



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Company Registration No. 199303293Z)
Half Year Financial Statement For The Period Ended 30 June 2023

A. Condensed consolidated statement of profit or loss and other comprehensive income

Consolidated Statement of Profit or Loss

	Note	1H 2023 US\$'000	1H 2022 US\$'000	Variance + / - (%)
Revenue	4	6,277,069	9,288,309	-32.42
Cost of sales		(6,266,421)	(9,266,777)	-32.38
Gross Profit		10,648	21,532	-50.55
Other operating income		9,644	(1,023)	NM
Administrative expenses		(5,850)	(5,336)	9.63
Other operating expenses		(882)	(2,347)	-62.42
Finance costs		(189)	(696)	-72.84
Operating Profit		13,371	12,130	10.23
Share of results of associates (net of tax)		8,260	9,678	-14.65
Profit before tax	5	21,631	21,808	-0.81
Tax expense	6	(2,226)	(2,194)	1.46
Profit for the period		19,405	19,614	-1.07

Consolidated statement of other comprehensive income

Consolidated Statement of Other Comprehensive Income

	1H 2023	1H 2022	Variance
	US\$'000	US\$'000	+ / - (%)
PROFIT FOR THE PERIOD	19,405	19,614	-1.07
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss in subsequent periods (net of tax) :			
Currency translation differences on consolidation of foreign entities (net) (note (a))	(7,413)	(14,086)	-47.37
Total other comprehensive loss for the period	(7,413)	(14,086)	-47.37
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	11,992	5,528	116.93
Profit attributable to:			
Owners of the Company	19,736	19,660	0.39
Non-controlling interests	(331)	(46)	619.57
	19,405	19,614	-1.07
Total comprehensive income attributable to:			
Owners of the Company	12,323	5,574	121.08
Non-controlling interests	(331)	(46)	619.57
	11,992	5,528	116.93
Earnings per share for profit for the period attributable to the owners of the Company during the period:			
Basic (USD in cent)	2.29	2.29	-
Diluted (USD in cent)	2.29	2.29	-

Note (a): Compared to the end of December 2022, the RMB and Korean Won depreciated approximately 3.62% and 3.80% respectively against the US Dollar during the six months ended 30 June 2023 giving rise to the translation loss on foreign associates.

NM denotes “not meaningful”

B. Condensed statements of financial position

Statements of Financial Position

	Note	Group		Company	
		As at 30 Jun 2023 US\$'000	As at 31 Dec 2022 US\$'000	As at 30 Jun 2023 US\$'000	As at 31 Dec 2022 US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment		4,636	5,264	2,842	3,140
Intangible assets	7	10,698	11,201	114	89
Subsidiaries		-	-	34,921	34,921
Associates	10	235,459	259,777	235,459	259,777
Financial asset at FVTOCI	11	5,500	5,500	-	-
Right-of-use assets		6,841	11,971	3,989	8,299
		263,134	293,713	277,325	306,226
Current assets					
Inventories		140,920	182,089	33,757	144,386
Trade and other receivables	12	830,498	715,621	852,554	641,734
Cash and cash equivalents		534,346	308,195	518,268	293,046
		1,505,764	1,205,905	1,404,579	1,079,166
Total assets		1,768,898	1,499,618	1,681,904	1,385,392
EQUITY AND LIABILITIES					
Capital, Reserves and Non-controlling interests					
Share capital	13	215,573	215,573	215,573	215,573
Reserves		689,420	687,405	678,727	673,721
Equity attributable to owners of the Company		904,993	902,978	894,300	889,294
Non-controlling interests		4,099	4,430	-	-
Total equity		909,092	907,408	894,300	889,294
Non-current liabilities					
Lease liabilities		4,304	4,281	2,354	2,026
Deferred tax liabilities		6,762	7,501	6,762	7,501
		11,066	11,782	9,116	9,527
Current liabilities					
Trade and other payables	14	838,744	564,884	774,222	478,271
Contract liabilities		4,061	4,916	-	-
Lease liabilities		3,084	8,283	1,688	6,432
Current tax liabilities		2,851	2,345	2,578	1,868
		848,740	580,428	778,488	486,571
Total liabilities		859,806	592,210	787,604	496,098
Total equity and liabilities		1,768,898	1,499,618	1,681,904	1,385,392

