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China Aviation Oil (Singapore) Corporation Ltd
A Subsidiary of China National Aviation Fuel Group Corporation

8 Temasek Boulevard
#31-02 Suntec Tower Three,
Singapore 038988
Tel: (65) 6334 8979
Fax: (65) 6333 5283
Tlx: CAO RS20338
Email: admin@caosco.com

cre8
Tel: (65) 63278398

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企业

2007 Annual Report 年度报告

Striding 稳固中坚，茁壮成长

ONWARD

Jet Fuel Supply | Trading of Oil Products | Oil-Related Assets

Corporate Profile

China Aviation Oil (Singapore) Corporation Ltd ("CAO") was incorporated in Singapore on 26 May 1993. It was listed on the mainboard of the Singapore Exchange Securities Trading Limited on 6 December 2001.

The single largest shareholder of CAO is China National Aviation Fuel Group Corporation ("CNAF"). CNAF is a large state-owned enterprise in the PRC and owns about 51% of the total issued shares of CAO. BP Investments Asia Limited is a strategic investor of CAO, owning 20% of the total issued shares of CAO.

CAO's current principal activities are jet fuel supply and investments in strategic oil-related assets. CAO intends to resume trading of oil products when it has put in place all appropriate risk management and organisational system and structures. CAO will also continue to seek investment opportunities in strategic oil-related assets.

Content

公司简介

中国航油（新加坡）股份有限公司（简称“CAO”）于1993年5月26日在新加坡注册成立，2001年12月6日成为上市公司。

CAO的最大股东是中国航空油料集团公司(“CNAF”)，这是中国大型国有企业之一。CNAF持有CAO约51%的股份。BP投资亚洲公司是CAO的战略投资者，持有CAO 20%的股份。

公司目前主要业务是航油供应和投资战略性的油品相关资产。CAO正准备重新恢复油品国际贸易业务，但这项业务只有在相应的风险管理和组织结构全部到位后才能开始运作。

CAO也正在继续寻找战略性的油品相关实业投资机会。

Jet Fuel Supply
Import of jet fuel into China. Our customers are airports in Shanghai, Beijing and Guangzhou.

Trading of Oil Products
To complement CAO's core business of jet fuel procurement, we will commence trading of oil products.

Oil-Related Assets
Our 33% stake in Shanghai Pudong International Airport Aviation Fuel Supply Company.

内容

Chairman's Statement

Dear Shareholders,

2007 was another eventful year. We successfully implemented the Creditors' Scheme. The outcome was far better than what was anticipated at the time of conceiving the Scheme. As part of the deferred debts had to be met by the sale of our 5% stake in Compania Logistica de Hidrocarburos, S. A. ("CLH"), Management did an excellent job in disposing the stake at a very attractive price that was higher than envisaged. Consequently the excess cash was deployed to pay off the entire debt. The accelerated debt payment had resulted in the settlement of our obligations four years ahead of the schedule.

We introduced a new currency for our financial reporting. As announced, we began to report our performance in the United States Dollar from the first quarter of 2007.

Having settled the key issues, the Board finally adopted the Developmental Strategy for CAO's future development. We have also continued to strengthen our management structures and governance standards to implement this new phase of our work.

Corporate Governance

The current Board, which was formed in March 2006 following the Company's debt and equity restructuring, has remained active. The Board and its five standing committees continue to discharge their responsibilities objectively and fairly. The Management provides the Board with monthly updates on operational and financial performance of the Group.

The Board has successfully implemented practically all of the recommendations by the Corporate Governance Assessment Committee ("CGAC"), a committee set up by the previous Board to review corporate practices of CAO and propose improvements to its internal controls and corporate governance practices. The only important recommendation that has yet to be implemented is the appointment of the Chief Executive Officer ("CEO"). We expect to appoint a CEO soon now that a developmental strategy has been mapped out.

In the absence of a CEO, the Senior Officers Meeting ("SOM") continues to carry out the decisions of the Board and conduct the day-to-day affairs of the Group. The Special Task Force ("STF"), which was established at the beginning of CAO's restructuring, was disbanded on 15 June 2007. The STF had accomplished its mission of implementing the Creditors' Scheme and the rehabilitating and rebuilding of CAO. Mr Zhang Zhenqi, the former Deputy Head of STF, was appointed Executive Director and General Manager on the same day. Mr Zhang Xingbo, the other former Deputy Head of STF, was appointed Deputy General Manager. About three months later, Mr Wang Chunyan was appointed Chief Financial Officer. These changes are a testament to CAO's successful transition to a normal management structure.

Creditors' Scheme

As mentioned earlier, we completed the sale transaction of our 5% stake in CLH during the course of the year. This was an important transaction as it yielded a handsome net cash proceed of US$199.3 million and a net profit of US$134.8 million, which strengthened our financial position considerably.

The Board decided that part of the proceeds should be utilised to pay off all the outstanding debts owed to creditors under the Scheme of Arrangement. Following the payment of a total of US$73.3 million outstanding debts on 17 May 2007, we had settled all our debts four years ahead of schedule. Not only did the early repayment of outstanding debts bring us substantial interest savings, it also boosted CAO's image and strengthened the confidence of investing public and lenders in CAO.

Corporate Strategy

CAO's growth strategy for the next five years was an important issue which the Board deliberated at length during the course of the year. I am pleased to advise that we have mapped out a strategy to link our three core business components, i.e. jet fuel supply, trading of relevant oil products and investments in oil-related assets.

For our key business of jet fuel supply to the PRC, we will transform the current supply model into one that will monetise our competitive advantages. Under the current business model where transactions are back-to-back, our market risk is low and the margins are fixed. We aim to create more flexibility and options for CAO and our customers under the new business model, which includes extending into jet fuel trading/hedging activities and optimising shipping options. We will then be able to offer enhanced services to our customers and increase shareholder returns. Having strengthened our capabilities in the PRC, we will then explore options to venture into other markets in the region. This would be in line with our parent company's strategy, which is to position CAO as an international oil trading arm.

Besides jet fuel, we also intend to commence trading of other relevant oil products in 2008 to build our competitive advantage and trading capabilities. To complement and enhance the returns on jet fuel supply and oil product trading, we will seek investments in oil-related assets.

Chairman's Statement

Having access to synergetic assets will also strengthen our competitive advantage. A combination of trading activities and asset acquisitions could also potentially increase the Group's performance.

I am pleased to advise that the Board has endorsed Management's plans to cautiously resume trading of other oil-related products, after being satisfied that CAO has put in place all the appropriate risk management and organisational structure. We do not intend to engage in speculative options trading.

To prepare for the resumption of trading, the Board and Management have identified the risks relating to trading and have implemented measures to assess, mitigate and manage these risks. In this regard, we are grateful to BP, which has provided invaluable assistance and unstinting support to us during this process, through their Board nominees, management secondees and management staff.

The Risk Management Committee ("RMC") has set and approved the trading guidelines and risk limits set by the Management, to ensure that the risk appetite is commensurate with the financial resources and trading capabilities of CAO. The RMC also approved the products or instruments to be traded by CAO and key measures to assess, mitigate and manage risks related to trading activities, such as preparation of daily mark-to-market reports, segregation of duties, trader induction programme for new traders and implementation of CAO Trader Guidelines and Revised Risk Management Manual.

The Risk Management Department, which has a second direct reporting line to the RMC, together with our out-sourced internal auditor, will ensure compliance to trading limits and other risk control processes and guidelines.

The Independent Directors and China National Aviation Fuel Group Corporation ("CNAF") nominee Directors have undergone training and briefing sessions conducted by BP to ensure that the entire Board has a good understanding of the oil trading business. We shall grow this business cautiously and meaningfully within our means and resources.

Global Trader Programme

As CAO plans to commence trading activities, we submitted an application to International Enterprise Singapore ("IE Singapore") to be re-admitted to the Global Trader Programme ("GTP"). We were successfully awarded the GTP status for a period of five years from 1 January 2008. As a GTP company, CAO will enjoy a concessionary tax rate of 10% on qualified offshore trading income.

Review & Financial Indicators

CAO supplied a total of 4.2 million tonnes of jet fuel to the PRC in 2007, which was about 11% less than the amount delivered in 2006. The decline was from a high base in 2006 where the imbalance in demand and PRC domestic supply resulted in unusually high import volumes. Domestic refineries increased their production of jet fuel in 2007 proportionately more than the growth in PRC's total jet fuel demand, resulting in a corresponding decline in our import volumes. Our turnover in 2007 was about US$3.0 billion. This was US$1.1 billion or 60% higher than 2006. As CAO started recording the underlying jet fuel procurement contracts as revenue only from May 2006 with the change in its procurement method, turnover for these two years is not directly comparable. Previously under the agency method of procurement, commission income received was recorded as revenue instead.

During the year, the Group's profit before tax was US$195.7 million. This included an exceptional gain of US$160.2 million from the sale of our stake in CLH. Profit after tax and attributable to shareholders ("net profit") was US$168.3 million, which translates into earnings per share of about US$0.23. This was lower than US$228.2 million recorded for the preceding year as 2006 included an exceptional gain of US$192.0 million from debt waived under the restructuring exercise. Excluding the exceptional items in both years, the Group's net profit in 2007 was US$33.5 million compared to US$36.2 million in 2006, a drop of about 7%. This was mainly due to a decline in gross profit in line with lower import volumes and a non-recurrence of dividends from CLH following the sale transaction.

Our associated company, Shanghai Pudong International Airport Aviation Fuel Supply Company ("SPIA") continued to contribute significantly to our profits. In line with the growth of China's civil aviation industry, the total volume of jet fuel supplied by SPIA to the airlines operating in Shanghai Pudong International Airport was about 2.4 million tonnes in 2007, an increase of about 9% compared to 2006, which resulted in a turnover of RMB13.5 billion. Excluding the exceptional gain from the sale of CLH stake, SPIA contributed about 76% of our net profit in 2007.

Our balance sheet improved significantly during the year. Net assets at the end of the year was US$268.6 million, a sharp increase of 154% from US$105.7 million at the end of 2006. As at 31 December 2007, our accumulated retained earnings stood at US$38.7 million, which was a reversal from the accumulated losses of US$120.0 million as at 31 December 2006. The Group's net tangible assets per share more than doubled to US$0.3716 over the same period.

Dividends

I am pleased to advise that the Board has decided to recommend for the approval of the shareholders at the forthcoming Annual General Meeting a special dividend of S$0.05 per share to be paid from the proceeds of the sale of CLH stake. The Board has also recommended a final ordinary dividend of S$0.02 per share, which is the same as the final ordinary dividend paid for the previous year.

The total recommended dividend payout of S$0.07 per share is the highest ever paid out by CAO in a year since its initial public offering in 2001. This is a gesture of our appreciation to you, our shareholders, for your loyalty, support and confidence in the Group.

Shareholder Communications and Corporate Transparency

During the year, we continued to work on strengthening corporate transparency and disclosure, with the implementation of measures to ensure that all disclosure compliance requirements are duly met in a timely fashion. A clearance process and structure for all public communications materials have been put in place as well. Our website has been revamped to provide useful information to the public about CAO and to update shareholders and investors on our latest news.

The SIAS Investors' Choice Award for Most Transparent Company (Runner-up in Foreign Listings Category) awarded to CAO in 2007 is recognition of our efforts in enhancing corporate transparency post-restructuring. This is indeed an encouraging achievement for us and we remain committed to raise our standards of corporate governance and further enhance corporate transparency to sustain investors' confidence.

Market capitalisation of the Group as at the end of 2007 was about S$1.85 billion, more than double the value in 2006.

Appreciation

The Directors have continued to work hard even though the Company's operations and administration have practically returned to normal. I thank them wholeheartedly for their dedication and invaluable contributions.

At the Board level, we warmly welcome Mr Sun Li, the new President of CNAF, as our Deputy Chairman. He took over as Deputy Chairman from Mr Zhao Shousen from 30 April 2007. We have since benefitted much from Mr Sun's wealth of experience in the PRC oil and gas industry.

Mr Yang Chuan, a nominee of CNAF, resigned as a Director in June 2007. On behalf of the Board, I thank him for his valuable contributions to CAO, first as Executive Director and Deputy Head of STF, then as Non-Executive Director.

I would also like to express my heartfelt appreciation to the STF, especially to the team leader, Mdm Gu Yanfei. Under her outstanding leadership, the STF has done a remarkable job of reviving CAO. Throughout the two-and-a-half years as the Head of STF, she had shouldered her heavy responsibilities extremely well, demonstrating tenacity and working tirelessly under very tough and challenging conditions. We are pleased that she has agreed to remain as an Advisor to CAO. The Group has continued to benefit from her insight, experience and wisdom.

The Management led by Mr Zhang Zhenqi has done a commendable job of implementing the decisions of the Board and putting proper systems and structures in place. They have also put in tremendous efforts in the formulation of our corporate strategy.

I am also very grateful to our banks for demonstrating their confidence and trust in us moving forward. I am thankful to the many business associates which continue to actively participate in our tenders for jet fuel requirements. To our numerous clients in PRC, I am very appreciative of their understanding, commitment, cooperation and assistance in the course of our business undertakings. It is a sign of their continued confidence in us supplying the jet fuel to them speedily both in qualitative and quantitative terms.

To our loyal shareholders especially CNAF and BP, thank you for your support and confidence in us. We will continue to work hard to increase shareholder value.

Outlook & Conclusion

We expect the growth of China's civil aviation sector to continue to outpace the region and the world in the coming years. Singapore will remain a robust trading hub for oil and oil-related products. With a clearly defined strategy in place, we are ready to meet the challenges ahead and seize opportunities that will contribute towards enhancing long-term shareholder value. Going forward, we will take on additional calculated risks to sustain our growth objectives and build up the capabilities that we need to successfully compete in the future.

Lim Jit Poh
Chairman

董事长致辞

“在前进的道路上，我们将适当承担一些可控的额外风险，以持续实现公司增长目标以及培养未来所需的竞争力。”

尊敬的各位股东:

2007年是公司又一个重要之年。在这一年，我们成功地执行了债务重组方案，而且其结果远远优于当初制定这一计划时的预期目标。由于部分递延债务必须用出售CLH 5%股权所得来偿付，公司管理层在出售CLH 5%股权时表现出色，最终以比预期高且十分吸引人的价格完成交割。公司也因此使用盈余现金提前4年加速偿还了重组方案中的全部剩余债务。

另一方面，我们在财务报告中采用了新的货币。公司已公告，我们从2007年第一季度起开始用美元来报告公司的业绩。

董事会在解决了主要问题后，最终批准了CAO未来的发展战略。我们一如既往地加强公司管理结构，进一步提高公司治理标准，执行这个新阶段的工作。

公司治理

现行的董事会是在公司完成债务和股权重组后于2006年3月成立的，目前仍在发挥积极作用。董事会及其下设的5个委员会继续客观、公正地履行各自的职责。公司管理层每月向董事会呈报公司的经营和财务业绩报告。

董事会几乎全面贯彻实施了公司治理评估委员会提出的建议。这个委员会是上届董事会成立的，其目标是审议和评估CAO的公司行为，提出改进公司内部控制和治理的建议。到目前为止，只有一项重要的建议还没有得到落实，那就是总裁职位依然空缺。既然公司发展战略已经出台，我们预期不久后会任命一位总裁。

在总裁职位空缺期间，高级办公会议继续执行董事会的决策和处理公司的日常事务。在CAO开始重组时成立的特别工作组已于2007年6月15日解散。特别工作组完成了债务和股权重组计划以及恢复重建CAO的使命。同一天，前特别工作组副组长张振启先生被任命为执行董事兼总经理，另一位前特别工作组副组长张兴波先生被任命为副总经理。大约3个月后，王春焱先生被任命为公司的财务总监。这些变化表明CAO成功地向正常管理结构过渡。

债务重组计划

如前所述，我们在2007年完成了出售CLH 5%股权的工作，净收入达1.993亿美元，净利润达1.348亿美元，大大加强了公司的财务状况。

董事会决定，出售CLH 5%股权的部分净收益应用于公司偿还债务重组计划下尚余欠的债务。2007年5月17日，我们偿清了总额达7330万美元的所有债务，整整提前了4年偿还了债务重组计划下所有债务。这一举措不仅为公司节省了大量利息，而且还提升了公司的形象，增强了投资公众和借贷方对公司的信心。

公司战略

董事会在过去的一年中一直在审慎地思考CAO今后5年的发展战略。我非常高兴地告诉大家，我们已制定出了公司战略,将我们的三项核心业务：航油供应、油品贸易和与油品相关的实业投资连接起来 。

关于向中国市场供应航油的核心业务，我们将把目前的航油采购模式转变为航油供应优化模式，以最终实现公司竞争优势。现行的业务模式是一种背对背的交易，市场风险低，利润也是固定的。我们的目标是为CAO和我们的客户创造一个更灵活和更多选择的新的业务模式，包括延伸到航油贸易、套期保值和船运优化等业务。这样，我们才能为客户提供增值服务和为股东创造更大的回报。一旦我们的能力和地位在

董事长致辞

中国得到巩固和加强，我们就可以在本地区的其他市场探索新的发展机遇。CAO的战略同我们的母公司的战略是一致的。中国航空油料集团公司(“CNAF”)把CAO定位为其油品国际贸易的主渠道。

