



**CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD**  
**(Company Registration No. 199303293Z)**  
**Full Year Financial Statement For The Period Ended 31 December 2007**

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

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

These figures have not been audited:

	<b>Group</b>			
	<b>Jan-Dec 07</b>	<b>Jan-Dec 06</b>	<b>Variance</b>	
	<b>US\$'000</b>	<b>US\$'000</b>	<b>+ / -</b>	<b>%</b>
Revenue	2,957,971	1,853,190		59.6%
Cost of sales	(2,945,302)	(1,839,044)		60.2%
<b>Gross Profit (Note 1)</b>	<b>12,669</b>	<b>14,146</b>		<b>-10.4%</b>
Other operating income				
- Bank interest income	8,729	4,082		113.8%
- Dividends received	-	9,601		NM
- Gain on disposal of non-current investment held for sale	160,165	-		NM
- Gain on disposal of interest in a subsidiary	634	-		NM
- Waiver of debts by creditors	-	192,008		NM
- Others	3,594	6,189		-41.9%
Administrative expenses	(7,577)	(6,741)		-12.4%
Other operating expenses	(1,370)	(2,966)		53.8%
Finance costs (Note 2)	(6,658)	(7,065)		5.8%
Share of results of associate (net of tax)	25,475	22,396		13.7%
<b>Profit before taxation</b>	<b>195,661</b>	<b>231,650</b>		<b>-15.5%</b>
Income tax expense	(27,919)	(3,486)		NM
<b>Profit after taxation</b>	<b>167,742</b>	<b>228,164</b>		<b>-26.5%</b>
<b>Attributable to:</b>				
Equity holders of the Company	168,334	228,233		-26.2%
Minority interests	(592)	(69)		NM
<b>Profit for the year</b>	<b>167,742</b>	<b>228,164</b>		<b>-26.5%</b>

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

	<b>Group</b>		
	<b>Jan-Dec 07</b> US\$'000	<b>Jan-Dec 06</b> US\$'000	<b>Var</b> + / - %
Depreciation of property, plant and equipment	(403)	(448)	-10.0%
Amortisation of intangible assets	(43)	-	NM
Foreign exchange gain	3,547	356	NM
Fair value adjustment on amounts due to scheme creditors	-	5,011	NM
Allowance for impairment of trade receivables reversed/(made)	1,267	(1,215)	204.3%
Bad debts written off	(14)	(97)	85.6%
Impairment loss on property, plant and equipment (made)/reversed	(1,593)	1,586	-200.4%
Interest expenses (Note 2)	(6,145)	(6,622)	-7.2%
Underprovision of current taxation in respect of prior years	(1,723)	(710)	142.7%

Note 1: Gross profit for financial year 2007 (“FY2007”) was lower than financial year 2006 (“FY2006”), due primarily to lower volume in FY2007 compared to FY2006 and a downward revision of the fixed margin per barrel for supplies to a major customer. The purpose of the adjustment to the fixed margin per barrel was to bring the pricing in line with other key customers and the agreement with this major customer was signed during the restructuring and took effect from 29 March 2006.

Note 2: With the full settlement of the amounts due to the Scheme Creditors four years ahead of the repayment schedule, the Group has accelerated the unwinding of imputed interest relating to the amount payable to the Scheme Creditors amounting to US\$3.0 million and recognised this in the income statement during FY2007.

