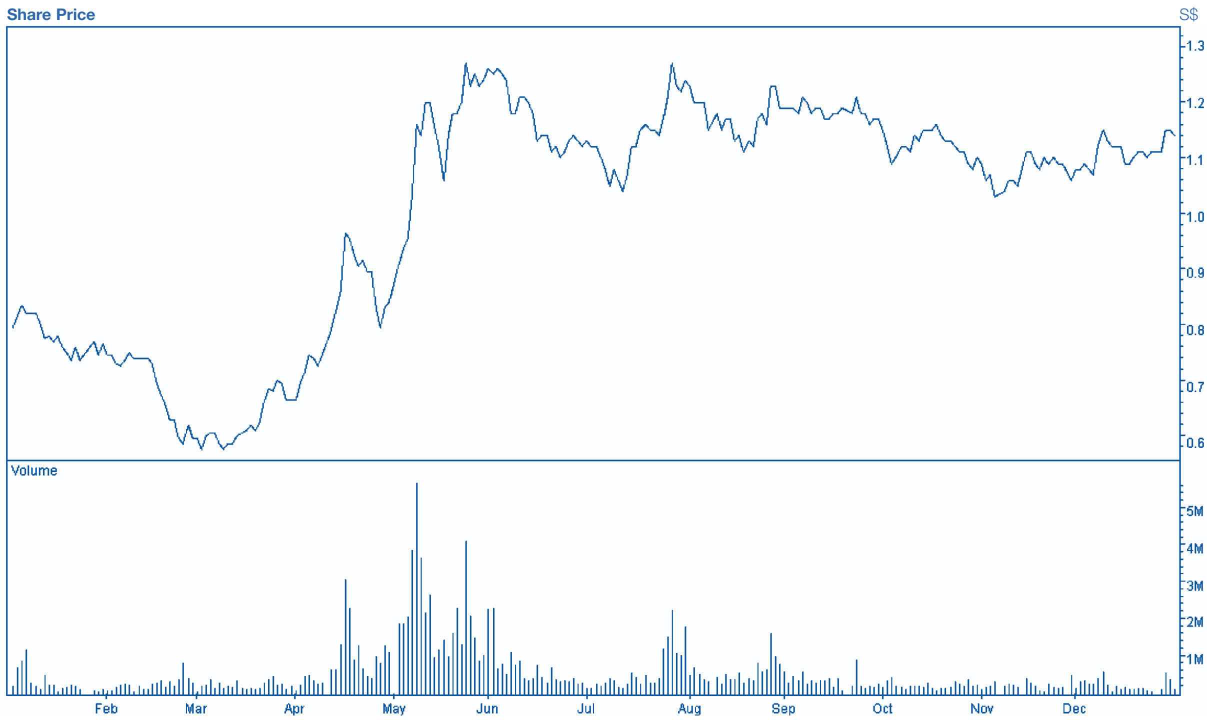
(As shown in the Register of Substantial Shareholders as at 15 March 2010)

		No. of Shares		
No.	Name	Direct Interest	Deemed Interest	%
1	China National Aviation Fuel Group Corporation	–	367,777,427*	51.14
2	BP Investments Asia Limited	144,564,119	–	20.10

* China National Aviation Fuel Group Corporation is deemed to have an interest in 367,777,427 shares of CAO held by DBS Vickers Securities (S) Pte Ltd.

Share Price Information / Corporate Calendar

2009 CAO Share Price Movement and Trading Volume



Share Price (S$)	**2006***	**2007**	**2008**	**2009**
As at last trading day of the year	1.00	2.08	0.77	**1.14**
High	1.85	3.28	2.15	**1.32**
Low	0.92	0.98	0.48	**0.57**
Weighted Average	1.32	2.27	1.41	**1.07**

* *Since resumption of trading of CAO shares on 29 March 2006*

Source: Thomson Reuters

Corporate Calendar

2010	
Announcement of 2009 full-year results	25 February
Despatch of Summary Reports to shareholders	On or about 29 March
16th Annual General Meeting/Extraordinary General Meeting	23 April
Proposed First and Final Dividend for FY2009	
Books closure dates	10 May to 11 May
Payment date	21 May
Announcement of 1Q 2010 results	May
Announcement of 2Q 2010 results	August
Announcement of 3Q 2010 results	November
2011	
Announcement of 2010 full-year results	February