除了航油，我们在2008年也打算开展其它相关油品的贸易，以培养我们的竞争优势和贸易能力。为配合航油供应和油品贸易业务并增强这两项业务的回报，我们也将设法寻求与油品相关的实业投资。具有协同效应的实业投资将会增强我们的竞争优势。贸易业务和实业投资的结合也可能有助于提升公司的整体表现。

我高兴的告诉大家，董事会在确认各项适当的风险管理和组织结构已到位后，认可了管理层审慎地恢复其它相关油品贸易的计划。我们将不会进行投机性的期权交易。

为了准备恢复贸易，董事会和管理层已确认了与贸易相关的风险，并已制定了评估、降低和控制这些风险的措施。就这方面，我们要感谢战略合作伙伴BP，因为在准备恢复贸易的过程中，BP通过其提名董事、派出的管理人员和其管理人员，给予了慷慨的支持和协助。

风险管理委员会设定并批准了管理层制定的贸易指导准则和风险限额，以确保风险承受力与公司的财务资源和贸易能力相匹配。同时风险管理委员会也批准了CAO可以进行贸易的产品和工具，及其评估、降低和控制与贸易活动相关的风险的措施，例如：准备每日盯市报告、责任分制、为新贸易员所设的贸易员培训计划、执行《CAO贸易准则》以及修订后的《 风险管理手册》。

风险管理部可以直接向风险管理委员会汇报，并会同我们外包的内部审计师确保遵守贸易限额和其他风险控制进程以及贸易指导准则。

独立董事和CNAF的提名董事都参加了BP组织的培训，以确保整个董事会对贸易业务有充分的了解。我们将在我们物力和财务的范围内审慎的、有意义的推进这项业务。

环球贸易商计划

由于CAO打算开展贸易活动，我们向新加坡国际企业发展局申请重新纳入环球贸易商计划。我们成功获得环球贸易商资格，有效期从2008年1月1日开始，为期五年。作为环球贸易商计划下的公司，CAO的合格岸外贸易收入将享有10%的优惠税率。

业绩评估和财务指标

2007年CAO向中国供应航油共计420万吨，与2006年同期相比下降了11%。2006年中国国内航油生产不足，供需不平衡，导致进口航油需求增大，而2007年中国国内炼厂增加了航油生产量和供应量，中国国内航油供应量的增长幅度大过整体航油的需求，结果导致公司的航油进口量相应下滑。2007年公司的全年营业额约30亿美元，与2006年同期相比增长了60%或11亿美元。由于从2006年5月起公司的航油采购模式发生了变化，采用了将整个交易价值纳入营业额的主体模式，而此前的代理模式是以佣金作为营业额，所以把2007年度的整体营业额同2006年度的营业额进行比较是不适当的。

2007年公司的税前利润达1.957亿美元。这其中包括出售CLH 5%股权的特殊收益1.602亿美元。归属股东的全年税后利润（“净利润”）为1.683亿美元，每股盈利为0.23美元。这个数字低于上一年度全年净利润。2006的全年净利润为2.282亿美元，其中包括了一笔债务重组计划下削债所得的1.92亿美元特殊收益。剔除这两年的特殊收益后，2007年公司全年净利润为3350万美元，2006年为3620万美元，2007年全年净利润比2006年下降了约7%。这主要是因为航油供应量减少导致毛利下降以及公司出售CLH股权后不再获得来自CLH项目的分红。

我们的附属公司上海浦东国际机场航空油料有限公司（“浦东航油”）继续为我们的利润做出了重大贡献。随着中国民用航空业的发展，2007年浦东航油向上海浦东国际机场各航空公司供应了约240万吨航油，同2006年相比增长了约9%，营业额达135亿元人民币。剔除出售CLH 5%股权的特殊收益，公司2007年的全年净利润中约76%是浦东航油贡献的。

2007年我们的资产负债表有了显著改善。截至2007年底，公司净资产达2.686亿美元，而2006年底公司的净资产为1.057亿美元，2007年公司净资产比上一年度猛增了154%。截止到2007年12月31日，我们累计盈利达3870万美元，而截至2006年12月31日，我们的累计亏损为1.2亿美元。同上一年度相比，2007年公司每股净资产值翻一番多，每股达0.3716美元。

股息

我高兴的在此宣布，董事会决定建议在即将召开的年度股东大会上批准从脱售CLH股权的销售收益中派发每股0.05新元的特别股息。董事会也建议同2006年一样派发每股0.02新元的年终普通股息。

两项派发的特别股息每股共计0.07新元，这是自CAO于2001年首次公开上市以来派发股息最高的一年。这是为了感谢股东们对公司表现出的忠诚、支持和信心。

股东沟通和公司透明度

2007年，我们继续强化公司透明度和披露工作，并采取了一系列措施以确保所有信息披露符合各项规定。披露公共信息资料的审批流程和结构已全部到位。我们改进了向公众提供CAO信息的公司对外网站，并通过这一平台及时向股东和投资者提供最新消息。

CAO荣获新加坡证券投资者协会颁发的2007年度国外上市公司组别的"最透明公司奖项"第二名。这表明，我们在重建和恢复发展过程中为提升公司透明度所做出的努力得到了肯定。这对我们来说是一个令人鼓舞的成就。我们仍然承诺将继续提升公司治理水平，进一步提高公司透明度来维护投资者对公司的信心。

截至2007年底，公司市值大约为18.5亿新元，同2006年底的公司市值相比翻了一番多。

致谢

虽然公司的运作和管理恢复到了正常状态，但各位董事仍然继续努力工作。我衷心感谢他们做出的奉献和卓有成效的贡献。

我们热烈欢迎CNAF新任总经理孙立先生担任我们的副董事长。他是于2007年4月30日接替赵寿森先生担任副董事长。孙先生在中国石油石化行业中有丰富的经验，自从他担任副董事长职务以来，我们已获益匪浅。

CNAF的提名董事杨川先生于2007年6月辞去董事职务。杨先生在公司先担任了执行董事和特别工作组副组长，后来转任非执行董事，我代表董事会感谢他为CAO做出的宝贵贡献。

我也要衷心感谢特别工作组，尤其是特别工作组组长顾炎飞女士。在她杰出的领导下，特别工作组出色地使CAO获得了新生。顾炎飞女士领导特别工作组达2年半时间，她肩负起了令人难以置信的重任，以坚忍的毅力，在非常艰苦和极具挑战的环境中不知疲倦地工作。我们非常高兴她同意继续担任CAO的顾问。公司将继续受益于她敏锐的洞察力、经验及其睿智。

张振启先生领导的管理层在贯彻董事会决策和推行正确的管理制度和结构方面所做的工作也值得表扬。他们也在制定公司战略过程中付出了巨大的努力。

我也要感谢我们的合作银行对我们向前迈进的信心和信任。感谢很多业务伙伴继续积极参与我们的航油招标。对于我们在中国境内的众多客户，我非常感谢他们给予我们的理解、信任、合作和帮助。这表明他们继续相信我们能迅速有效、保质保量地向他们供应航油。

对于我们忠诚的股东，特别是CNAF和BP，感谢你们对我们的支持和信任，我们会继续努力工作，为股东创造价值。

结束语

我们预期中国民用航空业的发展在未来数年将继续领先于本地区乃至全世界的发展速度，新加坡将仍然是充满活力的石油和与油品相关产品的贸易枢纽。遵循公司清晰的发展战略，我们随时准备迎接挑战，绝不轻易放过能长期为股东创造价值的任何发展机遇。在前进的道路上，我们将适当承担一些可控的额外风险，以持续实现公司增长目标以及培养未来所需的竞争力。

林日波
董事长

Executive Director's Review

Dear Shareholders,

2007 was a year where CAO's rehabilitation efforts yielded significant results. During the year, CAO repaid all outstanding debts owed to scheme creditors under a creditors' scheme of arrangement four years ahead of schedule, achieved steady business growth and improved its financial position. A good foundation has been laid for CAO's future development.

2007 Operations Overview

Supplying imported jet fuel to China remains the core business of CAO. We made good progress in the jet fuel procurement business in 2007, maintaining competitive tender pricings in the market. CAO procured and supplied 4.2 million tonnes of jet fuel in 2007, recording total revenue of US$2.96 billion in the year under review.

I am pleased to report that CAO has taken steps to improve on its existing jet fuel procurement business model in 2007 to achieve better efficiencies and returns. We commenced ship chartering and established direct links with shipping companies, which helped to build the foundation for CAO's plans to optimise its jet fuel supply model and commence trading of oil-related products.

CAO successfully sold its 5% stake in a Spanish company, Compania Logistica de Hidrocarburos, S.A. ("CLH"). After taking into account capital gain tax and other expenses, the net gain to CAO from this sale transaction was about US$135 million. CAO utilised part of the proceeds from the sale of the CLH stake to repay all outstanding deferred debts under the creditors' scheme of arrangement. Not only did the full repayment of deferred debts bring about substantial savings in interest expense, it also improved CAO's financial position significantly.

CAO's 33% stake in Shanghai Pudong International Airport Aviation Fuel Supply Company ("SPIA") remains a key contributor to our net profits. Our share of SPIA's results in 2007 was US$25.5 million, an increase of 14% over 2006. This was mainly due to an increase in the supply of China's domestic jet fuel, which has helped to lower SPIA's average cost of sales and thus resulted in an improvement in its gross profit.

During the year, CAO made a partial divestment of its stake in China Aviation Oil Xinyuan Petrochemicals Co. Ltd ("Xinyuan"), a non-core asset of CAO, to Juzhengyuan Petrochemical Co. Ltd ("Juzhengyuan"), an existing shareholder of Xinyuan. As a result, our stake in Xinyuan has reduced from 80% to 39%. We completed the partial divestment in 2007 and received net proceeds of about US$2.8 million. We believe that Juzhengyuan will be able to better realise the potentials in Xinyuan.

CAO recorded net profit attributable to shareholders ("net profit") of about US$168 million in 2007. Excluding the net gain from sale of the CLH stake of US$135 million in 2007 and the gain from waiver of debts by the scheme creditors in 2006 which amounted to US$192 million, net profit for 2007 was US$33.5 million, a decline of 7%.

Corporate Governance and Management

Having drawn valuable lessons from its past financial fiasco, CAO continued to improve and strengthen its corporate governance, internal controls and management practices during the year. The Board of Directors continued to discharge its decision-making and supervisory role effectively.

The Special Task Force was officially disbanded on 15 June 2007. New executives were appointed to the positions of Executive Director/General Manager, Deputy General Manager and Chief Financial Officer. These changes marked CAO's successful transition to a normal management and operational structure.

To further strengthen internal controls, Management issued several management directives during the year, which included Corporate Policy on Anti-Money Laundering Measures, Revised Human Resource Manual, Investor Relations Policy and a policy to improve our performance evaluation system.

Management has adhered to the Board's request to provide monthly financial accounts to the Board and revised the Financial Management Manual in accordance to new accounting standards and requirements that have arisen from our plans to resume oil trading.

Corporate Strategy and Progress of Trading Resumption

Following extensive market researches and analyses on the oil markets of China and Asia and taking into account our competitive advantages, CAO finalised its corporate strategy in 2007.

Our strategy will focus on implementing a jet fuel supply and trading business model to realise our competitive advantages, commencing trading of other oil-related products to strengthen our competitiveness and investing in oil-related assets to enhance shareholder value. Management will strive to deliver the strategy and nurture CAO to be an internationally competitive energy trading company with investments in oil-related assets.

CAO suspended the trading of oil products about three years ago due to significant losses from options trading. However, preparatory work for the resumption of trading began since oil trading had been identified as one of the three core components of our business. We made significant progress through the unstinting support and assistance of our strategic investor, BP. We have essentially completed all preparatory work and laid a proper foundation for the resumption of trading.

To prepare for the resumption of trading, we have completed the following in 2007:

1. Implementation of internal control policies, which included Corporate Policy on Anti-Money Laundering Measures, Out-of-office Dealing Policy, Telephone Taping/Instant Messaging/Mobile Phone Policy and Deal Entry Policy. We have also revised the Joint Operations Manual pertaining to jet fuel tenders and updated the trading limits in the Risk Management Manual according to our plans to resume trading.

2. Implementation of the Energy Trading and Risk Management System ("ETRM"). We have completed the implementation of the ETRM after close to half a year of installation and testing. We have also completed the renovation of the server room. The entire system will be ready for operation once we commence trading activities.

3. Building up the trading team capabilities. With the assistance and support of BP, we have a trading team in place where the traders are equipped to operate and execute trading strategies.

4. Obtaining sufficient financial and credit facilities. As CAO's financial position improves, we have obtained sufficient banking facilities required to support our oil trading business.

5. In terms of the necessary procedures, we have approached relevant counterparties for discussion on trading agreements, established settlement accounts for trading and installed a phone trading system, amongst others. CAO has also submitted its plans for hedging crude oil and oil products trading to the relevant PRC authorities.

Executive Director's Review

Priorities for 2008

2008 will be the first year where CAO executes its corporate strategy. We will strive to eradicate the weak links and build up our core competencies to achieve stable development for CAO, creating higher value for both shareholders and stakeholders.

CAO will continue to improve on its existing jet fuel procurement model in 2008. We plan to integrate jet fuel supply and trading activities and provide value-added services for our customers by injecting more flexibility into our business model. We also intend to commence jet fuel trading activities, subject to market conditions. We will continue with our ship chartering business in order to provide better jet fuel supply services, thereby creating value for our customers and shareholders.

In addition, we will gradually commence hedging activities for oil products depending on business needs and within our means and resources. We do not expect the scale of this business to have any material impact to our operations this year. We will concurrently conduct market researches on other oil products to seek opportunities to embark on trading of other oil and petrochemical products.

CAO will also proactively seek out investment opportunities for oil-related assets that are in line with our corporate strategy, such as storage and logistics facilities.

In the area of corporate governance, Management will continue to strengthen its corporate governance practices, implement all policies and procedures, including the revised performance appraisal system, Financial Management Manual, accounting procedures, disclosure procedures, risk management policies and training policies. We will also continue to strengthen internal work processes and operations and accord priority on staff training, especially in the areas of building up our trading capabilities, project development and risk management.

Appreciation

I would like to express my appreciation to all shareholders of CAO. CAO would not have been able to rebuild its business and get on track without the support and understanding of shareholders, especially our parent company, China National Aviation Fuel Group Corporation ("CNAF") and strategic investor, BP. I am particularly grateful to CNAF for its continuous support in providing personnel and other resources to support CAO's rehabilitation and development process, and also for its invaluable guidance and inputs during the formulation of CAO's corporate strategy. I am also very grateful to BP for their unstinting support and guidance in our preparation to resume trading by sharing their expertise in trading and risk management.

My heartfelt thanks to the Board for their excellent work and invaluable contributions in the past year. We have benefitted from the Directors' experience and their speediness, objectivity and fairness in decision-making. I would specifically like to thank our Chairman, Mr Lim Jit Poh. He has put in a great deal of time and effort to the rehabilitation and development of CAO. CAO has benefitted tremendously from his wisdom and dedication, and from his tireless guidance towards the members of the Senior Officers Meeting.

I would also like to thank my fellow colleagues and all staff for their cooperation, support and suggestions. My appreciation also goes to our business associates for their support to CAO and I look forward to the continued strengthening of our ties and cooperation with our business associates.