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

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Dec 07 US\$'000</b>	<b>As at 31 Dec 06 US\$'000</b>	<b>As at 31 Dec 07 US\$'000</b>	<b>As at 31 Dec 06 US\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	6,808	9,661	6,808	6,905
Intangible assets	269	-	269	-
Subsidiaries	-	-	-	4,939
Associates (Note 1)	97,108	66,662	35,911	34,941
	<b>104,185</b>	<b>76,323</b>	<b>42,988</b>	<b>46,785</b>
<b>Current assets</b>				
Trade and other receivables (Note 2)	283,460	237,699	283,460	237,579
Cash and cash equivalents	300,472	89,495	299,517	72,316
	<b>583,932</b>	<b>327,194</b>	<b>582,977</b>	<b>309,895</b>
<b>Non-current asset held for sale</b>				
Investment in Compania Logistica de Hidrocarburos, S.A.(Note 3)	-	64,498	-	64,498
<b>Total assets</b>	<b>688,117</b>	<b>468,015</b>	<b>625,965</b>	<b>421,178</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	215,573	215,573	215,573	215,573
Reserves	14,321	10,139	-	-
Accumulated profit/(losses)	38,688	(120,009)	(7,789)	(153,677)
	<b>268,582</b>	<b>105,703</b>	<b>207,784</b>	<b>61,896</b>
<b>Minority interests</b>	-	1,073	-	-
<b>Total equity</b>	<b>268,582</b>	<b>106,776</b>	<b>207,784</b>	<b>61,896</b>
<b>Non-current liabilities</b>				
Scheme creditors (Note 4)	-	67,831	-	67,831
<b>Current liabilities</b>				
Trade and other payables (Note 2)	413,232	224,191	413,215	224,078
Scheme creditors (Note 4)	-	65,013	-	65,013
Current tax payable	6,303	4,204	4,966	2,360
	<b>419,535</b>	<b>293,408</b>	<b>418,181</b>	<b>291,451</b>
<b>Total liabilities</b>	<b>419,535</b>	<b>361,239</b>	<b>418,181</b>	<b>359,282</b>
<b>Total equity and liabilities</b>	<b>688,117</b>	<b>468,015</b>	<b>625,965</b>	<b>421,178</b>

Note 1 - The Company changed its functional currency from Singapore dollars to United States dollars in the previous year and goodwill arising from the acquisition of an associate, was translated at the closing exchange rate prevailing on 31 December 2006. During the current financial year, the goodwill arising from the acquisition of the associate was restated at the exchange rate at the date of acquisition of the associate. The currency translation reserve as at 31 December 2006 was correspondingly restated.

Note 2 - Accounts receivables and payables represent sales and cost of sales recognised within the month of December 2007. The rest of the balances was made up of other receivables, accruals and other payables. Trade payables was higher compared to trade receivables due to timing differences on receipts from trade receivables and payments to trade payables.

Note 3 - As at 31 December 2006, the investment in Compania Logistica de Hidrocarburos, S.A. ("CLH") was classified as non-current asset held for sale. The sale was completed and the proceeds were received in April 2007. The aggregate

consideration was Euros 171 million (US\$224.7 million), which resulted in a gain, before capital gain tax, of US\$160.2 million.

Note 4 - The Company paid the first principal repayment of US\$60 million to the Scheme Creditors pursuant to the Scheme of Arrangement in March 2007. The remaining debt of US\$72.8 million was fully repaid in May 2007.

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

Amount repayable in one year or less, or on demand

As at 31 Dec 2007		As at 31 Dec 2006	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	65,013

Amount repayable after one year

As at 31 Dec 2007		As at 31 Dec 2006	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
0	0	0	67,831

Details of any collateral:

Pursuant to the Scheme of Arrangement, the deferred debt of approximately US\$132.8 million owing to Scheme Creditors, excluding CAO's immediate and ultimate holding company China National Aviation Fuel Group Corporation ("CNAF"), were restructured and repayable to Scheme Creditors over a 5 year period starting from 28 March 2006, with interest at LIBOR. The outstanding debts and interest were guaranteed by CNAF.

The Company paid the first principal repayment of US\$60 million on 28 March 2007 and fully repaid the balance on 16 May 2007, 4 years ahead of the debt repayment schedule.