C. Condensed statements of changes in equity

Consolidated Statement of Changes in Equity

THE GROUP	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Total attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
As at 1 January 2022	215,573	639,656	(5,482)	14,459	37,163	901,369	-	901,369
Total comprehensive income for the period	-	19,660	-	(14,086)	-	5,574	(46)	5,528
Share of associates' accumulated profits transferred to statutory reserve	-	(41)	-	-	41	-	-	-
Dividends paid in respect of 2021, representing total transactions with shareholders recognised directly in equity	-	(11,849)	-	-	-	(11,849)	-	(11,849)
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	4,220	4,220
As at 30 June 2022	215,573	647,426	(5,482)	373	37,204	895,094	4,174	899,268
As at 1 January 2023	215,573	661,299	(5,482)	(5,615)	37,203	902,978	4,430	907,408
Total comprehensive income for the period	-	19,736	-	(7,413)	-	12,323	(331)	11,992
Share of associates' accumulated profits transferred to statutory reserve	-	(17)	-	-	17	-	-	-
Dividends paid in respect of 2022, representing total transactions with shareholders recognised directly in equity	-	(10,308)	-	-	-	(10,308)	-	(10,308)
As at 30 June 2023	215,573	670,710	(5,482)	(13,028)	37,220	904,993	4,099	909,092

Statement of Changes in Equity

THE COMPANY	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Foreign Currency translation reserve US\$'000	Statutory reserve US\$'000	Total equity US\$'000
As at 1 January 2022	215,573	630,772	(5,482)	14,475	37,163	892,501
Total comprehensive income for the period	-	18,184	-	(14,102)	-	4,082
Share of associates' accumulated profits transferred to statutory reserve	-	(41)	-	-	41	-
Dividends paid in respect of 2021, representing total transactions with shareholders recognised directly in equity	-	(11,849)	-	-	-	(11,849)
As at 30 June 2022	215,573	637,066	(5,482)	373	37,204	884,734
As at 1 January 2023	215,573	647,615	(5,482)	(5,615)	37,203	889,294
Total comprehensive income for the period	-	22,727	-	(7,413)	-	15,314
Share of associates' accumulated profits transferred to statutory reserve	-	(17)	-	-	17	-
Dividends paid in respect of 2022, representing total transactions with shareholders recognised directly in equity	-	(10,308)	-	-	-	(10,308)
As at 30 June 2023	215,573	660,017	(5,482)	(13,028)	37,220	894,300

D. Condensed consolidated statement of cash flows

Consolidated Statement of Cash Flows

	Note	1H 2023 US\$'000	1H 2022 US\$'000
Cash flows from operating activities			
Profit for the period		19,405	19,614
Adjustments for:-			
Depreciation of property, plant and equipment	5	688	480
Depreciation of right-of-use assets	5	3,277	3,915
Amortisation of intangible assets	5	558	106
Property, plant and equipment written off	5	-	23
Gain on deemed disposal of interest in an associate	5	-	(143)
Allowance for impairment loss on doubtful debts	5	465	2,200
Fair value gain on derivative instruments		(3,733)	(19,051)
Share of results of associates		(8,260)	(9,678)
Interest income	5	(9,333)	(572)
Interest expense	5	-	4
Lease interest expense	5	21	88
Tax expense	6	2,226	2,194
Unrealised exchange differences		(16)	1,417
		5,298	597
Change in inventories		41,169	(12,243)
Change in trade and other receivables		(138,722)	(487,440)
Change in trade and other payables		310,916	317,411
Cash from/(used in) operating activities		218,661	(181,675)
Tax paid		(1,200)	(760)
Net cash from/(used in) operating activities		217,461	(182,435)
Cash flows from investing activities			
Interest received		8,299	572
Purchase of property, plant and equipment		(60)	(44)
Purchase of intangible assets		(55)	-
Acquisition of subsidiary, net of cash acquired		-	571
Dividends received from associates		14,142	9,460
Net cash from investing activities		22,326	10,559
Cash flows from financing activities			
Interest paid		-	(4)
Interest paid on lease liabilities		(21)	(88)
Repayment of lease liabilities		(3,323)	(4,156)
Proceeds from loans and borrowings		-	25,000
Repayment of loans and borrowings		-	(31,200)
Dividends paid		(10,308)	(11,849)
Net cash used in financing activities		(13,652)	(22,297)
Net increase/(decrease) in cash and cash equivalents		226,135	(194,173)
Cash and cash equivalents at beginning of the period		308,195	400,837
Net effect of exchange rate fluctuations on cash held		16	(1,417)
Cash and cash equivalents at end of the period		534,346	205,247