Zhang Zhenqi

Executive Director/General Manager

执行董事报告

尊敬的各位股东：

2007年是中国航油恢复重建取得成果的一年。在这一年，公司不仅提前4年偿还了债务重组计划中的全部剩余债务，而且业务发展稳定，财务状况持续得到改善。这为公司今后发展奠定了良好的基础。

2007年经营情况

向中国供应进口航油仍然是公司的核心业务。2007年公司航油采购业务进展顺利，在市场上保持了较强的竞价采购能力。2007年公司共销售航油约420万吨，营业额达29.6亿美元。

我很高兴的向各位股东报告，公司在2007年开始逐步改进航油采购业务模式，以提高效率和回报。公司顺利启动了自行租船业务，与船运公司建立了直接的联系，为以后优化航油供应及开展油品国际贸易奠定了一定基础。

2007年公司成功出售所拥有的西班牙CLH公司5%的股权，扣除资本利得税等费用支出后公司获得净收益1.35亿美元。公司利用出售CLH的部分收益提前4年全部偿还了剩余的重组递延债务，节省了大量的延期债务利息支出，公司的财务状况得以明显改善。

公司拥有33%股权的上海浦东国际机场航空油料有限公司（“浦东航油”）仍然是公司利润的主要来源。2007年公司对浦东航油的投资收益为2550万美元，较2006年增长14%。这主要是由于中国国内航油供应量增加，使浦东航油的平均采购成本有所降低，经营毛利水平随之提高。

公司在这一年里将非核心投资项目——中国航油新源石化有限公司（“新源”）的部分股权出售给该公司的另一家现有股东巨正源石化公司（“巨正源”），从而将公司持有的股权从80%减少到39%。公司在也2007年完成了股权出售的全部工作，并取得约280万美元的净现金。我们相信巨正源能更好的发挥新源的经营优势。

2007年公司全年税后归属股东利润(“净利润”)1.68亿美元。剔除两笔特殊收益，即出售CLH5%股权所得1.35亿美元和2006年债务重组计划下削债所得1.92亿美元，公司2007年全年净利润为3350万美元，较2006年减少7%。

公司管理和治理

2007年在总结期权亏损事件教训的基础上，CAO持续改善和强化公司治理、内部控制和管理方式。公司董事会继续有效发挥决策和监督作用。

2007年6月15日，公司正式撤销特别工作组，先后任命了新的执行董事兼总经理、副总经理和财务总监。公司顺利步入了正常管理和运作轨道。

2007年公司管理层为进一步加强企业内部管理，下发一系列管理指令。这些管理指令包括反洗钱措施、修改后的人力资源手册、投资者关系政策、改善绩效评估系统的措施等。

在财务方面，公司管理层严格按照董事会的要求，定期每月向董事提供财务报表，并根据恢复贸易的计划和记账要求，更新了《财务管理手册》。

执行董事报告

公司战略和恢复贸易进展

经过长时间对中国和亚洲油品市场的分析和研究，结合公司自己的业务优势，中国航油在2007年完成制定了公司的整体发展战略。

公司的战略发展规划重点是以推行航油供应与贸易模式，实现公司的竞争优势；以开展其它相关油品的贸易来增强公司的竞争实力；以开展与油品相关的实业投资来实现公司战略的整体价值。公司管理层将认真贯彻公司的战略发展方针，努力把公司建设成为具有跨国经营优势的能源贸易和油品相关实业投资公司。

公司自发生期权危机事件以来，国际贸易已经停顿了近3年时间。公司将油品国际贸易继续定位为主要业务之一的方向后，开始了有关恢复贸易的准备工作。在战略投资者BP的协助下，通过稳步、细致的推进，公司于2007年基本完成了有关准备，为正式恢复贸易奠定了坚实基础。

公司在恢复贸易准备方面，主要完成了如下工作：

1. 出台并下发了内部管理政策，包括《反洗钱政策》、《办公室外交易政策》、《电话/及时通讯/手机监听政策》以及《交易录入政策》；更新了《航油招标采购联合操作细则》；并配合恢复贸易工作，补充制定《风险管理手册》中的贸易限额。

2. 经过近半年时间的安装和调试，公司的贸易和风险管理系统已经正式安装完毕，相应的服务器机房改造也已完成，整个系统可以在公司开展贸易活动时正式运行。

3. 贸易团队建设：公司在BP的支持和协助下，成立了有能力操作和运行公司贸易方案的贸易团队。

4. 财务和信用支持方面：在公司的财务状况不断改善的基础上，公司已获得了恢复贸易所需的银行信用支持。

5. 手续方面：公司已与相关交易对家进行接触，协商贸易协议；并完成了有关贸易结算账户的设立、电话交易系统的安装等工作。与此同时，公司也向中国有关方面完成了原油、成品油的套期保值的报送备案工作。

2008年工作重点

2008年是公司落实整体战略的第一年。我们将努力消除薄弱环节，提升核心竞争力，实现公司的稳健发展，为股东和利益相关方创造更高的价值。

我们将在2008年继续改善现有的航油采购模式，将航油供应与贸易相结合。公司将采用灵活的方式为用户提供航油供应

执行董事报告

2007年是中国航油恢复重建取得成果的一年。在这一年，公司不仅提前4年偿还了债务重组计划中的全部剩余债务，而且业务发展稳定，财务状况持续得到改善。这为公司今后发展奠定了良好的基础。

增值服务。公司也将根据市场情况逐步开展航油国际贸易，同时我们也将继续推进租船业务，在为用户提供良好航油供应服务的同时也为用户和公司股东创造价值。

在进行航油供应的同时，我们将根据业务的需要在适度规模范围内逐步从事油品套期保值业务，这种业务的规模将对公司2008年度的经营不产生实质性的影响。在从事航油供应与贸易的同时，我们也将对其它油品市场等进行分析，寻求拓展其它油品和化工品的国际贸易机会。

在实业投资方面，公司将积极寻找适合公司发展战略、与油品相关的实业资产，例如仓储、物流设施等。

在公司治理方面，管理层进一步加强公司治理，严格执行各项规章制度，推进和落实修订后的绩效考评制度、财务管理制度、审计制度、披露制度、风险管理制度、培训制度和有关业务制度等；完善业务工作流程；抓好人才专业技能培训工作，并把培训的重点放在提高国际贸易能力、项目开发能力和风险管理方面。

致谢

在此，我要向公司的全体股东致谢。公司能够恢复重建、顺利步入发展正轨，离不开全体股东的理解和支持，尤其是母公司中国航空油料集团公司（"CNAF"）和战略投资者BP。特别感谢CNAF一如既往的在人力和物力方面给予支持，协助公司的恢复重建和发展，并在公司制定战略的过程中给予指导和宝贵的意见。我们也非常感谢BP在公司准备开展油品国际贸易过程中给予慷慨的支持和指导，跟我们分享了BP在国际贸易和风险管理方面的专门知识。

我非常感谢董事会一年来卓有成效的工作和极为宝贵的贡献，他们不仅经验丰富，而且在决策方面快速、客观、公正。我要特别感谢董事长林日波先生为公司的恢复重建和发展付出了大量的心血和时间。林先生的智慧、尽心尽职的精神，以及对高级办公会议成员孜孜不倦的指导，让公司获益匪浅。

感谢我的同事和全体员工在我工作过程中给予的配合、支持、建议和合作。感谢所有商业伙伴对公司的支持，并期待我们不断加强合作与联系。

张振启

执行董事兼总经理

Board of Directors
董事会

From Left to Right

Standing

Lee Suet Fern 林学芬
Zhang Zhenqi 张振启
Liu Fuchun 刘福春
Michael Bennetts
Zhao Shousen 赵寿森
Meng Fanqiu 孟繁秋

Seated

Sun Li 孙立
Lim Jit Poh 林日波
Paul Reed


(Singapore) Corporation Ltd
加坡）股份有限公司

Board of Directors
董事会

Lim Jit Poh

Chairman (Non-Executive, Independent)

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

Mr Lim Jit Poh is the Chairman of ComfortDelGro Corporation Limited, SBS Transit Ltd, VICOM Ltd, Ascott Residence Trust Management Limited, Sky China Petroleum Services Ltd and China Printing & Dyeing Holding Limited as well as a director of several other listed companies. Mr Lim is also a director of several unlisted companies under the ownerships of the Singapore Labour Foundation and Temasek Holdings Pte Ltd.

Mr Lim was a former top civil servant and a Fulbright Scholar. He was awarded the Public Administration Medal by the Government of Singapore in 1972 and three awards by the National Trades Union Congress, namely Friend of Labour Award in 1986, Meritorious Service Award in 1990 and Distinguished Service Award in 2000. In 2006, he was also one of the recipients of the Distinguished Science Alumni Award from the National University of Singapore. Mr Lim is a trustee of the Singapore National Employers' Federation.

He holds a Bachelor of Science (Honours) in Physics from University of Singapore and a Masters of Education from the University of Oregon, USA.

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 Petrochemicals") 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 China National Aviation Fuel Corporation Ltd and China National Aviation Fuel Land Petroleum Co., Ltd.

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.

Zhao Shousen

Non-Executive, Non-Independent Director

- Appointed on 28 March 2006
- Vice-Chairman of Audit, Remuneration and Nominating Committees since 29 March 2006
- Member of Disclosure and Risk Management Committees since 29 March 2006

Mr Zhao Shousen is a Senior Accountant (professor level) and Chief Accountant of 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.

Mr Zhao holds a Bachelor's degree (Financial Accounting) from Shandong Economic Institute. He is currently pursuing his doctorate degree.

Zhang Zhenqi

Executive, Non-Independent Director

- Appointed on 15 June 2007

Mr Zhang Zhenqi is the General Manager of the Company. He is responsible for the management and operations of the Company.

Mr Zhang joined the Company on 25 April 2007. Prior to this appointment, Mr Zhang was the General Manager of Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA"), a position he held since 2001.

He was the Deputy General Manager of China Aviation Oil Holding Company (now renamed China National Aviation Fuel Group Corporation, "CNAF") East China Company from 1997 to 2001. From 1995 to 1997, he was the General Manager of China Aviation Oil Supply Corporation ("CAOSC") Anhui Branch, a subsidiary of CNAF.

He holds a Bachelor and a Master degree in Economics from Dongbei University of Finance & Economics, and also an EMBA degree from Cheung Kong Graduate School of Business.

Meng Fanqiu

Non-Executive, Non-Independent Director

- Appointed on 28 March 2006

Mr Meng Fanqiu is the Division Director of the Planning and Development Division of China National Aviation Fuel Group Corporation ("CNAF"). He has been involved in management, 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. The restructuring resulted in the formation of China National Aviation Fuel Corporation Ltd, which has been performing well.

Mr Meng was an official of 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 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.

Board of Directors
董事会

Liu Fuchun
Non-Executive, Independent Director

- Appointed on 28 March 2006
- Chairman of the 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 and then 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.

Paul Reed
Non-Executive, Non-Independent Director

- Appointed on 9 June 2006
- Member of the Audit and Risk Management Committees since 9 June 2006

Mr Paul Reed is the Group Vice-President of Global Gas, BP. He joined BP in 1979 and spent most of his career developing expertise in commodity markets, supply activities and trading. He spent 5 years focusing on the marine fuels business, and a further 13 years in other traded oil markets and trading management roles.

He also spent six years in various roles in the Gas and Power sector developing markets and infrastructure projects, and held corporate roles in Finance, and Mergers and Acquisitions. He began his current role in January 2008.

Mr Reed graduated from Durham University, UK. He completed the PMD executive Programme at Harvard Business School.

Lee Suet Fern
Non-Executive, Independent Director

- Appointed on 28 March 2006
- Chairperson of Audit and Disclosure Committees since 29 March 2006
- Member of Remuneration and Nominating Committees since 29 March 2006

Mrs Lee Suet Fern is the Senior Director of Stamford Law Corporation. She has extensive experience in corporate law in Singapore and the region, and has been involved in many significant corporate transactions. She has been named a leading practitioner in many international professional publications.

Mrs Lee sits on the respective councils of the Inter-Pacific Bar Association and International Bar Association, is a member of the advisory board to the Singapore Management University Law School and is a board member of the National Heritage Board and a trustee for Nanyang Technological University. She also serves on the boards of public listed companies in Singapore, Hong Kong and New Zealand.

Mrs Lee holds a Master of Arts (Law) (double first) from Cambridge University. She is a Barrister-at-law of Gray's Inn in London, and an Advocate and Solicitor of the Supreme Court of Singapore.

Michael J Bennetts
Non-Executive, Non-Independent Director

- Appointed on 1 January 2007
- Member of Remuneration, Nominating and Disclosure Committees since 1 January 2007

Mr Michael Bennetts is the Chief Executive of Integrated Supply and Trading, BP Eastern Hemisphere, having held this post since August 2003. Mr Bennetts has over 20 years of experience in the global energy industry and his experience is concentrated in BP's supply, trading and marketing businesses. He joined BP in 1983 in New Zealand and has served in various roles in South Africa, China, Singapore and the United Kingdom. His experience in London was in BP's corporate centre during 2002 and 2003. Mr Bennetts has Board level experience since 1999 in a number of BP Group subsidiary companies and joint ventures.

Mr Bennetts holds a Postgraduate Diploma in Corporate Management. He graduated as a Bachelor of Business Studies majoring in Management from Massey University where he graduated as a Massey Scholar in recognition of his academic record.

林日波

董事长（非执行、独立）

- 2006年3月28日加入董事会
- 薪酬委员会和风险管理委员会主席（自2006年3月29日起）
- 审计委员会和提名委员会成员（自2006年3月29日起）

林日波先生是康福德高有限公司、新捷运有限公司、维康有限公司、雅诗阁公寓信托管理公司、丝凯石油有限公司和中国印染控股的董事长。他也是淡马锡控股、新加坡劳工基金控制的一些非上市公司的董事。

林先生曾经是高级公务员，也是富布莱特奖学金得主。林先生于1972年被新加坡政府授予公共管理奖章，他还3次获得新加坡全国职工总会颁发的奖项，即1986年的劳工之友奖、1990年的优秀服务奖及2000年的杰出服务奖。2006年，他也是新加坡国立大学科学系杰出校友奖的得奖者之一。林先生目前是新加坡全国雇主联合会理事。

林先生拥有新加坡大学科学系物理荣誉学位和美国俄勒冈大学教育学硕士学位。

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月至今，孙立先生出任中国航空油料集团公司总经理。此前，从2005年11月到2007年1月，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各种职位，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、中国航油集团陆地石油有限公司的董事长。

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。

赵寿森

非执行、非独立董事

- 2007年4月30日加入董事会
- 审计委员会、薪酬委员会和提名委员会副主席（自2006年3月29日起）
- 披露委员会和风险管理委员会成员（自2006年3月29日起）

赵寿森先生是（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。

赵先生拥有山东财经学院财会专业学士学位。他目前正在攻读博士学位。

张振启

执行、非独立董事

- 2007年6月15日加入董事会

张振启先生是CAO总经理，负责公司的管理和运作。

张先生于2007年4月25日加入公司。此前，他自2001年起一直担任上海浦东国际机场航空油料有限责任公司（“浦东航油”）总经理。他还担任过中国航空油料华东公司副总经理（1997年－2001年）和中国航空油料安徽公司的总经理（1995年－1997年）。

他拥有东北财经大学经济学学士和硕士学位，以及长江商学院工商管理硕士（EMBA）学位。

Board of Directors
董事会

孟繁秋
非执行、非独立董事

- 2006年3月28日加入董事会

孟繁秋先生现任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，从事企业管理、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，改制后而成立的中国航空油料有限责任公司运营良好。

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。

刘福春
非执行、独立董事

- 2006年3月28日加入董事会
- 提名委员会主席（自2006年3月29日起）
- 审计委员会和薪酬委员会成员（自2006年3月29日起）

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。他毕业于北京外贸学院财会、英语专业。

林学芬
非执行、独立董事

- 2006年3月28日加入董事会
- 审计委员会和披露委员会主席（自2006年3月29日起）
- 薪酬委员会和提名委员会成员（自2006年3月29日起）

林学芬女士是腾福律师事务所高级董事。她在新加坡及附近区域具备丰富的企业法律经验。她参与了许多重要的企业交易，并被许多国际专业杂志誉为杰出从业者。

她是太平洋律师协会理事会以及国际律师协会理事会成员。她也是新加坡管理大学法律学院咨询委员会成员、南洋理工大学董事局成员和国家遗产董事局董事。林女士目前担任多家在新交所、香港证交所和新西兰证交所上市的公司的董事。

林女士拥有英国剑桥大学法律专科双学位一等硕士学位。她是伦敦Gray’s Inn的荣誉会员，拥有新加坡的律师资格。

Paul Reed
非执行、非独立董事

- 2006年6月9日受委加入董事会
- 审计委员会和风险管理委员会成员（2006年6月9日起）

Paul Reed先生现担任BP环球天然气集团副总裁。他于1979年加入BP。在他的职业生涯中，Paul Reed倾注了大量时间，在商品市场、供货及贸易方面积累和掌握了精深的专业技能。其中有5年的时间，他专门从事海运油料业务。他另外在其他石油交易市场和贸易管理职务方面有13年的经验。

此外，他还在BP的天然气及能源部门工作过6年，期间担任过各种职务，开发市场和基础设施工程。他也曾在BP总部担任财务及并购方面的职务。他于2008年1月开始担任目前的职位。

他于英国达拉谟大学毕业，在哈佛商学院完成了PMD执行课程的学习。

Michael J Bennetts
非执行、非独立董事

- 2007年1月1日加入董事会
- 薪酬委员会、提名委员会和披露委员会成员（自2007年1月1日起）

Michael Bennetts先生是BP东半球综合供应和贸易业务的首席执行官，他自2003年8月起担任这个职位。他拥有20多年全球能源领域的工作经验，主要体现在BP的供应、贸易和行销业务。Michael Bennetts于1983年加入BP新西兰分部，之后在BP位于南非、中国、新加坡和英国的分公司部门任职，包括2002年－2003年在BP位于伦敦的企业总部任职。自1999年起，Michael Bennetts在BP集团的数家下属公司和联营公司担任董事。

他拥有企业管理研究生文凭。他还拥有新西兰Massey大学的工商管理学士学位，主修管理；基于其良好的学业成绩，他成为Massey奖学金得主。

Key Management Profile
管理层主要人员简介

Zhang Zhenqi

Zhang Xingbo

Wang Chunyan

Jean Teo Lang Lang

Oi Mow Lie

Zhang Zhenqi
Executive Director & General Manager

As Executive Director and General Manager, Mr Zhang Zhenqi oversees the management and operations of the Company. He is also the Vice-Chairman of the Senior Officers Meeting, a team of senior management which oversees the day-to-day affairs of the Group.

Please refer to profile of Mr Zhang under the "Board of Directors" section of this Annual Report for more information.

Zhang Xingbo
Deputy General Manager

As Deputy General Manager, Mr Zhang Xingbo assists the Executive Director & General Manager in the management and operations of the Company. He oversees the Trading and Operations departments.

Mr Zhang is a Director of CAOT Pte Ltd, a wholly-owned subsidiary of CAO, and is also a Director of China Aviation Oil Xinyuan Petrochemicals Co. Ltd.