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

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Operating Activities</b>		
Profit before taxation	195,661	231,650
Adjustments for items not involving outlay of funds:-		
Depreciation of property, plant and equipment	403	448
Amortisation of intangible assets	43	-
Gain on disposal of non-current investment held for sale	(160,165)	-
Gain on disposal of interest in a subsidiary	(634)	-
Share of profits of associate	(25,475)	(22,396)
Waiver of debts by scheme creditors	-	(192,008)
Fair value adjustment on amounts due to Scheme Creditors	-	(5,011)
Impairment loss on property, plant and equipment made/(reversed)	1,593	(1,586)
Property, plant and equipment written off	4	-
Dividend income	-	(9,601)
Interest income	(8,729)	(4,082)
Interest expense	6,145	6,622
	<u>8,846</u>	<u>4,036</u>
Changes in working capital		
Trade and other receivables	(47,453)	(234,254)
Trade and other payables	189,748	215,089
Cash generated from/(used in) operations	<u>151,141</u>	<u>(15,129)</u>
Income tax paid	(26,190)	(1,458)
<b>Cash flows generated from/(used in) operating activities</b>	<u>124,951</u>	<u>(16,587)</u>
<b>Investing Activities</b>		
Interest received	8,452	4,015
Purchase of property, plant and equipment	(317)	(173)
Purchase of intangible assets	(312)	-
Addition in non-current investment held for sale	-	(993)
Proceeds from disposal of non-current investment held for sale	224,663	-
Proceeds from disposal of interest in a subsidiary	2,272	-
Dividend received	-	65,978
<b>Cash flows generated from investing activities</b>	<u>234,758</u>	<u>68,827</u>
<b>Financing Activities</b>		
Interest paid	(2,459)	(5,192)
Dividend paid	(9,529)	-
Repayment to scheme creditors	(136,963)	(116,470)
Proceeds from issue of shares	-	130,000
Proceeds from issue of shares placed in Escrow Account for payment to scheme creditors	-	(11,182)
Decrease in Escrow account balance	4,119	7,063
<b>Cash flows (used in)/generated from financing activities</b>	<u>(144,832)</u>	<u>4,219</u>
<b>Net increase in cash and cash equivalents</b>	214,877	56,459
Cash and cash equivalents at beginning of the period	85,376	28,618
Net effect of exchange rate changes on balances held in foreign currencies	219	299
<b>Cash and cash equivalents at end of the period (Note 1)</b>	<u>300,472</u>	<u>85,376</u>

**Note 1 :**

	<b>2007</b>	<b>2006</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Cash and cash equivalents in the balance sheet	300,472	89,495
Less: balance in Escrow account	-	(4,119)
Cash and cash equivalents in the cash flow statement	<b>300,472</b>	<b>85,376</b>

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

**Consolidated Statement of Changes in Equity**

	Share capital US\$'000	Share premium US\$'000	Currency translation reserve US\$'000	Statutory surplus reserve US\$'000	Accumulated (losses)/profit US\$'000	Total attributable to equity holders of the Company US\$'000	Minority interests US\$'000	Total equity US\$'000
<b>Group</b>								
<b>At 1 January 2006</b>	26,915	27,152	1,659	6,925	(459,398)	(396,747)	1,107	(395,640)
Translation differences relating to financial statements of foreign subsidiary and associate	-	-	1,555	-	-	1,555	35	1,590
Waiver of debts by immediate and ultimate holding company pursuant to the Restructuring Plan	-	-	-	-	111,156	111,156	-	111,156
Net gain recognised directly in equity	-	-	1,555	-	111,156	112,711	35	112,746
Profit/(loss) for the year	-	-	-	-	228,233	228,233	(69)	228,164
Total recognised income and expense for the year	-	-	1,555	-	339,389	340,944	(34)	340,910
Issue of ordinary shares	130,000	-	-	-	-	130,000	-	130,000
Issue of ordinary shares to immediate and ultimate holding company pursuant to the restructuring exercise	9,506	-	-	-	-	9,506	-	9,506
Issue of ordinary shares to scheme creditors	22,000	-	-	-	-	22,000	-	22,000
Transfer from share premium to share capital (*)	27,152	(27,152)	-	-	-	-	-	-
<b>At 31 December 2006</b>	<b>215,573</b>	<b>-</b>	<b>3,214</b>	<b>6,925</b>	<b>(120,009)</b>	<b>105,703</b>	<b>1,073</b>	<b>106,776</b>
<b>At 1 January 2007</b>	<b>215,573</b>	<b>-</b>	<b>3,214</b>	<b>6,925</b>	<b>(120,009)</b>	<b>105,703</b>	<b>1,073</b>	<b>106,776</b>
Translation differences relating to financial statements of foreign subsidiary and associate/Net gain recognised directly in equity	-	-	4,074	-	-	4,074	20	4,094
Profit/(loss) for the year	-	-	-	-	168,334	168,334	(592)	167,742
Total recognised income and expense for the year	-	-	4,074	-	168,334	172,408	(572)	171,836
Disposal of interest in a subsidiary	-	-	-	-	-	-	(501)	(501)
Transfer from accumulated profits to statutory surplus reserve	-	-	-	108	(108)	-	-	-
Dividend paid	-	-	-	-	(9,529)	(9,529)	-	(9,529)
<b>At 31 December 2007</b>	<b>215,573</b>	<b>-</b>	<b>7,288</b>	<b>7,033</b>	<b>38,688</b>	<b>268,582</b>	<b>-</b>	<b>268,582</b>