Notice of Annual General Meeting

CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
Incorporated in the Republic of Singapore
Company Registration. No. 199303293Z

NOTICE IS HEREBY GIVEN that the 16th Annual General Meeting of the Company will be held at DBS Auditorium, 6 Shenton Way, Level 3, DBS Building Tower One, Singapore 068809 on Friday, 23 April 2010 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 2009 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 2009. **(Resolution 2)**

3. To approve Directors' Fees of S$455,167 for the year ended 31 December 2009. (2008: S$491,131) **(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)**
   Dr Zhao Shousen **(Resolution 5)**
   Mr Meng Fanqiu **(Resolution 6)**

5. To re-elect the following Directors, each of whom will retire in accordance with Article 97 of the Company's Articles of Association and who, being eligible, will offer themselves for re-election:-

   Mr Chen Liming **(Resolution 7)**
   Mr Luo Qun **(Resolution 8)**

6. To re-appoint Messrs KPMG LLP as the Company's auditors and to authorise the Directors to fix their remuneration. **(Resolution 9)**

AS SPECIAL BUSINESS

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

7. That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance to any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued shares (excluding treasury Shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued shares (excluding treasury Shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued shares (excluding treasury Shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding at the time of the passing of this Resolution; and

b) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 10)

8. 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
29 March 2010

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 21 April 2010.

Notice of Annual General Meeting

Explanatory Notes:

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

Resolution 5 Dr Zhao Shousen will upon re-appointment continue as Vice Chairman of the Audit Committee and a member of the Risk Management Committee. He is considered a Non-Executive, Non-Independent Director.

Resolution 6 Mr Meng Fanqiu, the Chief Executive Officer/Executive Director, is an Executive, Non-Independent Director.

Resolution 7 Mr Chen Liming will upon re-appointment continue as a member of the Remuneration Committee and Nominating Committee. He is considered a Non-Executive, Non-Independent Director. He was appointed as a Director on 5 August 2009.

Resolution 8 Mr Luo Qun will upon re-appointment continue as Vice Chairman of the Remuneration Committee and the Nominating Committee. He is considered a Non-Executive, Non-Independent Director. He was appointed as a Director on 26 February 2010.

Resolution 10 The ordinary resolution proposed in item 7 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting, to issue shares in the Company. The aggregate number of shares which the Directors may issue under this Resolution shall not exceed fifty per cent (50%) of the issued shares (excluding treasury Shares) in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders shall not exceed twenty per cent. (20%) of the issued shares (excluding treasury Shares) in the capital of the Company. The percentage of issued share capital is based on the Company's issued shares (excluding treasury Shares) in the capital 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.

Notice of Book 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 to the Dividend at the Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed from 10 May 2010 to 11 May 2010, both dates inclusive, for the preparation of dividend warrants. The Register of Members and the Transfer Books will re-open on 12 May 2010. 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 7 May 2010, will be registered in the Register of Members and the Transfer Books of the Company to determine shareholders' entitlements to the Dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the Dividend will be paid by the Company to CDP which will, in turn, distribute the entitlements to the Dividend to CDP account-holders in accordance with its normal practice.

The Dividend, if approved by shareholders, will be paid on 21 May 2010.

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**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

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

or failing him/her/them, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the 16th Annual General Meeting of the Company, to be held at DBS Auditorium, 6 Shenton Way, Level 3, DBS Building Tower One, Singapore 068809 on Friday, 23 April 2010 at 3:00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

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

No.	**Resolutions relating to:**	**For**	**Against**
1	Directors' Report and Audited Accounts		
2	Declaration of Dividend		
3	Directors' fees		
4	Re-election of Mr Sun Li as a Director		
5	Re-election of Dr Zhao Shousen as a Director		
6	Re-election of Mr Meng Fanqiu as a Director		
7	Re-election of Mr Chen Liming as a Director		
8	Re-election of Mr Luo Qun as Director		
9	Auditors and their remuneration		
	Special Business		
10	Authority to Directors to issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited		

Dated this __________ day of ________________ 2010

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

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

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM

Notes :

1. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in section 130A of the Companies Act, Cap.50 of Singapore), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by the member.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Temasek Boulevard #31-02 Suntec Tower Three Singapore 038988 not less than 48 hours before the time appointed for the Meeting.

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.

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Affix postage stamp

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

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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
A Subsidiary of China National Aviation Fuel Group Corporation
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