Prior to joining CAO in August 2006, Mr Zhang had more than ten years of experience working at China Aviation Oil Supply Corporation ("CAOSC", the predecessor of China National Aviation Fuel Group Corporation) in Beijing, where he was mainly responsible for its international businesses. He was a key negotiator for CAOSC's supply of jet fuel to foreign airlines. Thereafter, he was the Import Manager responsible for the coordination and operations of the procurement of jet fuel imports to meet the needs of China's civil aviation industry.

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

Key Management Profile
管理层主要人员简介

Wang Chunyan
Chief Financial Officer

As 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. Ms Tee Siew Kim, CAO's Head of Finance reports to him.

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 China Petrochemical Corporation ("Sinopec Group"). Mr Wang began his career with Hekou Oil Production Plant, a subsidiary of Shengli Petroleum Administrative Bureau in 1993. He held several senior positions within the Financial Assets Division of Shengli Petroleum Administrative Bureau before his appointment as Deputy Head of Financial Assets Division in May 2006.

Mr Wang is a qualified Senior International Finance Manager and Senior Accountant. He holds a Bachelor's Degree in Economics majoring in Accountancy from Changchun Taxation College, China.

Jean Teo Lang Lang
Head of Trading

Ms Jean Teo is leading the Trading Department, which is responsible for the jet fuel supply to our PRC customers and other trading activities. A secondee from BP, she joined the Company in January 2008.

Ms Teo joined BP Singapore Pte. Ltd. ("BPS") as a management trainee in 1997. Prior to joining CAO, she was the Lead Trader of Light Distillates, Integrated Supply and Trading, Eastern Hemisphere, BPS. In this position that she held since August 2004, she was responsible for creating, evaluating and monetising the optionality of trading strategies, which include establishing and optimising trading relationships with trading counterparties and customers in the Asia Pacific region, originating and structuring deals as well as ensuring compliance with corporate trading guidelines which encompass ethics, control, health, safety and environmental policies.

Ms Teo holds a Master of Business Administration (Finance) from Manchester Business School, United Kingdom, a Postgraduate Diploma in Financial Management from Singapore Institute of Management, and a Bachelor of Engineering, Chemical (Honours) from National University of Singapore.

Oi Mow Lie
Head of Risk Management

Ms Oi Mow Lie is seconded from BP and joined CAO in January 2008. She is responsible for the establishment and implementation of the risk management framework of the Company. She also ensures that risk management policies and procedures are adhered to.

Ms Oi joined BP Singapore Pte Ltd ("BPS") as a Trade Control Analyst in November 2001. She was a Trade Control Adviser of BPS before joining CAO, a position she held since April 2006. Ms Oi, who led a team of up to 7 members in the Trade Control Department of BPS, was primarily responsible for providing advice and support in the control area to various system projects such as Openlink and SAP implementation, and was involved in providing subject matter expertise in new business activities of BPS, thereby ensuring all risk areas are understood and mitigated. Her other duties included ensuring trades are captured in the system accurately and in a timely manner; performing daily reconciliation of exposure positions for physicals, swaps and futures deals; implementing and running risk management tools to ensure traders trade within limits set and undertake appropriate levels of risks; and ensuring appropriate controls are in place around the deal process (i.e. from deal generation to accounting), implementing new processes where necessary.

Ms Oi holds a Bachelor of Accountancy (Honours with Minor in Banking and Finance) from Nanyang Technological University, Singapore. She is also a Chartered Financial Analyst and a member of the Institute of Certified Public Accountants of Singapore.

张振启
执行董事兼总经理

作为总经理，张振启先生负责公司的管理和运作。他也是高级办公会议的副主席。高级办公会议由一组高级管理人员组成，负责公司的日常事务。

本年报“董事会”部分有更多关于张先生的介绍。

张兴波
副总经理

作为副总经理，张兴波先生协助总经理负责公司的管理和运作。他监管贸易部及运作部。

目前他还是CAO的独资子公司中国航油新加坡贸易（私人）有限公司（CAOT）和新源石化有限公司的董事。

在2006年8月加入公司之前，张先生曾在位于北京的中国航空油料总公司（中国航空油料集团公司的前身）工作十余年，主要负责国际业务。他参与外国航空公司的供油业务的谈判，之后作为进口经理负责协调并组织中国民航所需进口航油的采购。

他拥有兰州大学英语专业学士和研究生学历，并具备副译审任职资格。

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。CAO财务主管郑秀琴女士向他汇报。

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。

张娜娜
贸易部主管

张娜娜女士主管公司的贸易部，负责向中国客户供应航油的业务以及其他贸易活动。她是BP派出的人员，于2008年1月加入公司。

张女士于1997年加入BP新加坡私人有限公司（“BPS”），为管理人员培训对象。在加入CAO之前，她是BPS东半球综合供应与贸易轻馏产品首席贸易员。她自2004年8月起担任该职务，负责建立、评估贸易战略选择性，并将其商业化，包括：与亚太地区的贸易对家和客户建立并优化贸易关系、发起并建立交易结构、保证遵守公司贸易准则，包括伦理、控制、健康、安全和环保政策。为管理人员培训对象。

张女士拥有英国曼彻斯特商学院工商管理硕士学位、新加坡管理学院财务管理研究生文凭、新加坡国立大学化学专业工程学士（荣誉）学位。

韦懋莉
风险管理部主管

韦懋莉女士是BP派出人员，于2008年1月加入CAO，负责建立公司全面的风险管理框架和落实，并确保有效实施风险管理决策和各项程序。

韦女士于2001年11月加入BP新加坡私人有限公司（“BPS”），担任贸易控制分析员。2006年4月至加入CAO以前，她是BPS的一名贸易控制顾问。她领导BPS贸易控制部门7名成员工作，主要职责包括：为不同系统项目的运作控制提供独立的实质性专业意见，如Openlink和SAP的实施；为BPS要开展的新业务提供独立的实质性专业意见，确保所有的风险领域都被识别，并且进行了规避；确保交易在系统内准确及时录入;对现货、纸货和期货交易进行每日敞口对帐；使用运作风险管理工具，确保贸易员在设定的限额和适当的风险范围内操作；确保在交易过程中进行适当控制（自交易产生至入账），在必要时实施新流程。

韦女士毕业于新加坡南洋理工大学，会计学学士（荣誉学位）、辅修银行和金融专业。她还是特许金融分析师和新加坡注册会计师协会会员。

Management
管理层

Front Row *(Left to right)*

Ms Jean Teo Lang Lang, *Head of Trading*
Ms Oi Mow Lie, *Head of Risk Management*
Mr Zhang Zhenqi, *Executive Director/General Manager*
Ms Tee Siew Kim, *Head of Finance*
Mr Jason Wong, *Head of Operations*

Back Row *(Left to right)*

Mr Liu Jiangbo, *Head of Business Development*
Ms Lily Choo, *Deputy Head of Human Resource & Administration*
Mr Zhang Xingbo, *Deputy General Manager*
Mrs Doreen Nah, *Head of Legal & Investor Relations/Company Secretary*
Ms Loh Woon Yen, *Deputy Head of Investor Relations*
Mr Wang Chunyan, *Chief Financial Officer*
Ms Su Wen, *Head of Business Development (Strategic Investments)*

2007 Highlights
2007年大事记

2007 was a year where CAO's rehabilitation efforts yielded significant results. A good foundation has been laid for CAO's future development.

2007年是公司恢复重建取得成果的一年。
公司为今后发展奠定了良好的基础。

24 Jan
Entered agreement to sell 5% stake in CLH for €171 million

29 Jan
Entered agreement to sell 41% of 80% stake in Xinyuan

24日
签署出售CLH 5%股权的协议，出售价格为1.71亿欧元

29日
签署出售在新源持有的80%股权中的41%

JANUARY
一月

17 April
Completed transaction of sale of CLH stake

30 April
Mr Sun Li appointed Deputy Chairman

17日
完成出售CLH股权的交易

30日
孙立先生被任命为副董事长

APRIL
四月

17 May
Completed and terminated Creditors' Scheme with full repayment of outstanding debt of US$73.3 million

17日
完成并终止债权人计划，还清7330万美元的债务

MAY
五月

15 June
Established new management structure with the appointment of Mr Zhang Zhenqi as Executive Director/General Manager; Special Task Force disbanded

15日
设立新管理层结构，任命张振启先生为执行董事/总经理；撤销特别工作组

JUNE
六月

2008

FEBRUARY
二月

14 Feb
Announced the award of Global Traders Programme Status

14日
宣布获得环球贸易商计划资格

2007

DECEMBER
十二月

27 December
Announced completion of partial divestment of stake in Xinyuan

27日
宣布完成脱售部分新源股权的交易

OCTOBER
十月

1 October
CAO added to the PrimePartners China Index

4 October
Winner of "SIAS Most Transparent Company Award 2007" (Runner-up in the Foreign Listings category)

12 October
CAO included under FTSE ST Mid-Capitalisation index and FTSE ST China Index

1日
CAO被加入建立中国指数

4日
获得"新加坡证券投资者协会2007年最透明公司"奖（国外上市公司组第二名）

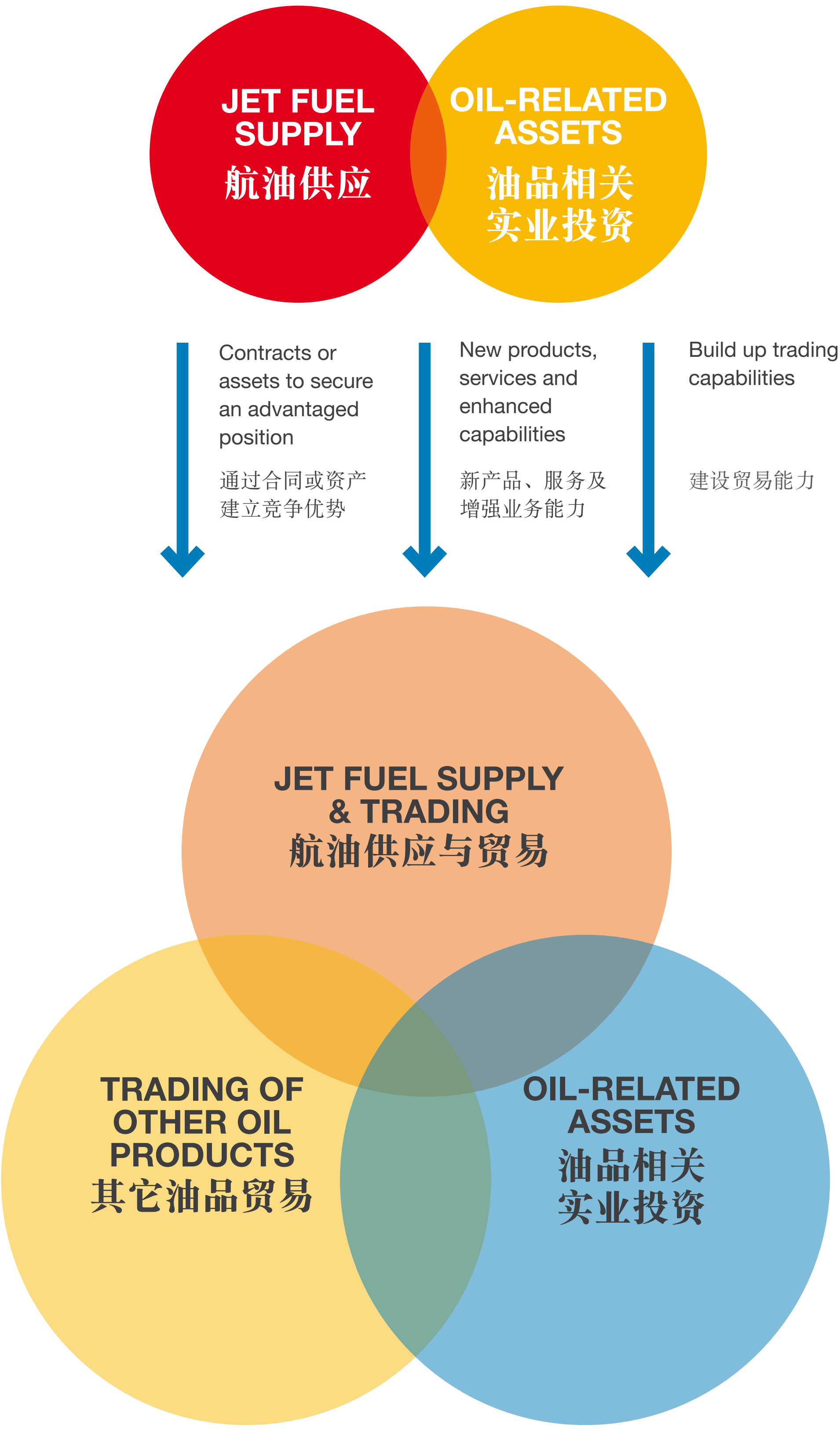
12日
CAO被纳入富时海峡时报中市值指数以及富时海峡时报中国指数

JULY
七月

10 July
Ranked 12th in the Singapore International 100 Ranking (ranked by overseas revenue)

10日
新加坡国际100家企业排名中名列第12位（根据海外收入计算）

Our Strategy
公司战略



STRONG **FIGURES**


US$3.0
billion Revenue
US$168.3
million Net Profit
US$185.8
million Operating Income
4.2 million
metric tonnes of jet fuel

Our Business: Jet Fuel Supply

The supply of jet fuel to the PRC is CAO's key strategic pillar and the core business. CAO successfully re-established its jet fuel supply business in 2006. In 2007, our focus was to consolidate the supply business model and develop a competitive strategy to grow this business.

The PRC is now the world's second largest civil aviation transportation market. According to the International Air Transport Association, PRC's international air passenger volume is expected to grow an average of 9% per annum up to 2011, outpacing the 5.1% growth globally for the same period. Demand growth for jet fuel in the PRC is also one of the fastest in the world in recent years and is expected to continue to grow strongly in the coming years. However, the level of jet fuel imports into the PRC is also dependent on the quantity of jet fuel produced domestically. In 2007, higher production of domestic jet fuel by refineries in the PRC resulted in a correspondingly lower volume of jet fuel supplied by CAO despite a growth in PRC's civil aviation industry.

During the course of the year, CAO has maintained open tender procedures to purchase jet fuel required for supply to the PRC. Approved Suppliers are evaluated on strict criteria such as the ability to offer competitive jet fuel prices, the level of experience in handling physical jet fuel cargoes and a successful track record. Our tender process continue to attract active participation from various types of suppliers, including oil majors, trading houses, national oil companies, refiners and financial institutions in 2007.

The rapid growth of the PRC civil aviation industry presents opportunities for CAO. We are actively reviewing CAO's current supply model to improve the process and strengthen our capabilities. CAO aims to enhance its commercial offers to PRC customers and improve the profitability of its supply activities.

"In 2007, our focus was to consolidate the supply business model and develop a competitive strategy to grow this business."

公司业务：航油供应

2007年，我们的重点是整合供应业务模式并发展有竞争力的战略以促使该项业务的增长。

向中国供应航油是CAO的主要战略支柱与核心业务。CAO在2006年成功重建了航油供应业务。2007年，我们的重点是整合供应业务模式并发展有竞争力的战略以促使该项业务的增长。

中国现在是世界第二大民用航空运输市场。据国际航空运输协会信息，2011年之前中国的国际航空旅客量预计将以平均每年9%的速度增长，高于同期5.1%的全球增长速度。中国的航油需求近年也是世界上增长最迅速的之一，且预计在未来数年中也将继续强劲增长。但是，中国的航油进口水平也取决于国内航油的生产量。2007年，尽管中国民航业增长，但由于中国国内炼厂的航油产量较高而导致CAO供应的航油数量相应减少。

2007年，CAO仍保持公开招标程序，为供应中国市场而采购航油。我们按照严格标准向合格供应商进行评估，这些标准包括提供具竞争力的航油价格的能力、处理现货航油的经验水平以及良好的记录。2007年，我们的招标继续吸引各种类型供应商的积极参与，包括跨国石油公司、贸易公司、国家石油公司、炼厂和金融机构。

中国民航业迅速增长为CAO提供了机遇。我们正在积极评估CAO现有的供应模式以优化流程并增强我们的能力。CAO的目标是向中国客户提供更好的商业服务并提高供油业务的盈利。

Our Business: Investments in Oil-Related Assets

"We seek investments in oil-related assets to enhance shareholder returns and to strengthen our competitive advantage."

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 for Shanghai Pudong International Airport ("Pudong Airport"), China's second largest airport. It is also the exclusive owner and operator of jet fuel supply facilities. 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.

CAO is the second largest shareholder of SPIA, owning a 33% stake. The other two shareholders are Shanghai International Airport (40%) and Sinopec Gaoqiao Petrochemical Corporation Co. Ltd (27%).

SPIA provides jet fuel procurement, distribution and storage services for all domestic and international airlines at Pudong Airport. SPIA currently services more than 60 airlines.

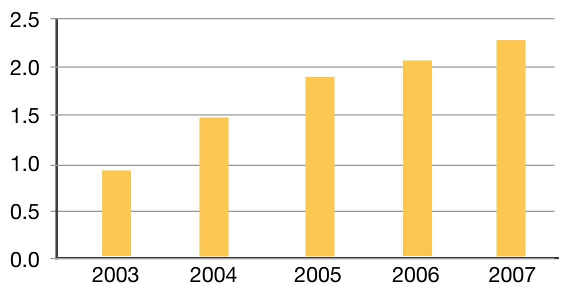
Air traffic at Pudong Airport has increased rapidly over the past few years. In 2007, Pudong Airport handled close to 254,000 takeoffs and landings, an increase of 9% over 2006. Passenger and cargo throughputs grew 8% and 16% respectively in 2007. Correspondingly, jet fuel supplied by SPIA during the year increased about 10% to 2.37 million metric tonnes (see chart).