## Statement of Changes in Equity

	Share capital US\$'000	Share premium US\$'000	Accumulated losses US\$'000	Total attributable to equity holders of the Company US\$'000
<b>Company</b>				
<b>At 1 January 2006</b>	26,915	27,152	(486,965)	(432,898)
Waiver of debts by immediate and ultimate holding company pursuant to the Restructuring Plan/Net gain recognised directly in equity	-	-	111,156	111,156
Profit for the year	-	-	222,132	222,132
Total recognised income for the year	-	-	333,288	333,288
Issue of ordinary shares	130,000	-	-	130,000
Issue of ordinary shares to immediate and ultimate holding company pursuant to the restructuring exercise	9,506	-	-	9,506
Issue of ordinary shares to scheme creditors	22,000	-	-	22,000
Transfer from share premium to share capital (*)	27,152	(27,152)	-	-
<b>At 31 December 2006</b>	<b>215,573</b>	<b>-</b>	<b>(153,677)</b>	<b>61,896</b>
<b>At 1 January 2007</b>	<b>215,573</b>	<b>-</b>	<b>(153,677)</b>	<b>61,896</b>
Profit for the period/Total recognised income for the year	-	-	155,417	155,417
Dividend paid			(9,529)	(9,529)
<b>At 31 December 2007</b>	<b>215,573</b>	<b>-</b>	<b>(7,789)</b>	<b>207,784</b>

(\*) Under the Companies (Amendment) Act 2005, effective 30 January 2006, the concepts of par value and authorized share capital were abolished. Hence the amount in the share premium account as at 30 January 2006 is now part of the Company's share capital.

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

No shares were issued since 31 December 2006.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed. The audit is currently in progress.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.



4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted for the audited consolidated financial statements for the year ended 31 December 2006.

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

The Group adopted the following new/revised Singapore Financial Reporting Statements ("FRS"):

FRS 40	<i>Investment Property</i>
FRS 107	<i>Financial Instruments: Disclosures and the Amendment to FRS 1 Presentation of Financial Statements: Capital Disclosures</i>
INT FRS 107	<i>Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies</i>
INT FRS 108	<i>Scope of FRS 102 Share-based Payment</i>
INT FRS 109	<i>Reassessment of Embedded Derivatives</i>
INT FRS 110	<i>Interim Financial Reporting and Impairment</i>

The Group adopted FRS 107, Financial Instruments: Disclosures and amendment to FRS 1 (revised), Presentation of financial statements (Capital Disclosures) on 1 January 2007. FRS 107 requires the disclosures of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital.

Other than the above, the adoption of the above new/revised FRSs during the period did not result in any material impact on the Group's financial statements.