E. Notes to the condensed consolidated financial statements

1. Corporate information

China Aviation Oil (Singapore) Corporation Ltd (“CAO” or “the Company”) is incorporated and domiciled in Singapore, with its shares being publicly traded on the Mainboard of the Singapore Exchange. These condensed consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, “CAO Group” or “the Group”). The principal activities of the Group are jet fuel supply and trading, trading of other oil products and investments in oil-related assets. Consequently, income is derived from (i) supply and trading of jet fuel, (ii) trading in other oil products and (iii) investments in oil-related businesses.

CAO is the largest physical jet fuel buyer in the Asia Pacific region and the key supplier of imported jet fuel to the civil aviation industry of the People’s Republic of China (“PRC”). CAO also engages in the trading of jet fuel and other oil products. The Company has three wholly-owned subsidiaries, namely China Aviation Oil (Hong Kong) Company Limited (“CAOHK”), North American Fuel Corporation (“NAFCO”), and China Aviation Fuel (Europe) Limited (“CAFEU”). The 3 wholly-owned subsidiaries are located in Hong Kong, North America and the United Kingdom respectively. CNAF Hong Kong Refuelling Limited (“CNAF HKR”) which is located in Hong Kong, is a 68% owned subsidiary held through CAOHK.

In addition, CAO Group owns investments in strategic oil-related businesses, which include Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (“SPIA”), China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd (“TSN-PEKCL”), Oilhub Korea Yeosu Co., Ltd (“OKYC”), Shenzhen Zhenghe Petrochemicals Co. Ltd (“Zhenghe”) and Aviation Fuel Supply B.V. (“AFS”).

2. Basis of Preparation

The condensed financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. This report should be read in conjunction with the Group's annual report for the financial year ended 31 December 2022 and any public announcements made by CAO Group during the reporting period.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed financial statements are presented in United States (US) dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

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.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following main business segments:

- (a) Middle distillates : Jet fuel and gas oil supply and trading;
- (b) Other oil products: Fuel oil, crude oil and gasoline supply and trading; and
- (c) Investments in oil-related assets: Investments in oil-related assets through the Group's holdings in associates.

These operating segments are reported in a manner consistent with the internal reporting provided to Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

4.1 Reporting segments

	Middle distillates	Other oil products	Investment in oil related assets	Total
	2023	2023	2023	2023
1 Jan 2023 to 30 Jun 2023	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	3,250,823	3,026,246	-	6,277,069
Gross profit	8,945	1,703	-	10,648
Other administrative /operating expenses	(4,751)	(905)	-	(5,656)
Depreciation and amortisation	(904)	(172)	-	(1,076)
Foreign exchange gain	184	35	-	219
Interest income	7,840	1,493	-	9,333
Other income	77	15	-	92
Finance costs (net of tax)	(95)	(94)	-	(189)
	-	-	8,260	8,260
Profit before tax	11,296	2,075	8,260	21,631
Tax expense	(1,442)	(265)	(519)	(2,226)
Earning for the period	9,854	1,810	7,741	19,405
Segment assets	1,320,468	198,175	250,255	1,768,898
Total assets per statement of financial position				1,768,898
Segment liabilities	687,163	163,030	-	850,193
Current tax liabilities				2,851
Deferred tax liabilities				6,762
Total liabilities per statement of financial position				859,806