To meet the requirements of rapidly growing civil aviation transportation volumes and expected increase in air traffic due to World Expo 2010 Shanghai, Pudong Airport is currently on its second phase of development. SPIA's second phase of expansion is also underway and is expected to complete in 2008. The addition of new airport refueling facilities is expected to further strengthen SPIA's capabilities to provide refueling services to its customers.

CAO XINYUAN PETROCHEMICALS

China Aviation Oil Xinyuan Petrochemicals Co. Ltd. ("Xinyuan") is an associated company of CAO in which CAO holds a 39% equity stake. Xinyuan provides storage services and trades jet fuel and other oil products. Xinyuan owns the Shuidong storage tank farm, near Shuidong harbour in the city of Maoming in Guangdong province, including surrounding land covering 76,732 square meters. There are six tanks with a capacity of 5,000 cubic metres each and two tanks of 10,000 cubic metres each. Total storage capacity is 50,000 cubic metres and the facilities are built to store various types of oil products.

Jet Fuel Supplied by SPIA



公司业务：
油品相关实业投资

我们寻求与油品相关的实业投资以增进股东回报、加强公司竞争优势。

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”）于1997年成立。该公司是中国第二大机场上海浦东国际机场（“浦东机场”）唯一的航油供应商，拥有并经营浦东机场的全部加油设施，包括全套机坪管网、管线加油车队和罐式加油车队、两座航空加油站、机场内油库、码头油库、以及直接连接浦东机场和上海外高桥码头的42公里的专用航油管线。

CAO是浦东航油第二大股东，拥有33%的股权，另外两家股东分别是上海国际机场股份有限公司（占股40%）和中国石化上海高桥石油化工公司（占股27%）。

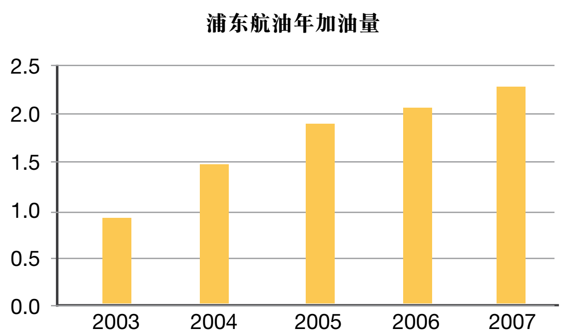
浦东航油向在浦东机场的国内航空公司和外国航空公司提供航油采购、销售和储存服务，目前向60多家航空公司的航班提供加油服务。

浦东机场近年来的运输量大增，2007年的起降架次将近254,000次，较2006年增加9%；旅客和货邮吞吐量则分别上升了8%和16%。浦东航油在2007年的加油量也相应比2006年增加大约10%至237万吨(见表)。

为了满足高速增长的运输量和迎接2010年上海世界博览会的到来，上海浦东国际机场正在进行第二期扩建工程，浦东航油也在进行供油设施的扩建工程，预计工程在2008年全面完工后，浦东航油的供油能力将进一步加强。

中国航油新源石化有限公司

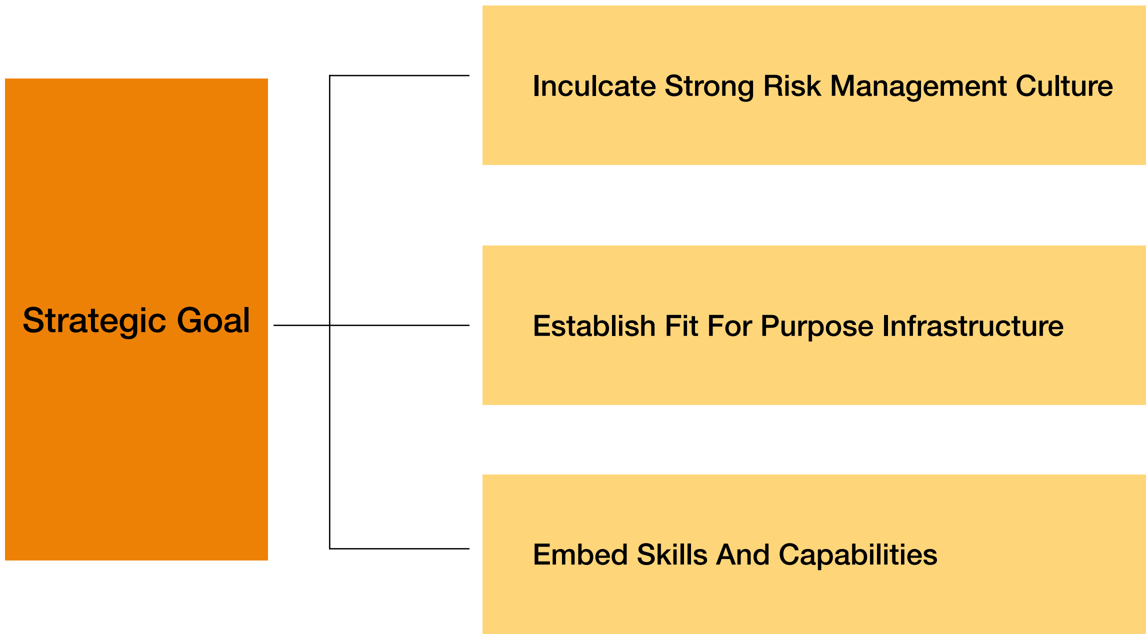
中国航油新源石化有限公司（“新源”）是CAO持有39%股权的附属公司，主要业务是包括航油在内的各种油品的仓储服务和有关贸易业务。新源拥有位于中国广东茂名水东港水东油库资产，包括76,732平方米的转让土地。水东油库包括6个5,000立方米和2个10,000立方米的储罐，储存总量为5万立方米，适用于存放各种油品。



Risk Management

An Important Cornerstone Of Our Business

Our strategic goal has been formulated to set a strong foundation to enable us to continue to grow our business. It gives a well-rounded view to how we are building our Risk Management function, ranging from culture to system infrastructure to capabilities.



We have established a sound risk management infrastructure for proper reporting and accountability on the identification, measurement and management of key risks. We work daily to identify, measure and effectively control/mitigate risks arising from our core business of jet fuel supply and investment holdings in strategic oil assets, as identified below.

Strategic Risk or Business Risk

Our current jet fuel supply business is a low risk supply activity with fixed margins. This business is reliant on PRC end users and our parent company, China National Aviation Fuel Group Corporation ("CNAF") being authorised by the PRC government to allocate import quota for jet fuel. Given that the oil industry undergoes changes constantly, solely relying on the current business model would subject CAO to high strategic and business risks. Without proper transformation of the jet fuel supply business model and diversification into other businesses, CAO's competiveness and profitability could be eroded in the long run. To respond to the challenges, the Board of Directors of CAO adopted a new corporate strategy which sets out CAO's plans to create a portfolio of supply, trading and investment activities that are synergetic to each other. CAO will transform its current jet fuel supply model into one that better maximises CAO's competitive advantages and complemented by trading activities. This will develop capabilities for CAO to compete and maintain its current leading position in the PRC jet fuel import market in the event of deregulation. CAO will also commence trading of other oil products and seek access to synergetic oil-related assets to strengthen CAO's competitiveness in the region's jet fuel supply chain and build its competitive advantage in trading capabilities.

Market Risk or Oil Price Risk

Market and oil price risks arising from the current jet fuel supply business is not significant. To manage market risks, we have clearly defined CAO's risk appetite and risk tolerance level towards trading and jet fuel supply business activities by setting various risk limits. The limits are determined at the Board level by the Risk Management Committee. The risk exposures will be marked-to-market on a daily basis; profit-and-loss reports will be prepared daily for the Management. The risk control system for executing these tasks has been implemented. An independent risk management function/team will ensure that the limits are adhered to and risk control policies are complied with, and significant limits breach issues will be escalated to the attention of the Management as well as Risk Management Committee.

Operational Risks

CAO is subject to operational risks arising from potential failures or errors in systems, people and business processes. To mitigate such risks, CAO has adopted various measures, such as implementation of clearly defined trading, investment & support/control process flows, with segregation of duties between the Front, Middle and Back offices. The personnel in the Front, Middle and Back offices have been trained to discharge their duties competently. CAO has implemented the Allegro Energy Trading and Risk System ("ETRM System") to manage its trading and supply activities and their related risks.

With the adoption of a new jet fuel supply model and commencement of trading, CAO will get more involved in ship chartering and may engage in operations of storage/tank facilities, thus will have exposure to certain level of physical operational risks. CAO has developed and adopted a ship vetting policy, emergency response plans and relevant procedures on par with industry standards to mitigate this risk.

Counterparty Credit Risk

Credit risk may arise from default on executing contracts or non-payment by trading counterparties. CAO has adopted clearly defined credit risk policy and procedures to mitigate such risks, which have been applied to assess and approve new jet fuel suppliers since mid-2006. We set counterparty credit limits and constantly monitor/report counterparty credit risk exposures and the limits utilization. The credit worthiness of counterparties are also re-assessed on a quarterly or semi-annual basis. Similar policies and procedures will be applied to potential trading counterparties in other oil products.

Regulatory and Legal Risks

CAO is subject to government regulations in PRC, Singapore and the countries it operates in. CAO also needs to comply with regulations governing the oil and commodities markets that it trades in. Through CAO's in-house legal counsels and the advice of external professionals when necessary, CAO will ensure proper understanding and full compliance of regulatory and legal requirements in markets which it trades or operates.

Liquidity Risk

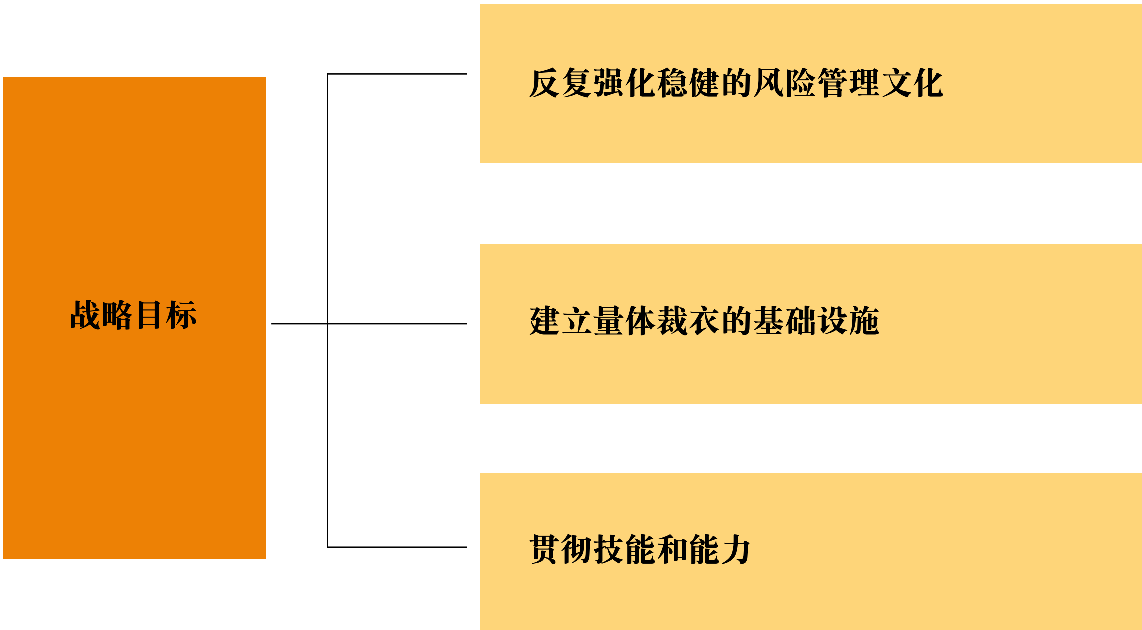
Currently CAO has no debt obligations and has sufficient cash resources to meet its working capital requirements and to support the implementation of the corporate strategy. For current jet procurement, we have sufficient credit facilities from the banks. At this moment we are working proactively with banks to establish credit facilities to support trading activities beyond jet fuel procurement. For any future large cash outlays for potential investment activities, we can also access the capital market to raise funds. Overall the liquidity risk is low for the Company.

In conclusion, CAO business activities are governed by a set of company policies/standards and procedures as defined in CAO's Risk Management Manual, CAO Trading Guidelines and other compliance-related polices. All of CAO's compliance, trading, risk and controls-related policies and procedures have been benchmarked to industry standards such as those of the CAO's strategic partner, BP. CAO's risk management policies also comply with the requirements stipulated by the "Enterprise-wide Risk Management Guidelines for State-owned Enterprises", which was implemented by the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") in June 2006.

CAO aims to inculcate a strong corporate risk management culture where everyone – Directors and employees alike – not only understands the risk management concepts and principles, but also abide by the risk management polices and procedures strictly. Going forward, strong and effective risk management will continue to be an important cornerstone of CAO's business operations and growth.

风险管理
——我们业务的重要基石

我们已经确立的战略目标，为我们持续拓展业务奠定了坚实的基础。它对我们如何从企业文化、系统构架到能力方面来构建我们的风险管理功能提供了全面的视野。



我们已建立起一个健全的风险管理框架，进行正确的汇报并负责主要风险的确认、评估和管理工作。如下所述，我们通过每天的工作来确认、评估并有效地控制或减少来自我们核心业务——航油供应和油品相关实业投资中出现的风险。

战略风险或商业风险

我们当前的航油供应业务是一项低风险、利润固定的业务。这项业务依赖于中国的用户和我们的母公司中国航空油料集团公司（“CNAF”）被中国政府授权来配给航油的进口额度。鉴于石油行业不停地在变化，单一地依靠当前的业务模式将会使CAO面临较高的战略和商业风险。没有航油供应业务模式的适当转换并向其他业务的多元化发展，CAO的竞争能力和盈利能力可能将逐渐被削弱。为应对挑战，董事会采纳了公司新的战略，制订了建立包括供应、贸易和实业投资互相协同的业务组合的计划。CAO将把当前的航油供应模式转换为一种能更好地发挥其竞争优势并同贸易活动相互配合的模式。这将发展CAO的贸易能力，使CAO在市场开放后能竞争并保持公司目前在中国航油进口市场的领先地位。CAO也将开展其它石油产品的贸易，并将设法获取具有协同效益、与油品相关的实业投资，以增强CAO在区域航油供应链中的竞争能力，同时在贸易能力上建立自己的竞争优势。

市场风险或油价风险

我们当前航油供应业务中的市场风险和油价风险并不大。为了控制市场风险，我们已经通过设置各种风险限额来清晰地定义CAO在贸易和航油供应中的风险承受能力和承受水平。这些限额是由设在董事会层面的风险管理委员会制定的。我们将每天进行风险敞口的盯市计算，并每天为管理层准备盈亏报告。我们已经推行了执行这些任务的风险管理系统。一个独立的风险管理职能/小组会确保限额的遵从和风险控制制度的遵照执行，严重的限额违背事件将会报告给管理层和风险管理委员会。

运作风险

因为系统、人员和业务流程中可能发生的失误或错误，CAO存在着运作风险。为了减少这种风险，CAO采纳了各

种措施，比如实施明确的贸易、投资和支持/控制流程，并将前、中、后台的职责进行划分。在前、中、后台工作的相关人员已经得到了培训以有效的履行他们的职责。CAO还应用了Allegro能源贸易与风险系统，来管理其贸易和供应业务活动以及相关的风险。

采用了新的航油供应模式和启动贸易之后，CAO将进行更多的自行租船活动，并可能从事仓储设施/油罐的运作，因而面对一定程度的实货运作风险。CAO已经建立了的验船政策、应急反应计划及相关符合行业标准的流程来降低这种风险。

对家信用风险

CAO可能面对贸易对家不履行合同或不付款的信用风险。CAO已经采纳了明确的信用风险制度和流程来减少这类的风险，公司已从2006年年中开始应用这项制度，评估和批准新的航油供应商。我们设置了对家的信用限额并不断地监督或汇报对家的信用风险敞口和限额使用情况。对家的信用额度也会每季度或每半年进行重新评估。公司也将对其它油品的潜在贸易对家应用类似的制度和流程。

政策和法律风险

CAO必需遵守中国、新加坡以及业务所在国的政府法规。CAO也要遵守其进行交易的油品和商品市场条规。通过CAO内部法律顾问和必要时向外部专业人士征求的意见，CAO会确保彻底理解和完全遵照其所进行贸易和运作的市场的法规和法律方面的要求。

流动性风险

当前CAO没有债务，并拥有充足的现金来满足营运资金的需求以及用来支持公司战略的实施。在航油采购方面，我们从银行方面获得了充足的信用额度。目前我们正主动和银行接洽以取得信用来支持航油采购以外的贸易业务。对于将来可能因为投资活动所需要的大量现金支出，我们也能通过资本市场来筹集资金。总体来看，公司的流动性风险是低的。

CAO的业务活动受控于《CAO风险管理手册》、《CAO贸易准则》和其它相关守规政策下所界定的一套公司制度、准则和流程。CAO的所有守规、贸易、风险和控制相关的制度和流程已参照了行业的标准，比如CAO战略伙伴BP的标准。CAO的风险管理政策也遵照了由国务院国有资产监督管理委员会于2006年6月发布执行的《中央企业全面风险管理指引》。

CAO致力于反复强化稳定公司风险管理文化，使得每个人——从董事到一般职员——不但了解风险管理的概念和原理，而且也严格遵守和执行风险管理政策、程序。接下来，稳健和有效的风险管理将仍然是CAO业务运作和发展的重要基石。

Financial Performance Review

Our balance sheet improved significantly during the year following the sale of CLH and subsequent full repayment of the deferred debts.