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

	As at 31 Dec 07	As at 31 Dec 06
Earnings per ordinary share for the period after deducting any provision for preference dividends:		
(a) Based on weighted average number of ordinary share on issue; and	23.29 cents	38.16 cents
(b) On a fully diluted basis	23.29 cents	38.16 cents
Weighted average number of shares ('000)	722,821	598,112

Basic earnings per share and earnings per share on a fully diluted basis for the financial year ended 31 December 2007 were computed based on net profit attributable to shareholders of US\$168,334,000 (2006: US\$228,233,000) and weighted average share capital of 722,820,537 (2006: 598,112,400) ordinary shares.

There were no dilutive potential ordinary shares for the current and previous periods.

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

	Group		Company	
	Dec 07	Dec 06	Dec 07	Dec 06
Net asset value per ordinary share based on issued share capital at the end of the period reported on (UScents)	37.16	14.62	28.75	8.56
Number of ordinary shares issued ('000)	722,821	722,821	722,821	722,821

Net asset value per ordinary share is determined based on net asset value attributable to equity holders of the Company and the number of shares in issue of the Company as at 31 December 2007 and 31 December 2006.

Net asset value per ordinary share as at 31 December 06 was restated as a result of the restatement of the currency translation reserve as disclosed in note 1 of item 1(b)(i).

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

### Performance review

The principal activities of the Group remain the procurement of jet fuel and investment holding. Revenue streams comprise (i) jet fuel procurement and (ii) strategic investments in oil related businesses. The Group commenced reporting its results in US\$ with effect from the current Financial Year, 2007.

### FY 2007 vs FY 2006

The Group's revenue for FY2007 was US\$3.0 billion. This was derived mainly from jet fuel procured and invoiced on principal basis, where the value of the underlying contracts was recorded as revenue. For FY2006, revenue was approximately US\$1.9 billion, derived mainly from jet fuel procured. Since early 2005, the procurement activity was conducted through a wholly-owned subsidiary, CAOT, on an agency basis, where only commission income received was recorded as revenue. This activity was discontinued in May 2006 when the Company resumed procurement on a principal basis. Thus, the revenue of the two corresponding periods was not comparable.

The total volume procured and supplied was 4.2 million Metric Tonnes ("MT") in FY2007 compared to 4.7 million MT in FY2006, a reduction of 10.6%. The decline in total volume of jet fuel procured and supplied for FY2007 was due to a decrease in demand for jet fuel imports in China corresponding to an increase in China's domestic production of jet fuel.

Interest income derived from deposits placed with banks and financial institutions was US\$8.7 million for FY2007 compared to US\$4.1 million for FY2006, attributable to higher bank balances.

On 17 April 2007, the Group announced the completion of the sale transaction of its 5% investment in Compania Logistica de Hidrocarburos, S.A. ("CLH"). The gain on disposal of CLH was US\$160.2 million before capital gain tax and US\$134.8 million after deducting capital gain tax.

As a result of the sale, the Group ceased to receive further dividends from CLH. The amount of dividends received in FY2006 was US\$9.6 million.

The transfer of the 41% share resulting from the partial divestment of the Group's 80% stake in China Aviation Oil Xinyuan Petrochemicals Co. Ltd. ("Xinyuan") to Shenzhen Juzhengyuan Petrochemical Co. Ltd ("Juzhengyuan") an

existing shareholder in Xinyuan, was completed on 31 July 2007 resulting in a gain US\$0.6 million. Xinyuan ceased to be a subsidiary of the Company and has become an associate.

In FY2006, other income from the waiver of debts under the Restructuring Plan was US\$192.0 million.

Other operating income also included the exchange gain of US\$3.5 million mainly attributable to the appreciation of the Euro against US\$ in FY2007. In FY2006, it was mainly attributable to the US\$5.0 million fair value adjustment relating to the non-current amounts due to Scheme Creditors in accordance with Financial Reporting Standard (“FRS”) 39.

Administrative expenses increased mainly due to the increase in the number of staff to 40 in FY2007 as compared to an average of 35 in FY2006, payment in-lieu of notice for some redundant staff, travelling expenses and implementation costs of a new risk management software.