	Middle distillates	Other oil products	Investment in oil related assets	Total
1 Jan 2022 to 30 Jun 2022	2022 US\$'000	2022 US\$'000	2022 US\$'000	2022 US\$'000
Revenue	4,338,217	4,950,092	-	9,288,309
Gross profit	21,018	514	-	21,532
Other administrative /operating expenses	(6,513)	(159)	-	(6,672)
Depreciation and amortisation	(987)	(24)	-	(1,011)
Foreign exchange loss	(2,064)	(50)	-	(2,114)
Interest income	558	14	-	572
Gain on deemed disposal of an associate	-	-	143	143
Other income	367	9	-	376
Finance costs (net of tax)	(209)	(487)	-	(696)
	-	-	9,678	9,678
Profit before tax	12,170	(183)	9,821	21,808
Tax expense	(1,649)	-	(545)	(2,194)
Earning for the period	10,521	(183)	9,276	19,614
Segment assets	1,409,014	198,736	274,800	1,882,550
Deferred tax assets				230
Total assets per statement of financial position				1,882,780
Segment liabilities	850,327	124,372	-	974,699
Current tax liabilities				1,457
Deferred tax liabilities				7,356
Total liabilities per statement of financial position				983,512

4.2 Disaggregation of Revenue

The Group				
6 months ended 30 June 2023				
	Middle distillates US\$'000	Other oil products US\$'000	Investment in oil related assets US\$'000	Total US\$'000
Sales of goods	3,245,013	3,025,964	-	6,270,977
Trading of oil commodity derivatives	5,810	282	-	6,092
Total revenue	3,250,823	3,026,246	-	6,277,069
Timing of revenue recognition:				
At a point in time	3,245,013	3,025,964	-	6,270,977
Over time	5,810	282	-	6,092
Total revenue	3,250,823	3,026,246	-	6,277,069
Geographical information:				
People's Republic of China	1,857,333	2,072,586	-	3,929,919
Singapore	29,041	511,364	-	540,405
USA	359,451	-	-	359,451
Other countries	1,004,998	442,296	-	1,447,294
Total revenue	3,250,823	3,026,246	-	6,277,069

The Group				
6 months ended 30 June 2022				
	Middle distillates US\$'000	Other oil products US\$'000	Investment in oil related assets US\$'000	Total US\$'000
Sales of goods	4,436,328	4,950,244	-	9,386,572
Trading of oil commodity derivatives	(98,111)	(152)	-	(98,263)
Total revenue	4,338,217	4,950,092	-	9,288,309
Timing of revenue recognition:				
At a point in time	4,436,328	4,950,244	-	9,386,572
Over time	(98,111)	(152)	-	(98,263)
Total revenue	4,338,217	4,950,092	-	9,288,309
Geographical information:				
People's Republic of China	1,981,607	3,552,284	-	5,533,891
Singapore	182,511	657,124	-	839,635
Netherland	701,906	-	-	701,906
USA	495,245	-	-	495,245
Other countries	976,948	740,684	-	1,717,632
Total revenue	4,338,217	4,950,092	-	9,288,309

Revenue contribution from a single region is disclosed separately when it exceeds 5% of the Group's revenue respectively.

5. Profit before tax

5.1 Significant items

The Group		
	1H 2023	1H 2022
	US\$'000	US\$'000
Income		
Bank interest income	9,333	572
Gain on deemed disposal of an associate	-	143
Net foreign exchange gain /(loss)	219	(2,114)
Expenses		
Depreciation of property, plant and equipment	688	480
Depreciation of right-of-use assets	3,277	3,915
Amortisation of intangible assets	558	106
Property, plant and equipment written off	-	23
Interest expense	-	4
Interest expense - lease liabilities	21	88
Allowance for impairment loss on doubtful debts	465	2,200

5.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

6. Tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of profit or loss are:

	1H 2023	1H 2022
	US\$'000	US\$'000
Current income tax expense	1,707	1,433
Utilisation of previously unused tax losses	-	216
Withholding tax expense	519	545
Total tax expense	2,226	2,194