In 2007, the procurement of jet fuel and investment in strategic oil-related businesses remained the core business of CAO. The Group achieved significant milestones in the year under review.

A sizable gain of US$160.2 million was realised from the disposal of its 5% investment in Compania Logistica de Hidrocarburos, S.A. ("CLH"). After taking into account the capital gain tax payable in Spain, the net gain was US$134.8 million.

In May 2007, with the proceeds from the disposal of CLH, the Group fully repaid the deferred debts of US$132.8 million, four years ahead of schedule.

On 27 December 2007, the Group announced the completion of the divestment of 41% interest in China Aviation Oil Xinyuan Petrochemicals Co. Ltd. ("Xinyuan") to Shenzhen Juzhengyuan Petrochemical Co. Ltd. The partial divestment yielded a gain of US$0.6 million. The Group's equity interest in Xinyuan was reduced to 39% as a result of the partial divestment and Xinyuan became an associated company of CAO.

Financial Highlights

Revenue

The Group's sales volume based on jet fuel procured and delivered for the full year was approximately 4.2 million Metric Tonnes ("MT") against 4.7 million MT in 2006, a decline of 10.6%. This was largely due to increased domestic production in 2007 resulting in lower dependence on China's imports from overseas market. The Group's revenue was approximately US$3.0 billion against US$1.9 billion in 2006. This was mainly attributable to higher oil prices and the change of invoicing method in May 2006 from commission basis to a principal model, where the value of the underlying contracts was recorded as sales. As such, comparing revenue for the two years is not meaningful.

Gross Profit

Gross profit for jet procurement for 2007 was US$12.7 million against US$14.1 million, a decline of 10.4% which was largely in tandem with the drop in procurement volume.

Profitability

The Group's net profit attributable to equity holders was US$168.3 million for 2007, a reduction of 26.2% from the US$228.2 million for 2006. Excluding the one-off gains of US$134.8 million relating to the sale of CLH in 2007 and the US$192 million relating to the debt waived under the restructuring exercise in 2006, the net profit attributable to equity holders reduced to US$33.5 million for 2007 from US$36.2 million for 2006. The reduction was mainly due to the decline in gross profit as well as the cessation of the dividend received from CLH following the disposal.

Profit Drivers

The main contribution to the Group's profits for 2007 was from its 33% share in Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA") of US$25.5 million. This represented a 13.8% increase from US$22.4 million in 2006. The increase was mainly due to an increase in China's domestic production and supply of jet fuel, which resulted in lower average cost of sales for SPIA. This in turn translated into higher profits for SPIA.

The disposal of CAO's 5% stake in CLH contributed US$160.2 million to other income against last year's dividend income of US$9.6 million, which has ceased since the sale of the investment.

Interest income derived from short-term placements of cash balances in time deposits with financial institutions increased to US$8.7 million in 2007 compared to US$4.1 million in 2006. This was due to excess cash balance generated from the sale of CLH.

Expenses

Total expenses incurred by the Group in 2007 was US$15.6 million, a reduction of 7% from US$16.8 million for 2006. This was mainly due to lower professional fees incurred after the completion of restructuring and lower interest expense resulting from the full repayment of the deferred debt in May 2007.

Administrative expenses amounted to US$7.6 million in 2007 due to an increase in staff strength. This represented a 12.4% increase from US$6.7 million in 2006.

Reduction in other operating expenses in FY2007 was mainly due to a reduction in professional fees as compared to FY2006 as the Group completed its restructuring in 2006.

Finance costs comprised mainly interest payments 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.

Balance Sheet

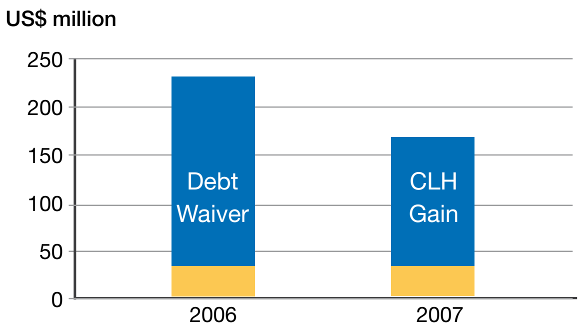
The Group's net equity increased by 154.1% from US$105.7 million as at 31 December 2006 to US$268.6 million as at 31 December 2007. This was mainly attributable to the net gain of US$134.8 million from the sale of the 5% investment in CLH as well as the share of results of its associated company, SPIA 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 Group paid US$60 million for the first principal repayment to the Scheme Creditors. In May 2007, the Group made accelerated repayment in full amounting to US$73 million using part of the net proceeds from the sale of CLH. With the full repayment of the deferred debts, CAO does not have any interest-bearing liabilities or obligations as at 31 December 2007.

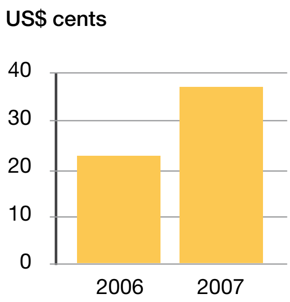
As at 31 December 2007, the Group's cash and cash equivalents was US$300.5 million. This was generated mainly from the net proceeds after tax arising from the sale of CLH of US$199.3 million, which was partly used to make full repayment to the Scheme Creditors. Higher cash and cash equivalents as at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

Net asset value per share was US$0.3716 as at 31 December 2007, an improvement of 154.2% against US$0.1462 as at 31 December 2006.

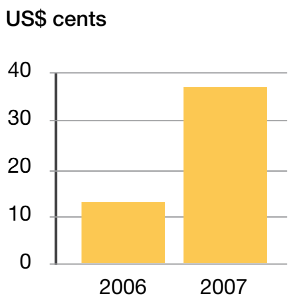
Net Profit



Earnings Per Share



NAV Per Share



业绩回顾

随着公司出售CLH股权及偿清全部递延债务，公司的资产负债表在2007年显著改善。

CAO的主要业务仍是航油采购和与油品相关的实业投资。2007年集团完成了一些具有里程碑意义的事项。

公司出售对西班牙CLH公司5%的股权投资获得巨额收益1.602亿美元。扣除在西班牙支付的资本利得税后，净收益为1.348亿美元。

2007年5月，集团用出售CLH获得的收益提前4年全额清偿了债务重组计划下的递延债务1.328亿美元。

2007年12月27日，集团宣布完成了将所持有中国航油新源石化有限公司(“新源”)的41%股权出售给深圳巨正源石化有限公司的工作。此次部分股权出售收益为60万美元。部分出售后集团对新源的股权投资减少至39%，新源公司成为CAO的附属公司。

财务重点项目

收入

集团全年航油采购销售业务的销售数量为420万吨，较2006年470万吨下降10.6%。下降原因主要由于2007年中国国内航油产量增加，降低了从向海外市场进口的需要。集团销售收入约为30亿美元，2006年为19亿美元。销售收入增加的主要原因是由于油品价格处于高位，同时发票模式自2006年5月起由代理模式转变为主体模式，在此模式下，公司按合同价值确认销售收入。因此，两年的销售收入不具可比性。

毛利

2007年航油采购毛利为1270万美元，较2006年1410万美元下降10.4%，主要由于采购量有所下降所致。

收益

2007年集团归属股东的净利润为1.683亿美元，较2006年2.282亿美元下降26.2%。除去2007年出售CLH的一次性收益1.348亿美元和2006年债务重组计划下债权人削债收益1.92亿美元，归属于股东的净利润从2006年的3620万美元降为2007年的3350万美元。下降原因主要是毛利额的减少和出售CLH后不再收到该项目分红所致。

利润驱动因素

对集团利润贡献的主要因素是集团对浦东航油所持33%股份所得的投资收益2550万美元，较2006年2240万美元增长13.8%。浦东航油投资收益增长的主要原因是由于中国国产航油产量和供应量增加，从而降低了浦东航油的平均销售成本，增加了其利润。

出售CAO对CLH 5%的股权投资为其他收入贡献了1.602亿美元，而2006年公司收到CLH分红960万美元，该分红收入自投资出售后停止。

2007年在金融机构中短期存款利息收入与2006年的410万美元相比增加至870万美元。增加的主要原因是出售CLH后产生了大量现金余额。

费用

2007年集团的总费用为1560万美元，较2006年1680万美元下降7%。下降的主要原因是由于完成债务重组后专业费用支出随之降低，以及2007年5月全额清偿递延债务后利息支出有所下降。

2007年管理费用为760万美元，较2006年670万美元增加12.4%，与员工增加幅度相同。

2007年其他营运费用减少的主要原因是专业费用自2006年集团完成重组后有所下降。

财务成本主要由自2006年3月28日起开始计算的债务重组计划下递延债务的利息以及对递延债务利息的公允价值调整摊销组成。2007年财务成本较2006年下降的主要原因是2007年5月递延债务已全额清偿。

资产负债表

集团净资产从截至2006年12月31日的1.057亿美元增加至截至2007年12月31日的2.686亿美元，增长幅度154.1%。增长的主要原因是出售CLH 5%的股权投资产生净收益1.348亿美元，及对浦东航油的投资收益2550万美元。集团截至2007年12月31日累计留存收益为3870万美元，与2006年12月31日累计损失1.2亿美元相比进步明显。

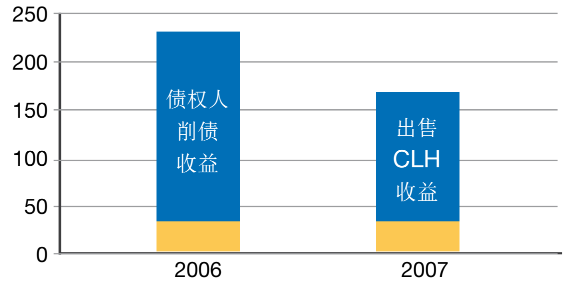
2007年3月，集团向债务重组计划下的债权人支付第一笔本金还款6000万美元。2007年5月集团用出售CLH股权的部分净收益加快债务清偿速度，全额清偿7300万美元债务。债务清偿后，CAO截至2007年12月31日不再负有任何带息负债。

截至2007年12月31日，集团现金及现金等价物为3.005亿美元。主要来自于出售CLH股权税后净现金收益1.993亿美元，其中部分用于全额清偿债权人计划下的债务。截至2007年12月31日的现金及现金等价物余额较高也主要由于应收账款和应付账款的收付时间差造成。

截至2007年12月31日每股净资产0.3716美元，较2006年0.1462美元增长154.2%。

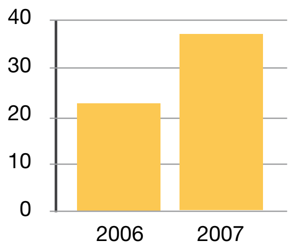
净利润

百万美元



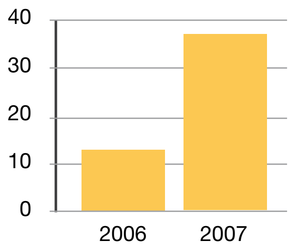
每股盈利

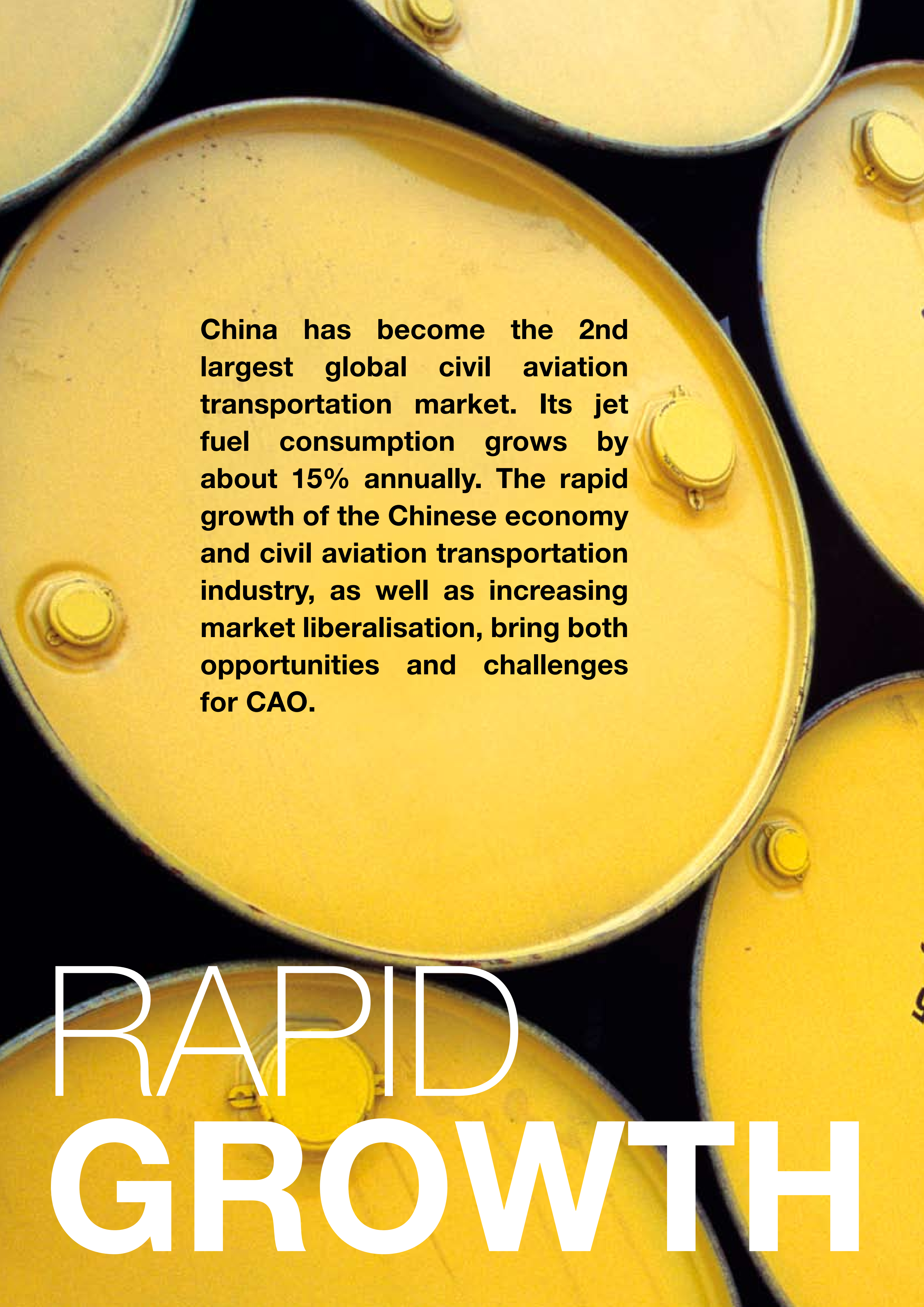
美分



每股净资产值

美分





RAPID GROWTH

China has become the 2nd largest global civil aviation transportation market. Its jet fuel consumption grows by about 15% annually. The rapid growth of the Chinese economy and civil aviation transportation industry, as well as increasing market liberalisation, bring both opportunities and challenges for CAO.