Reduction in other operating expenses in FY2007 was mainly due to a reduction in professional fees against FY2006 as the Company completed its restructuring in 2006. The decrease was also attributable to the reversal of bad debt provision of US\$1.3 million in FY2007 compared to impairment of trade receivables and bad debt written off totaling US\$1.5 million in FY2006. This was offset by the allowance of impairment loss on the oil storage properties held by Xinyuan made in the current financial year as compared to a reversal of impairment loss in FY2006 in respect of the office property of the Group.

Finance costs comprised mainly interest payment made on the deferred debts under the Scheme of Arrangement, which commenced on 28 March 2006 and the amortisation of the fair value interest adjustment on the deferred debts. This was lower in FY2007 than FY2006 as the deferred debts were fully repaid in May 2007.

The Group’s share of the results of its associate, Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (“Pudong”), was US\$25.5 million for FY2007 compared to US\$22.4 million for FY2006, an increase of 13.8%. This was mainly attributable to the short-term rise in China’s domestic supply in jet fuel, which has helped to lower Pudong’s average cost of sales and thus resulted in an improvement in its gross profit. The share of results of associate in FY2007 also includes the Group’s share of 39% in Xinyuan’s loss of US\$0.06 million, following the disposal of 41% interest in Xinyuan.

Income tax expense comprised US\$25.4 million capital gain tax paid on the disposal of the 5% interest in CLH, additional income tax provision of US\$1.7 million for prior year assessments and current year tax provision of US\$0.9 million. In FY2006, it comprised withholding taxes on dividend distributions from CLH of US\$1.4 million, prior years and current year tax provision of US\$0.7 million and US\$1.2 million, respectively.

The Group’s profit before tax was US\$195.7 million in FY2007 compared to US\$231.7 million in FY2006. Profit after tax attributable to shareholders of US\$168.3 million for FY2007 was lower than US\$228.2 million recorded in FY2006. Excluding the net gain from the sale of CLH shares recognised in the current year and the income from waiver of debts recorded in FY2006, profit after tax attributable to shareholders for FY2007 was US\$33.5 million against US\$36.2 million for FY2006, mainly due to the cessation of the dividend received from CLH following the disposal and the reduction in the volume of jet fuel procurement in the year under review.

### **Financial position and Cash Flow review**

The Group’s net equity increased by 154.1% from US\$105.7 million as at 31 December 2006 to US\$268.6 million as at 31 December 2007. This was mainly attributable to the net gain of US\$134.8 million from the sale of the 5% investment in CLH as well as the share of results of its associate, Pudong of US\$25.5 million. The Group’s accumulated retained earnings was US\$38.7 million as at 31 December 2007, which was a significant improvement compared to the accumulated losses of US\$120.0 million as at 31 December 2006.

In March 2007, the Company paid US\$60 million for the first principal repayment to the Scheme Creditors. In May 2007, the Company made accelerated repayment in full amounting to US\$73 million using part of the net proceeds from the sale of CLH shares. The total deferred debt was fully repaid four years ahead of the repayment schedule. With the settlement of the amounts due to the Scheme Creditors, the Company does not have any interest-bearing liabilities or obligations as at 31 December 2007.

As at 31 December 2007, the Group's cash and cash equivalents was US\$300.5 million. This was generated mainly from the net proceeds after tax arising from the sale of CLH shares of US\$199.3 million, which was partly used to make full repayment to the Scheme Creditors. Higher cash and cash equivalents as at 31 December 2007 was also due to the timing differences on the receipts from trade receivables and payment to trade payables.

As at 31 December 2006, cash and cash equivalents was US\$85.4 million, excluding US\$4.1 million held in Escrow account. This resulted mainly from the aggregate share issue proceeds of US\$130 million pursuant to the Investment Agreement and Subscription Agreement with CNAF (US\$75.77 million), BP Investments Asia Limited (US\$44 million) and Aranda Investments Pte Ltd (US\$10.23 million). Under the Scheme of Arrangement with its creditors, CAO paid its creditors a total of US\$116.5 million in cash. The Company also received US\$66.0 million in dividends from investments in CLH and in Pudong.