7. Intangible assets

	Goodwill on consolidation US\$'000	Customer contracts US\$'000	Concession operating rights US\$'000	Software US\$'000	Total US\$'000
Group					
Cost					
At 1 January 2022	1,181	634	–	4,046	5,861
Additions	–	–	–	32	32
Acquired on acquisition of a subsidiary	3,108	–	8,353	–	11,461
Written off	–	–	–	(105)	(105)
At 31 December 2022	4,289	634	8,353	3,973	17,249
Additions	–	–	–	55	55
At 30 June 2023	4,289	634	8,353	4,028	17,304
Accumulated amortisation					
At 1 January 2022	–	–	–	3,914	3,914
Amortisation for the year	–	–	616	75	691
Written off	–	–	–	(105)	(105)
At 31 December 2022	–	–	616	3,884	4,550
Amortisation for the period	–	–	528	30	558
At 30 June 2023	–	–	1,144	3,914	5,058
Impairment					
At 1 January 2022, 31 December 2022 and 30 June 2023	914	634	–	–	1,548
Carrying amounts					
At 31 December 2022	3,375	–	7,737	89	11,201
At 30 June 2023	3,375	–	7,209	114	10,698
Company					Software US\$'000
Cost					
At 1 January 2022					4,046
Additions					32
Written off					(105)
At 31 December 2022					3,973
Additions					55
At 30 June 2023					4,028
Accumulated amortisation					
At 1 January 2022					3,914
Amortisation for the year					75
Written off					(105)
At 31 December 2022					3,884
Amortisation for the period					30
At 30 June 2023					3,914
Carrying amounts					
At 31 December 2022					89
At 30 June 2023					114

8. Dividends

There is no interim dividend declared or paid for the financial period ended 30 June 2023 and 30 June 2022.

9. Net Asset Value

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
Net asset value per ordinary share (US cents)	105.21	104.97	103.97	103.39
Number of ordinary shares issued ('000)	860,184	860,184	860,184	860,184

10. Associates

	Group		Company	
	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000	30 Jun 2022 US\$'000	31 Dec 2022 US\$'000
Investment in associates	235,459	259,777	235,459	259,777

The Group has one (2022: one) associate that is material and three (2022: three) other associates that are individually immaterial to the Group. All are equity accounted. Details of the material associate of the Group and the Company are as follows:

	Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (“SPIA”)
Nature of business	Exclusive supplier of jet fuel at Shanghai Pudong International Airport
Principal place of business/Country of incorporation	People’s Republic of China
Ownership interest/Voting rights held	33% (2022: 33%)

11. Financial assets at fair value through other comprehensive income

	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000
Investment in equity instrument designated as at FVTOCI - unquoted equity shares	5,500	5,500

The investment in equity instrument is not held for trading. Instead, it is held for medium- to long-term strategic purposes. Accordingly, management has elected to designate this investment in equity instrument at fair value through other comprehensive income (“FVTOCI”) as they believe that recognising short-term fluctuations in this investment’s fair value in profit or loss would not be consistent with the Group’s strategy of holding this investment for long-term purposes and realising its performance potential in the long run.

No investment in equity instrument measured at FVTOCI has been disposed of during the current reporting period.

12. Trade and other receivables

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables	425,411	170,273	336,993	102,552
Other receivables	40,510	53,890	28,169	36,746
Amounts due from:				
- subsidiaries (trade)	-	-	170,653	170,279
- related corporations (trade)	204,295	216,155	132,399	105,192
- related corporation of a corporate shareholder (trade)	1,296	102,877	-	5,638
- holding company (non-trade)	-	2	-	2
- subsidiaries (non-trade)	-	-	84,856	100,238
- associate (trade)	90,947	84,536	90,947	84,536
Dividend receivable from associate	9,256	-	9,256	-
	771,715	627,733	853,273	605,183
Allowance for impairment loss on doubtful debts - trade receivables	(6,527)	(6,062)	(5,959)	(5,405)
Loans and receivables	765,188	621,671	847,314	599,778
Derivative financial assets:				
- oil commodity derivatives	5,441	39,621	5,240	40,559
	770,629	661,292	852,554	640,337
Prepayments	59,869	54,329	-	1,397
	830,498	715,621	852,554	641,734

13. Share capital

The Group and the Company				
	30 Jun 2023		31 Dec 2022	
	Number of shares	Amount	Number of shares	Amount
	'000	US\$'000	'000	US\$'000
Fully paid ordinary shares				
Balance at beginning and end of period	866,184	215,573	866,184	215,573
Treasury shares				
Balance at beginning and end of period	(6,000)	(5,482)	(6,000)	(5,482)
Issued shares excluding treasury shares				
Balance at beginning and end of period	860,184	210,091	860,184	210,091

There are no sales, transfers, cancellation and use of treasury shares from 1 January 2023 to 30 June 2023.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 31 December 2022.