HiTEC 4305
NETT WT: 193 KGS
GROSS WT: 212 KGS

Corporate Information

(as at 17 March 2008)

DIRECTORS

Lim Jit Poh *(Independent Chairman)*
Sun Li *(Deputy Chairman)*
Appointed on 30 April 2007
Zhang Zhenqi *(Executive Director)*
Appointed on 15 June 2007
Liu Fuchun *(Independent Director)*
Lee Suet Fern *(Independent Director)*
Zhao Shousen *(Non-Executive, Non-Independent Director)*
Paul Reed *(Non-Executive, Non-Independent Director)*
Meng Fanqiu *(Non-Executive, Non-Independent Director)*
Michael Bennetts *(Non-Executive, Non-Independent Director)*

BOARD COMMITTEES

Audit Committee

Lee Suet Fern *(Chairperson)*
Zhao Shousen *(Vice-Chairman)*
Lim Jit Poh
Liu Fuchun
Paul Reed

Remuneration Committee

Lim Jit Poh *(Chairman)*
Zhao Shousen *(Vice-Chairman)*
Lee Suet Fern
Liu Fuchun
Michael Bennetts

Nominating Committee

Liu Fuchun *(Chairman)*
Zhao Shousen *(Vice-Chairman)*
Lim Jit Poh
Lee Suet Fern
Michael Bennetts

Disclosure Committee

Lee Suet Fern *(Chairperson)*
Zhao Shousen
Michael Bennetts

Risk Management Committee

Lim Jit Poh *(Chairman)*
Zhao Shousen
Paul Reed

MANAGEMENT

Senior Officers Meeting

Lim Jit Poh *(Chairman)*
Zhang Zhenqi *(Vice-Chairman)*
Zhang Xingbo
Wang Chunyan
Tee Siew Kim
Doreen Nah
Jean Teo Lang Lang

COMPANY SECRETARY

Doreen Nah
Woon Yow Tsung

AUDITORS

KPMG
Partner in charge *(since 2006)*: Roger Tay

SOLICITORS

Stamford Law Corporation
Rajah & Tann LLP

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate
& Advisory Services Pte. Ltd.
(formerly known as Lim Associates (Pte) Ltd)
3 Church Street
#08-01 Samsung Hub
Singapore 049483

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of China Limited
Calyon Bank
Fortis Bank SA/NV
HSBC
ING Bank NV
Rabobank International
United Overseas Bank Limited

REGISTERED OFFICE

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

公司信息

（截至2008年3月17日）

董事

林日波（独立董事长）
孙立（副董事长）
**2007年4月30日加入董事会*
张振启（执行董事）
**2007年6月15日加入董事会*
刘福春（独立董事）
林学芬（独立董事）
赵寿森 （非执行、非独立董事）
Paul Reed（非执行、非独立董事）
孟繁秋（非执行、非独立董事）
Michael Bennetts（非执行、非独立董事）

董事会委员会

审计委员会

林学芬（主席）
赵寿森（副主席）
林日波
刘福春
Paul Reed

薪酬委员会

林日波（主席）
赵寿森（副主席）
林学芬
刘福春
Michael Bennetts

提名委员会

刘福春（主席）
赵寿森（副主席）
林日波
林学芬
Michael Bennetts

披露委员会

林学芬（主席）
赵寿森
Michael Bennetts

风险管理委员会

林日波（主席）
赵寿森
Paul Reed

管理层

高级办公室会议

林日波（主席）
张振启
张兴波
王春焱
郑秀琴
蓝肖蝶
张娜娜

公司秘书

蓝肖蝶
温耀宗

外部审计师

KPMG
负责合伙人（2006年起）：
Roger Tay

律师

Stamford Law Corporation
Rajah & Tann LLP

股票注册和转让处

Boardroom Corporate & Advisory
Services Pte. Ltd.
(前名为Lim Associates (Pte) Ltd)
3 Church Street
#08-01 Samsung Hub
Singapore 049483

主要银行

Agricultural Bank of China
Bank of China Limited
Calyon Bank
Fortis Bank SA/NV
HSBC
ING Bank NV
Rabobank International
United Overseas Bank Limited

注册办公室

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

Statement of Corporate Governance

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

In 2005, the Board constituted a Corporate Governance Assessment Committee ("**CGAC**") to examine the corporate practices of CAO and propose improvements to the Company's internal controls and corporate governance beyond the recommendations of the 2005 Code. To date, the Company has successfully implemented almost all of the recommendations by CGAC.

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 2007 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 nine members, of whom eight are Non-Executive Directors and one is an 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 CAO 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

The Board delegated specific responsibilities to five committees, namely the Audit Committee, the Nominating Committee, the Remuneration Committee, the Risk Management Committee and the Disclosure Committee. The Risk Management Committee and the Disclosure Committee are over and above the requirements of the 2005 Code. Each Committee has the authority to examine issues relevant to their terms of reference and to make recommendations to the Board for action. The ultimate responsibility and decision on all matters still lies with the Board.

The Board met four times in 2007. 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 2007, as well as the attendance of each Board member at these meetings, are disclosed below:

		Board Committee Meetings			
	Board of Directors	**Audit**	**Nominating**	**Remuneration**	**Risk Management**
Lim Jit Poh	4	4	1	3	4
Sun Li[(1)]	3	N.A.	N.A.	N.A.	N.A.
Zhao Shousen	4	4	1	3	4
Yang Chuan[(2)]	2	N.A.	N.A.	N.A.	N.A.
Zhang Zhenqi[(3)]	2	N.A.	N.A.	N.A.	N.A.
Liu Fuchun	4	4	1	3	N.A.
Lee Suet Fern	4	4	1	3	N.A.
Meng Fanqiu	4	N.A.	N.A.	N.A.	N.A.
Paul Reed	3	3	N.A.	N.A.	3
Michael Bennetts	4	N.A.	1	3	N.A.
Number of Meetings Held	4	4	1	3	4

Notes:

(1) Appointed at the last Annual General Meeting on 30 April 2007. Three Board meetings were held since 30 April 2007.

(2) Became a non-executive Director from 1 April 2007. Resigned on 15 June 2007.

(3) Appointed on 15 June 2007. Two Board meetings were held since 15 June 2007.

A formal letter is sent to newly appointed Directors upon their appointment explaining their duties and obligations as a Director. 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.

To ensure that the Directors are competent in carrying out their roles and responsibilities, regular and on-going training is provided for the Directors. During the year, some of our Directors attended courses organised by the Singapore Exchange Limited and the Singapore Institute of Directors which included courses such as "Understanding the Regulatory Environment in Singapore held in Beijing and "Reporting it Straight – Keeping Out of Trouble" held in Singapore.

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.

Statement of Corporate Governance

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 the nine Board members is related to one another.

At least two Independent Directors are resident in Singapore, in accordance to the recommendation of the CGAC. These two Independent Directors are Mr Lim Jit Poh and Mrs Lee Suet Fern.

In addition, the CGAC recommended that the Chairman of the Board should be one who has experience serving as a chairman of a reputable public-listed company in Singapore. The candidate should also have a good working relationship with the various regulators in Singapore, as well as with the Securities Investors Association (Singapore). He should also command the respect of the investing public.

The Chairman of the Board, Mr Lim Jit Poh, meets the above criteria. He is currently the Chairman of ComfortDelGro Corporation Ltd, a reputable public-listed company in Singapore. He has good working relationships with the various regulators in Singapore. He is also a resident 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, Mr Lim Jit Poh, 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 Secretaries, he regulates Board meetings and ensures that all procedures and good governance practices are complied with.

The Company currently does not have a Chief Executive Officer. Instead, this important management role is carried out by the Senior Officers Meeting ("**SOM**"), under the chairmanship of Mr Lim. The seven-member SOM includes the Executive Director/General Manager and senior management staff and they usually meet on a weekly basis to discuss issues and discharge the management function. Prior to 15 June 2007, the Special Task Force implemented the decisions of the SOM and conducted day-to-day affairs of the Group. On 15 June 2007, the Special Task Force was disbanded and Mr Zhang Zhenqi was appointed as Executive Director/General Manager to lead the staff and Management in the implementation of the SOM's decisions. The SOM will continue to function until a CEO is appointed by the Board.

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 members of the SOM are not related.

Statement of Corporate Governance

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
Lim Jit Poh	Member
Lee Suet Fern	Member
Michael Bennetts	Member

Mr Liu Fuchun, the Chairman of the Nominating Committee, is neither a substantial shareholder of the Company nor is directly 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 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.

In 2007, with the resignation of Mr Yang Chuan as Director as from 15 June 2007, the Nominating Committee nominated a new Director, Mr Zhang Zhenqi, to the Board. Mr Zhang is a CNAF nominee. The Board approved the nomination and appointed Mr Zhang as a member of the Board of Directors.

Pursuant to Article 97 of the Company's Articles of Association, Mr Zhang Zhenqi shall retire at the forthcoming Annual General Meeting ("**AGM**"). The Nominating Committee nominated and the Board approved Mr Zhang 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 Lim Jit Poh, Mr 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 2007 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 or her 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

In accordance with the recommendations of the CGAC, enhanced communication processes between the Board and Management in terms of information flow are in place.

Agenda for Board/Board Committee meetings and all Board/Board Committee papers for discussions are circulated to Directors in advance so that the Directors are prepared for the meetings.

The Board as a whole as well as individual Directors have direct access to Management represented by the SOM and other senior executive officers of the Company and Group. The SOM 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 Secretaries. The Company Secretaries attend all Board and Board Committee meetings and assist 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 supply any additional information that the Board requires. Management and senior executives are invited by the Board to attend its meetings to present their proposals or to answer any questions that Board members may have.

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.

Statement of Corporate Governance

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

Lim Jit Poh	Chairman
Zhao Shousen	Vice-Chairman
Liu Fuchun	Member
Lee Suet Fern	Member
Michael Bennetts	Member

The Remuneration Committee assists the Board and Management by assessing and making remuneration recommendations for the Executive Director and senior executives of the Group. The Remuneration Committee also administers the performance bonus scheme.

Broadly, remuneration for the Executive Director and senior executive officers is based on the Company's and individual performances and the remuneration for Non-Executive Directors in the form of fees is based on responsibilities and memberships in the Board and its committees.

The remuneration of Directors and key executives (who are not also Directors) 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
S$250,000 to S$500,000	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Zhang Zhenqi(1)	0	100	0	0	0	100
Below S$250,000	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Lim Jit Poh	100	0	0	0	0	100
Sun Li	100	0	0	0	0	100
Zhao Shousen	100	0	0	0	0	100
Yang Chuan(2)	20	80	0	0	0	100
Liu Fuchun	100	0	0	0	0	100
Lee Suet Fern	100	0	0	0	0	100
Meng Fanqiu	100	0	0	0	0	100
Paul Reed	100	0	0	0	0	100
Michael Bennetts	100	0	0	0	0	100

(1) Appointed as Executive Director & General Manager on 15 June 2007

(2) Became Non-Executive Director on 1 April 2007. Resigned on 15 June 2007

Remuneration Band and Name of Key Executive	Base/fixed salary and allowance	Variable/ performance	Others	Share options/ Long Term incentives	Total
S$500,000 to S$750,000	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Gu Yanfei[1]	60	40[2]	0	0	100
S$250,000 to S$499,999	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Zhang Xingbo	100	0	0	0	100
Philippe Cote[3]	100	0	0	0	100
Shaun Tang Shouan[4]	100	0	0	0	100
Below $250,000	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Wang Chunyan[5]	100	0	0	0	100
Tee Siew Kim	95	5	0	0	100

(1) Ceased as Head of Special Task Force on 15 June 2007 with the disbandment of the Special Task Force

(2) Based on bonuses received in 2007 for financial year 2006

(3) Ceased as Head of Trading on 31 December 2007

(4) Ceased as Head of Risk Management on 31 December 2007

(5) Appointed as Chief Financial Officer on 20 September 2007. Base/fixed salary and allowance for the financial year 2007 on pro rata basis.

There are no employees in the Group who are immediate family members of the Chairman or any of the Directors.

The remuneration of the Group's top 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 executive officers include the following:

Basic/fixed salary - The basic salary (inclusive of statutory employer contributions to Central Provident Fund) for each Executive Director or key management personnel is recommended by the Remuneration Committee, taking into account the performance of the individual for the financial year 2007, the inflation price index and information from independent sources on the pay scale for similar jobs in a selected group of comparable organisations.

Fees - Fees paid or payable to Non-Executive Directors take into account factors such as effort and time spent, and responsibilities of these Directors.

Variable/Performance - The Group operates a bonus scheme for all employees including the Executive Director. The criteria for the 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. Bonuses payable to the Executive Director and senior executive officers are reviewed by the Remuneration Committee.

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

- Allowances include travel allowance.

Statement of Corporate Governance

(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 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 governance practices 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 Chairperson, are Independent Directors:

Audit Committee

Lee Suet Fern	Chairperson
Zhao Shousen	Vice-Chairman
Lim Jit Poh	Member
Liu Fuchun	Member
Paul Reed	Member

The Audit Committee held four meetings in 2007 where it met with external and internal auditors to review both the Company's 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 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 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 SOM. 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 Committee deems necessary.

The Audit Committee monitors all interested person transactions, including transactions under the general mandate on Interested Person Transactions agreed by shareholders at the Annual General Meeting, 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.

Under the recommendations of the CGAC, the Company has implemented 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.

Further, CAO has developed and implemented a Fraud Control Policy. This comprises periodic fraud risk assessments on the Company.

(D) INTERNAL CONTROLS

Principle 12

The Board should ensure that the 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 CGAC's recommendation, established the Risk Management Committee.

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

Risk Management Committee

Lim Jit Poh	Chairman
Zhao Shousen	Member
Paul Reed	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 Risk Management reports directly to the Risk Management Committee. Under the guidance of the Committee, the Company developed the Risk Management Manual. This Manual is the foundation 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 the 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.

After consultation with the Audit Committee, Grant Thornton presented their internal audit plan 2007 to the Audit Committee. Grant Thornton has set out a rolling plan to do a comprehensive internal audit of the Company's policies and procedures. 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 are also important to the Board.

As recommended by the CGAC, the Board established the Disclosure Committee. This committee comprises three members who are all Non-Executive Directors:

Disclosure Committee

Lee Suet Fern	Chairperson
Zhao Shousen	Member
Michael Bennetts	Member

The Disclosure Committee assists the Board in vetting all material disclosures and announcements to ensure that the information contained is factual and fair. Given the nature and scope of duties and responsibilities of the Disclosure Committee, it is impracticable for the Disclosure Committee to hold physical meetings. Decisions/approvals of the Disclosure Committee are usually made via electronic mail.

All corporate communications, including SGXNET announcements, must be approved by the Disclosure Committee before they are released by the Company.

The Committee studies each disclosure and announcement carefully to ensure that it complies with the law and regulations, and that public announcements contain information relevant to shareholders. Upon approval by the Disclosure Committee, the disclosure or announcement is released under the supervision of the Company Secretaries.

Apart from quarterly announcements of the Company's financial results and the Annual Report, which are sent to all shareholders within the mandated notice period, the Company releases public announcements via SGXNET to keep shareholders updated.

The Company does not practise selective disclosure of material information. Price–sensitive information is first publicly released either before the Company meets with any group of journalists, investors or analysts or simultaneously with such meetings.

Separate procedures are applied to communications between substantial shareholders and the Board. Substantial shareholders can only access information through their nominees on the Board.

To strengthen shareholder and investor relations, the Company tracks shareholder changes on a regular basis for a good understanding of its investor base. It has also recently redesigned its investor relations website to achieve a greater reach to investors, especially those who are outside Singapore and in different time zones. The website displays the Company's daily stock prices, its announcements on the SGXNET and other corporate information. Shareholders and investors can also subscribe to receive alerts via electronic mail when new corporate information are posted on the website. The website may also be viewed in Chinese to cater to the language needs of Chinese investors.

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 place at general meetings. While the Company does not have a specific limit in the Articles of Association on the number of proxy votes for nominee companies, there is a limit for the number of proxies. This is to prevent the creation of separate classes of rights in shareholders. Moreover, on a show of hands, only one 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 of Directors, the external auditors and the Company Secretaries 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 Secretaries prepare minutes of shareholders' meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon their requests.

Statement of Corporate Governance

DEALINGS IN THE COMPANY'S SECURITIES

In line with the recommended best practices on dealings in securities set out under Rule 1207(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.

Financial Statements

Report of the Directors

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 2007.

Directors

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

Lim Jit Poh	
Sun Li	(Appointed on 30 April 2007)
Zhang Zhenqi	(Appointed on 15 June 2007)
Michael J Bennetts	
Lee Suet Fern	
Liu Fuchun	
Meng Fanqiu	
Paul Jonathan Reed	
Zhao Shousen	

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), 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 of the financial year, or date of appointment if later, 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.

During the financial year, the Company has in the normal course of business entered into transactions with a firm in which a director is deemed to have an interest. Such transactions comprised professional fees which are paid on transactions carried out on normal commercial terms in the normal course of business of the Company. However, the director has neither received nor will be entitled to receive any benefit arising out of these transactions other than those to which he may be entitled as a member of this firm.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 22 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 subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

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

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

Report of the Directors

Audit Committee

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

- Lee Suet Fern (Chairperson), non-executive, independent director
- Zhao Shousen (Vice-Chairman), non-executive, non-independent director
- Lim Jit Poh, non-executive, independent director
- Liu Fuchun, non-executive, independent director
- Paul Jonathan Reed, 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, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

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

On behalf of the Board of Directors

Lim Jit Poh
Chairman

Zhang Zhenqi
Director

14 March 2008

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 66 to 97 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 2007 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

Lim Jit Poh
Chairman

Zhang Zhenqi
Director

14 March 2008

Independent Auditors' Report

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

We have audited the financial statements of China Aviation Oil (Singapore) Corporation Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2007, the income statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 66 to 97.