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

Not Applicable.

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

Jet Fuel demand in China is expected to grow with increased air travel. However, the import level is dependent crucially on jet fuel production in China's domestic refineries.

The Group intends to gradually commence trading activities in jet fuel and other oil products which will be undertaken for hedging purposes. The Group will not engage in speculative options trading. The commencement of these trading activities may result in volatility in earnings and cash flows to the Group.

- 11 Dividend

**(a) Current financial period reported on**

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

The Directors proposed a final one-tier tax exempt ordinary dividend of Singapore two cents per share and a special one-tier tax exempt dividend of Singapore five cents per share totalling S\$50.60 million (or US\$35.22 million) for the Group in respect of the financial year ended 31 December 2007 subject to shareholders' approval at the forthcoming Annual General Meeting. The Special Dividend is proposed in view of the gain made in the disposal of the 5% in CLH.

Name of dividend	Proposed Final One-tier Tax Exempt Ordinary	Proposed Special One-tier Tax Exempt	Total
Dividend Type	Cash	Cash	Cash
Net Dividend Amount (Singapore cents per share)	2	5	7

**(b) Corresponding period of the immediately preceding financial year**

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

Name of dividend	Proposed Final Ordinary	Proposed Final Ordinary Tax exempt	Total
Dividend Type	Cash	Cash	Cash
Gross Dividend Amount (Singapore cent per share)	0.48	1.61	2.09
Tax Rate	18%	-	-
Net Dividend Amount (Singapore cent per share)	0.39	1.61	2.00

(c) **Date payable**

To be determined.

(d) **Book closure date**

To be determined.

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

No interim dividend has been declared for the period ended 31 December 2007.

**PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

Group Business segments	<u>Clean Petroleum Products</u>		<u>Commission</u>		<u>Total</u>	
	2007	2006	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Sales to external customers</b>	2,957,971	1,846,840	-	6,350	2,957,971	1,853,190
Total external revenue	2,957,971	1,846,840	-	6,350	2,957,971	1,853,190
Segment result	3,722	1,946	-	5,877	3,722	7,823
Unallocated expenses					-	(3,384)
Other operating income						
-Gain on disposal of non-current investment held for sale					160,165	-
-Gain on disposal of interest in a subsidiary					634	-
-Waiver of debts by creditors					-	192,008
-Other					12,323	19,872
Finance costs					(6,658)	(7,065)
Share of results of associate (net of tax)					25,475	22,396
Profit before taxation					195,661	231,650
Income tax expense					(27,919)	(3,486)
Profit after taxation					167,742	228,164

**Group**  
**Geographical segments**

	People's Republic of China		Other region		Total	
	2007	2006	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Segment revenue:</b>						
Sales to external customers	2,957,971	1,853,190	-	-	2,957,971	1,853,190
<b>Other geographical information:</b>						
Capital expenditure	94	-	535	173	629	173

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

Not Applicable.

15. A breakdown of sales as follows:

	Group		%
	2007 US\$'000	2006 US\$'000	Increase/ (Decrease)
Sales reported for first half year	1,145,853	66,145	NM
Operating profit after tax before deducting minority interests reported for first half year	145,278	212,823	-31.7%
Sales reported for second half year	1,812,118	1,787,045	1.4%
Operating profit after tax before deducting minority interests reported for second half year	22,464	15,341	46.4%

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

	Latest Full Year US\$'000 (Proposed)	Previous Full Year US\$'000
Ordinary	35,216	9,529
Preference	0	0
Total:	35,216	9,529

17 Interested Person Transactions.

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

Aggregate value of interested person transactions entered from 1 January 2007 to 31 December 2007.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than US\$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 US\$100,000)
	US\$'000	US\$'000
Sales revenue from related corporations	0	1,455,198
Jet fuel procurement from related corporation	0	36,710

BY ORDER OF THE BOARD

Doreen Nah  
Company Secretary

28 February 2008