14. Trade and other payables

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	755,150	377,783	708,172	332,207
Other payables and accruals	40,126	54,716	38,381	52,593
Amounts due to:				
- holding company (non-trade)	10,126	10,125	-	-
- subsidiaries (trade)	-	-	2,523	12,249
- subsidiaries (non-trade)	-	-	20,527	-
- related corporation of a corporate shareholder (trade)	27,882	78,887	-	39,332
Derivative financial liabilities:				
- oil commodity derivatives	5,460	43,373	4,619	41,890
	838,744	564,884	774,222	478,271

15. Borrowings

Amount repayable in one year or less, or on demand

	The Group and the Company	
	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	-	-
Unsecured	-	-
<u>Amount repayable after one year</u>		
Secured	-	-
Unsecured	-	-

16. Fair value measurement

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

At the reporting date, the carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost approximate their fair values because of the short period to maturity.

Group	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
30 Jun 2023				
Financial assets at FVTOCI*	-	-	5,500	5,500
Derivative financial assets	-	5,441	-	5,441
Derivative financial liabilities	-	(5,460)	-	(5,460)
	-	(19)	5,500	5,481
31 Dec 2022				
Financial assets at FVTOCI	-	-	5,500	5,500
Derivative financial assets	-	39,621	-	39,621
Derivative financial liabilities	-	(43,373)	-	(43,373)
	-	(3,752)	5,500	1,748

Company	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
30 Jun 2023				
Derivative financial assets	-	5,240	-	5,240
Derivative financial liabilities	-	(4,619)	-	(4,619)
	-	621	-	621
31 Dec 2022				
Derivative financial assets	-	40,559	-	40,559
Derivative financial liabilities	-	(41,890)	-	(41,890)
	-	(1,331)	-	(1,331)

* There was no movement to the Level 3 fair value measurement of the financial asset during the current reporting period.

17. Subsequent events

There are no known subsequent events which have led to adjustments to this set of financial statements.

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of China Aviation Oil (Singapore) Corporation Ltd and its subsidiaries as at 30 June 2023 and the related consolidated profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Consolidated Statement of Comprehensive Income 1H 2023 v 1H 2022

The Group's net profit decreased by US\$0.21 million (1.07%) to US\$19.40 million for the first half year ended 30 June 2023 ("1H 2023") compared to US\$19.61 million for the first half year ended 30 June 2022 ("1H 2022"), mainly attributable to the decrease in gross profit and share of results from associates, partially offset by the increase in other income and decrease in expenses.

Total supply and trading volume decreased by 1.81 million metric tonnes (“mt”) (16.06%) to 9.46 million mt for 1H 2023 compared to 11.27 million mt for 1H 2022. The trading volume of other oil products decreased by 1.35 million mt (19.59%) to 5.54 million mt for 1H 2023 compared to 6.89 million mt for 1H 2022, mainly attributable to lower trading volume for crude oil. Volume for middle distillates decreased by 0.46 million mt (10.50%) to 3.92 million mt from 4.38 million mt, of which jet fuel supply and trading volume decreased by 0.37 million mt (8.98%) to 3.75 million mt for 1H 2023 compared to 4.12 million mt for 1H 2022. Trading volume for gas oil decreased by 0.09 million mt (34.62%) to 0.17 million mt for 1H 2023 from 0.26 million mt for 1H 2022.

Total revenue decreased by US\$3,011.24 million (32.42%) to US\$6,277.07 million for 1H 2023 from US\$9,288.31 million for 1H 2022, mainly attributable to the decrease in oil price and volume.

