



8 Temasek Boulevard #31-02
Suntec Tower Three, Singapore 038988
Tel: (65) 6334 8979 Fax: (65) 6333 5283
Incorporated in the Republic of Singapore
Co. Reg. No.: 199303293Z

RESPONSE TO SGX REGCO'S QUERY REGARDING CLARIFICATION ON COMPLIANCE WITH LISTING RULE 1207(10) IN THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Board of Directors of China Aviation Oil (Singapore) Corporation Ltd (the "**Company**") refers to the Company's Annual Report for the financial year ended 31 December 2020 and wishes to make the following clarification in relation to the query raised by the Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") on 18 April 2021 regarding compliance with Rule 1207(10) of the SGX-ST Listing Manual in the Annual Report of the Company for the financial year ended 31 December 2020 ("**2020 Annual Report**")

Query from SGX RegCo

Listing Rule 1207(10) states the board must comment on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. A statement on whether the audit committee concurs with the board's comment must also be provided. Where material weaknesses are identified by the board or audit committee, they must be disclosed together with the steps taken to address them. Please provide the board's comment on the adequacy and effectiveness of the issuer's internal controls and risk management systems.

Company's Response

The Company refers to page 106 of the Statement of Corporate Governance of the 2020 Annual Report under the section "Risk Management and Internal Controls" and wishes to re-affirm the Board's comment in compliance with Rule 1207(10) of the SGX-ST Listing Manual:

"Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management and various Board Committees, the Board, with the concurrence of the Audit Committee and the Risk Management Committee, is of the opinion that the Group's system of internal controls addressing financial, operational, compliance, information technology controls and risk management systems, were adequate and effective as at 31 December 2020 to provide reasonable assurance for achieving the following objectives:



- (a) Effectiveness and efficiency of operations;
- (b) Reliability of financial reporting; and
- (c) Compliance with applicable laws and regulations.

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

By Order of the Board

Doreen Nah
Company Secretary
20 April 2021