Total gross profit was US\$10.65 million for 1H 2023, a decrease of US\$10.88 million (50.55%) compared to US\$21.53 million for 1H 2022 mainly due to lower gains derived from trading activities.

Other operating income was US\$9.65 million for 1H 2023 compared to -US\$1.02 million for 1H 2022, an increase of US\$10.67 million largely attributable to higher interest income. Bank interest income derived from fixed deposits and interest-bearing funds placed with banks was US\$9.33 million for 1H 2023 compared to US\$0.57 million for 1H 2022, an increase of US\$8.76 million mainly due to higher interest rates. Exchange differences was US\$0.22 million for 1H 2023 compared to -US\$2.11 million for 1H 2022, an improvement of US\$2.33 million mainly due to exchange loss incurred in 1H 2022 as RMB weakened against US dollar. Other income decreased by US\$0.43 million y-o-y mainly due to the decrease in government rebates.

Total expenses decreased by US\$1.46 million (17.42%) to US\$6.92 million for 1H 2023 compared to US\$8.38 million for 1H 2022, mainly attributable to the decrease of US\$1.74 million and US\$0.44 million in provision for expected credit loss (“ECL”) and bank charges respectively, partially offset by the increase of US\$0.29 million in professional fees and US\$0.09 million in travelling expenses.

Share of profits from associates was US\$8.26 million for 1H 2023 compared to US\$9.68 million for 1H 2022, a decrease of US\$1.42 million (14.65%), mainly attributable to lower contributions from SPIA. Share of results from SPIA was US\$8.78 million for 1H 2023 compared to US\$10.44 million for 1H 2022, a decrease of US\$1.66 million or 15.90%, mainly due to inventory impairment caused by the decline in oil price. Share of results from other associates was -US\$0.52 million for 1H 2023 compared to -US\$0.76 million for 1H 2022, an improvement of US\$0.24 million, mainly due to higher contribution from OKYC.

Income tax expense was US\$2.23 million for 1H 2023 compared to US\$2.19 million for 1H 2022, an increase of US\$0.04 million (1.46%) mainly attributable to higher tax provision for interest income.

Net profit attributable to owners of the Company was US\$19.74 million for 1H 2023 compared to US\$19.66 million for 1H 2022. Net profit attributable to non-controlling interest was -US\$0.33 million for 1H 2023 compared to -US\$0.05 million for 1H 2022.

Earnings per share attributable to owners of the company was 2.29 US cents for both 1H 2023 and 1H 2022.

Consolidated Statements of Financial Position

The Group’s current assets stood at US\$1,505.77 million as at 30 June 2023 compared to US\$1,205.91 million as at 31 December 2022. The increase of US\$299.86 million in current assets resulted from the increase of US\$114.88 million in trade and other receivables and the increase of US\$226.15 million in cash and cash equivalents, offset by the decrease of US\$41.17 million in inventories.

Non-current assets stood at US\$263.13 million as at 30 June 2023 compared to US\$293.71 million as at 31 December 2022, a decrease of US\$30.58 million mainly attributable to dividends declared by associates and foreign currencies translation loss partially offset by the share of results for 1H 2023.

Current liabilities which comprised of trade and other payables, contract liabilities, short term lease liabilities and tax liabilities, increased by US\$268.31 million to US\$848.74 million as at 30 June 2023 compared to US\$580.43 million as at 31 December 2022, mainly attributable to the increase of US\$273.86 million in trade and other payables.

Non-current liabilities which comprised of lease liabilities and deferred tax liabilities decreased by US\$0.71 million to US\$11.07 million as at 30 June 2023 compared to US\$11.78 million as at 31 December 2022.

The equity attributable to owners of the Company stood at US\$904.99 million as at 30 June 2023, or 105.21 US cents per share, compared to US\$902.98 million as at 31 December 2022 or 104.97 US cents per share. Equity attributable to the non-controlling interests was US\$4.10 million as at 30 June 2023 compared to US\$4.43 million as at 31 December 2022.

Consolidated Statement of Cash Flows

1H 2023 v 1H 2022

Net cash generated from operating activities was US\$217.46 million in 1H 2023 compared to net cash used in operating activities of US\$182.44 million in 1H 2022, mainly attributable to lower utilisation of working capital for trading in 1H 2023.

Net cash generated from investing activities were US\$22.33 million in 1H 2023 compared to US\$10.56 million in 1H 2022, an increase of US\$11.77 million mainly attributable to higher receipt of interest income and dividends from associates.

Net cash used in financing activities in 1H 2023 were US\$13.65 million compared to US\$22.30 million in 1H 2022, a decrease of US\$8.65 million mainly attributable to the repayment of bank borrowings of US\$6.20 million assumed from CNAF HKR upon acquisition in 1H 2022 and the decrease of US\$1.54 million in dividends paid in 1H 2023.

Litigation- (1) Banque De Commerce Et De Placements S.A. DIFC Branch (“BCP-DIFC”), (2) Banque De Commerce Et De Placement SA (“BCP-Geneva”) v China Aviation Oil (Singapore) Corporation Ltd & 2 Ors (Suit No. HC/S 675/2020 (“the Suit”))

The Company refers to its last update in relation to the Suit.

Based on the amended pleadings, the Company submitted further requests and applications for specific discovery against the other parties to the Suit. The Company is currently preparing for the trial, including the filing of the Affidavits of Evidence-in-Chief of its factual and expert witnesses.

Trial for the Suit has been scheduled to take place in the second half of August 2023.

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

Not applicable.

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

China’s re-opening of its borders for international travel since January this year had helped spur the recovery of the global aviation industry. Whilst China’s domestic air traffic had almost reached its 2019 pre-pandemic peak, the recovery of its international air traffic had been slower than envisaged in the first half of the year. Global market conditions are expected to remain very challenging due to oil price volatility, economic and geopolitical uncertainties, supply chain disruptions and high inflation.

However, considering that the Chinese Government will be actively promoting the increase in international air traffic in the second half of the year, the recovery of the international air passenger market in China is expected to accelerate. Against this backdrop, the Group remains cautiously optimistic on its performance for the current financial year. The Group will, through strengthening its operational resilience, constantly adapting and re-strategising in this evolving external environment and embracing innovation, to enhance its competitiveness and competitive advantage. The Group will also continue to focus on

long-term profitability by seeking opportunities for strategic expansion through investments in synergetic and strategic oil-related assets and businesses.

5. Dividend information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? No

5b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

5c. Date Payable

Not Applicable.

5d. Books Closure Date

Not Applicable.

5e. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

Not Applicable.

6. Interested person transactions

The Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”).

Aggregate value of interested person transactions for the period from 1 January 2023 to 30 June 2023.

	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)		Aggregate value of interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
		1H 2023 US\$’000	1H 2022 US\$’000	1H 2023 US\$’000	1H 2022 US\$’000
Sales from related corporations	Associates of Controlling Shareholder, China National Aviation Fuel Group Limited	-	-	1,149,787	1,393,048
Purchases from related corporations		-	-	140,924	360,483
Supply chain services rendered from related corporations		-	-	2,684	3,176
Transportation revenue earned by associate from related corporations *		-	-	-	809
Principal deposited with related corporations		-	-	1,159,162	596,433
Interest income earned from principal deposited with related corporation		-	-	5,038	298
Subscription of additional shares in associate of controlling shareholder		-	12,435	-	-

	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
		1H 2023 US\$'000	1H 2022 US\$'000	1H 2023 US\$'000	1H 2022 US\$'000
Sales from related corporations	Associates of Controlling Shareholder, BP Investments Asia Limited	-	-	-	80,847
Purchases from related corporations		-	-	340,995	290,053
Supply chain services rendered from related corporations		-	-	2,878	1,674
Purchases of into-plane services from a related corporation		1,533	-	-	-

* Based on the shareholders' approval obtained at the Annual General Meeting of the Company held on 18 April 2017 for the jet fuel transportation services framework agreement entered into between China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd ("TSN-PEKCL") and China National Aviation Fuel Corporation Ltd ("CNAFCL") relating to the provision of pipeline transportation services by TSN-PEKCL to CNAFCL

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
8 August 2023