Directors' responsibility for the financial statements

The Company's directors are 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: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and 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 the directors, 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 balance sheet 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 2007 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
Certified Public Accountants

Singapore
14 March 2008

Balance Sheets

As at 31 December 2007

		Group		Company	
			Restated		Restated
	Note	2007	2006	2007	2006
		US$'000	US$'000	US$'000	US$'000
Non-current assets					
Property, plant and equipment	3	6,808	9,661	6,808	6,905
Intangible assets	4	269	–	269	–
Subsidiaries	5	–	–	–	4,939
Associates	6	97,108	66,662	35,911	34,941
		104,185	76,323	42,988	46,785
Current assets					
Trade and other receivables	7	283,460	237,699	283,460	237,579
Cash and cash equivalents	8	300,472	89,495	299,517	72,316
		583,932	327,194	582,977	309,895
Asset classified as held for sale	9	–	64,498	–	64,498
		583,932	391,692	582,977	374,393
Total assets		688,117	468,015	625,965	421,178
Equity attributable to equity holders of the Company					
Share capital	10	215,573	215,573	215,573	215,573
Reserves	11	53,009	(109,870)	(7,789)	(153,677)
		268,582	105,703	207,784	61,896
Minority interest		–	1,073	–	–
Total equity		268,582	106,776	207,784	61,896
Non-current liabilities					
Scheme creditors	12	–	67,831	–	67,831
Current liabilities					
Scheme creditors	12	–	65,013	–	65,013
Trade and other payables	13	413,232	224,191	413,215	224,078
Current tax payable		6,303	4,204	4,966	2,360
		419,535	293,408	418,181	291,451
Total liabilities		419,535	361,239	418,181	359,282
Total equity and liabilities		688,117	468,015	625,965	421,178

Consolidated Income Statement

Year ended 31 December 2007

	Note	2007 US$'000	Restated 2006 US$'000
Revenue	14	2,957,971	1,853,190
Cost of sales		(2,945,302)	(1,839,044)
Gross profit		12,669	14,146
Other income	15	173,122	211,880
Administrative expenses		(7,577)	(6,741)
Other operating expenses	15	(1,370)	(2,966)
Results from operating activities		176,844	216,319
Finance costs	16	(6,658)	(7,065)
Share of profits of associates (net of tax)		25,475	22,396
Profit before income tax		195,661	231,650
Income tax expense	17	(27,919)	(3,486)
Profit for the year	15	167,742	228,164
Attributable to:			
Equity holders of the Company		168,334	228,233
Minority interest		(592)	(69)
		167,742	228,164
Earnings per share:			
Basic and diluted earnings per share (cents)	18	23.29	38.16

Consolidated Statement of Changes in Equity

Year ended 31 December 2007

Group	Share capital	Share premium	Foreign currency translation reserve	Statutory reserve	Accumulated losses	Total attributable to equity holders of the Company	Minority interest	Total equity
At 1 January 2006, as previously reported in S$	48,384	50,153	2,830	12,034	(772,628)	(659,227)	1,844	(657,383)
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 January 2006	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
Extinguishment of liabilities by immediate and ultimate holding company pursuant to the Restructuring Plan	–	–	–	–	111,156	111,156	–	111,156
Net gains recognised directly in equity	–	–	1,555	–	111,156	112,711	35	112,746
Net 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 to new shareholders pursuant to the Restructuring Plan	130,000	–	–	–	–	130,000	–	130,000
Issue of ordinary shares to holding company pursuant to the Restructuring Plan	9,506	–	–	–	–	9,506	–	9,506
Issue of ordinary shares to scheme creditors under the Restructuring Plan	22,000	–	–	–	–	22,000	–	22,000
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	27,152	(27,152)	–	–	–	–	–	–
At 31 December 2006	215,573	–	3,214	6,925	(120,009)	105,703	1,073	106,776

Consolidated Statement of Changes in Equity

Year ended 31 December 2007

Group	Share capital	Share premium	Foreign currency translation reserve	Statutory reserve	Accumulated (losses)/profit	Total attributable to equity holders of the Company	Minority interest	Total equity
At 1 January 2007, as previously reported in S$	371,119	–	8,052	12,034	(220,466)	170,739	1,647	172,386
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
At 1 January 2007	215,573	–	3,214	6,925	(120,009)	105,703	1,073	106,776
Translation differences relating to financial statements of foreign subsidiary and associate/Net gain recognised directly in equity	–	–	4,074	–	–	4,074	20	4,094
Net 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 equity interest in a subsidiary	–	–	–	–	–	–	(501)	(501)
Transfer from accumulated profits to statutory reserve	–	–	–	108	(108)	–	–	–
Final tax exempt dividend paid of S$0.02 per share in respect of 2006	–	–	–	–	(9,529)	(9,529)	–	(9,529)
At 31 December 2007	215,573	–	7,288	7,033	38,688	268,582	–	268,582

Consolidated Cash Flow Statement

Year ended 31 December 2007

	2007 US$'000	Restated 2006 US$'000
Operating activities		
Profit for the year	167,742	228,164
Adjustments for:		
Depreciation and write-off of property, plant and equipment	407	448
Amortisation of intangible assets	43	–
Gain on disposal of non-current investment held for sale	(160,165)	–
Gain on disposal of equity interest in a subsidiary	(634)	–
Impairment loss on property, plant and equipment made/(reversed)	1,593	(1,586)
Share of profits of associates	(25,475)	(22,396)
Extinguishment of liabilities under Restructuring Plan	–	(192,008)
Fair value adjustment on amounts due to scheme creditors	–	(5,011)
Dividend income	–	(9,601)
Interest income	(8,729)	(4,082)
Interest expenses	6,145	6,622
Income tax expense	27,919	3,486
	8,846	4,036
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	151,141	(15,129)
Income taxes paid	(26,190)	(1,458)
Cash flows from operating activities	124,951	(16,587)
Investing activities		
Interest received	8,452	4,015
Dividends received	–	65,978
Purchase of property, plant and equipment	(317)	(174)
Purchase of intangible assets	(312)	–
Proceeds from disposal of non-current investment held for sale	224,663	–
Proceeds from disposal of interest in a subsidiary, net of cash disposed of (Note a)	2,272	–
Additional consideration paid for purchase of other investment	–	(993)
Cash flows from investing activities	234,758	68,826
Financing activities		
Interest paid	(2,459)	(5,192)
Dividend paid	(9,529)	–
Payments 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 (Note b)	–	(11,182)
Release of Escrow account balance	4,119	7,063
Cash flows from financing activities	(144,832)	4,219
Net increase in cash and cash equivalents	214,877	56,458
Cash and cash equivalents at beginning of the year	85,376	28,618
Effect of exchange rate fluctuations on cash held	219	300
Cash and cash equivalents at end of the year (Note c)	300,472	85,376

Consolidated Cash Flow Statement

Year ended 31 December 2007

Note a

During the financial year, the Group disposed of its 41% equity interest in a subsidiary for a consideration of US$2,788,000. The effects on disposal of the subsidiary's net assets are as follows:

	2007 US$'000
Property, plant and equipment	1,198
Trade and other receivables	1,940
Cash and cash equivalents	516
Trade and other payables	(23)
Minority interest	(501)
Amount reclassified as investment in associate	(976)
Net identifiable assets disposed of	2,154
Gain on disposal	634
Cash consideration received, satisfied in cash	2,788
Cash disposed of	(516)
Net cash flows from disposal of equity interest in subsidiary	2,272

Note b

As at 31 December 2006, cash and cash equivalents includes an amount of approximately US$11 million placed in an Escrow account. This account was set up for the proceeds received from the issuance of shares by the Company which was used to make payments to the scheme creditors pursuant to the Restructuring Plan as set out in a shareholders' circular dated 8 February 2006.

	2007 US$'000	Restated 2006 US$'000
Note c		
Cash and cash equivalents in the balance sheet	300,472	89,495
Balance in Escrow account	–	(4,119)
Cash and cash equivalents in the consolidated cash flow statement	300,472	85,376
Note d		
Significant non-cash transactions:		
Issue of ordinary shares to holding company pursuant to the Restructuring Plan	–	9,506
Issue of ordinary shares to scheme creditors under the Restructuring Plan	–	22,000

Notes to the Financial Statements

Year ended 31 December 2007

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 March 2008.

1 Domicile and activities

China Aviation Oil (Singapore) Corporation Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 8 Temasek Boulevard, #31-02 Suntec Tower Three, Singapore 038988.

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

The principal activities of the subsidiaries are set out in note 5 below.

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

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value. Non-current assets and disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell.

In the previous financial year, the financial statements were presented in Singapore dollars. Consequent to the adoption of United States (US) dollars as the functional currency in the previous financial year, the Group changed the presentation currency in its financial statements to US dollars during the current financial year. Accordingly, the comparatives have been restated in US dollars. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

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

The 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.

Judgements made by management in the application of FRS that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are discussed in note 23.

The accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements.

2.2 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.

2 Summary of significant accounting policies (cont'd)

2.2 Consolidation (cont'd)

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. 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.

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 percent of the voting power of another entity. Associates are accounted for using the equity method. The consolidated 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 associate, the carrying amount of that interest (including any long-term investments) is reduced to zero 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 associate.

Transactions eliminated on consolidation

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

Accounting for subsidiaries and associates

Investments in subsidiaries and associates are stated in the Company's balance sheet at cost less accumulated impairment losses.

2.3 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 the exchange rate at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Foreign currency differences arising on retranslation are recognised in the income statement. Non-monetary assets and liabilities measured at cost in a foreign currency are translated using exchange rates at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations are translated to US dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates prevailing 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 the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange translation reserve is transferred to the income statement.

2 Summary of significant accounting policies (cont'd)

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

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

The cost of replacing 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 costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis over their estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Leasehold properties	50 years
Oil storage properties	4 to 30 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, and adjusted as appropriate, at each reporting date.

2.5 Intangible assets

Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries and associates.

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.

Negative goodwill is the excess of the fair value of the identifiable assets, liabilities and contingent liabilities of subsidiaries acquired over the cost of the business combination. Negative goodwill is recognised immediately in the income statement.

Other intangible assets

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

2 Summary of significant accounting policies (cont'd)

2.6 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, financial liabilities, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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 original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Share capital

Ordinary shares are classified as equity.

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

2.7 Impairment – 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, the assets' recoverable amounts are estimated. For goodwill, recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

2 Summary of significant accounting policies (cont'd)

2.7 Impairment – non-financial assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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 or cash-generating unit.

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

2.8 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Short-term benefits

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

A provision 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.

2.9 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.

2.10 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.

Commission

The Group earns commission income for acting as an agent for the procurement of jet fuel. Commission is recognised on completion of a transaction which generally coincides with delivery and acceptance of the goods by the principal.

2 Summary of significant accounting policies (cont'd)

2.10 Revenue recognition (cont'd)

Interest income

Interest income is recognised as it accrues, using the effective interest method.

Dividend income

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

2.11 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of imputed interest relating to amounts due to scheme creditors, foreign currency losses and impairment losses recognised on financial assets that are recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.12 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income 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 using the balance sheet method, providing for 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 temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. 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.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences 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 Property, plant and equipment

	Leasehold properties US$'000	Oil storage properties US$'000	Motor vehicles US$'000	Furniture and fittings US$'000	Office equipment US$'000	Renovations US$'000	Computers US$'000	Total US$'000
Group								
Cost								
At 1 January 2006	9,205	2,887	569	63	161	784	263	13,932
Additions	–	–	–	2	5	147	20	174
Disposals	–	–	–	–	–	(283)	–	(283)
Translation differences on consolidation	–	95	12	–	1	8	–	116
At 31 December 2006	9,205	2,982	581	65	167	656	283	13,939
Additions	–	94	–	4	9	98	112	317
Disposals	–	(10)	–	–	(35)	(108)	(4)	(157)
Disposal of equity interest in a subsidiary	–	(3,145)	(92)	–	(11)	–	–	(3,248)
Translation differences on consolidation	–	79	2	–	–	1	–	82
At 31 December 2007	9,205	–	491	69	130	647	391	10,933
Accumulated depreciation and impairment losses								
At 1 January 2006	4,326	152	274	46	118	578	181	5,675
Depreciation charge for the year	31	145	54	10	26	112	70	448
Disposals	–	–	–	–	–	(283)	–	(283)
Reversal of impairment losses	(1,586)	–	–	–	–	–	–	(1,586)
Translation differences on consolidation	–	8	7	–	1	8	–	24
At 31 December 2006	2,771	305	335	56	145	415	251	4,278
Depreciation charge for the year	143	76	50	5	7	98	24	403
Impairment losses	–	1,593	–	–	–	–	–	1,593
Disposal of equity interest in a subsidiary	–	(2,017)	(27)	–	(6)	–	–	(2,050)
Disposals	–	(9)	–	–	(32)	(108)	(4)	(153)
Translation differences on consolidation	–	52	1	–	–	1	–	54
At 31 December 2007	2,914	–	359	61	114	406	271	4,125
Carrying amount								
At 1 January 2006	4,879	2,735	295	17	43	206	82	8,257
At 31 December 2006	6,434	2,677	246	9	22	241	32	9,661
At 31 December 2007	6,291	–	132	8	16	241	120	6,808

3. Property, plant and equipment (cont'd)

	Leasehold properties US$'000	Motor vehicles US$'000	Furniture and fittings US$'000	Office equipment US$'000	Renovations US$'000	Computers US$'000	Total US$'000
Company							
Cost							
At 1 January 2006	9,205	372	63	143	685	262	10,730
Additions	–	36	2	5	147	20	210
Disposals	–	–	–	–	(283)	–	(283)
At 31 December 2006	9,205	408	65	148	549	282	10,657
Additions	–	–	4	9	98	112	223
Disposals	–	–	–	(27)	–	(3)	(30)
At 31 December 2007	9,205	408	69	130	647	391	10,850
Accumulated depreciation and impairment losses							
At 1 January 2006	4,326	187	46	112	479	180	5,330
Depreciation charge for the year	31	44	10	24	112	70	291
Disposals	–	–	–	–	(283)	–	(283)
Reversal of impairment losses	(1,586)	–	–	–	–	–	(1,586)
At 31 December 2006	2,771	231	56	136	308	250	3,752
Depreciation charge for the year	143	45	5	5	98	24	320
Disposals	–	–	–	(27)	–	(3)	(30)
At 31 December 2007	2,914	276	61	114	406	271	4,042
Carrying amount							
At 1 January 2006	4,879	185	17	31	206	82	5,400
At 31 December 2006	6,434	177	9	12	241	32	6,905
At 31 December 2007	6,291	132	8	16	241	120	6,808

Impairment loss and subsequent reversal

Oil storage properties

During the current financial year, as a result of the low utilisation rate of the oil storage properties of a subsidiary, the management carried out a review of the recoverable amount of the oil storage properties which resulted in the recognition of an impairment loss of approximately US$1,593,000. The impairment loss represents a write-down of the oil storage properties of the subsidiary and was recognised in other operating expenses.

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 was recognised accordingly in other operating expenses.

In the previous financial year, 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 initial recognised impairment loss. The impairment loss made in 2004 and subsequent reversal of the impairment loss were recognised in other operating expenses.

4 Intangible assets

	US$'000
Group and Company	
Cost	
At 1 January 2006 and 31 December 2006	–
Additions	312
At 31 December 2007	312
Accumulated amortisation and impairment losses	
At 1 January 2006 and 31 December 2006	–
Amortisation charge for the year	43
At 31 December 2007	43
Carrying amount	
At 1 January 2006 and 31 December 2006	–
At 31 December 2007	269

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

5 Subsidiaries

	Company	
		Restated
	2007	2006
	US$'000	US$'000
Unquoted equity investments, at cost	–	4,939

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Group 2007 %	2006 %
Greater China Travel Industry (Singapore) Pte Ltd	Singapore	–	100
China Aviation Oil Spain, S.A.	Spain	–	100
China Aviation Oil Xinyuan Petrochemicals Co. Ltd (Xinyuan)	People's Republic of China	Note 6	80
CAOT Pte Ltd (CAOT)	Singapore	100	100

None of the above subsidiaries are considered significant subsidiaries of the Group. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

During the current financial year, the Company disposed of its equity interest of 41% in Xinyuan to a minority shareholder for a consideration of US$2,788,000. Following the completion of the disposal, Xinyuan ceased to be a subsidiary of the Company and became an associate.

6 Associates

	Group		Company	
		Restated		Restated
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Investments in associates	97,108	66,662	37,300	34,941
Impairment losses	–	–	(1,389)	–
	97,108	66,662	35,911	34,941

The investments in associates at 31 December 2007 include goodwill of US$21,710,000 (2006: US$21,710,000).

Details of the associates are as follows:

	Name of associate	Country of incorporation	Effective equity held by the Group 2007 %	Effective equity held by the Group 2006 %
#	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	Note 5

\# Audited by Shanghai Wan Long Certified Public Accountants, a member of the Chinese Institute of Certified Public Accountants, for statutory audit. Audited by another firm of KPMG International for consolidation purposes.

@ Not considered as 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 represent 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

Summarised financial information on the associates is set out below:

	2007	Restated 2006
	US$'000	US$'000
Assets and liabilities		
Non-current assets	63,751	52,306
Current assets	743,314	559,385
Total assets	807,065	611,691
Current and total liabilities	(579,034)	(475,445)
Results		
Revenue	1,784,431	1,547,635
Expenses	(1,707,207)	(1,479,768)
Profit after taxation	77,224	67,867
Group's share of associates' contingent liabilities	33,546	24,194
Group's share of associates' capital commitments	2,132	2,213

The summarised financial information is not adjusted for the percentage of ownership held by the Group.

7 Trade and other receivables

	Group 2007 US$'000	Group Restated 2006 US$'000	Company 2007 US$'000	Company Restated 2006 US$'000
Trade receivables	264,079	161,291	264,079	161,269
Allowance for impairment	(1,194)	(1,194)	(1,194)	(1,194)
Net receivables	262,885	160,097	262,885	160,075
Prepayments, deposits and other receivables	824	1,255	824	607
Amounts due from:				
- holding company (non-trade)	1,462	1,335	1,462	1,335
- subsidiary (non-trade)	–	–	–	550
- associate (non-trade)	32	32	32	32
- related corporations				
- trade	18,252	76,190	18,252	76,190
- non-trade	5	5	5	5
	19,751	77,562	19,751	78,112
Allowance for impairment	–	(1,215)	–	(1,215)
	19,751	76,347	19,751	76,897
	283,460	237,699	283,460	237,579

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers, except for amounts receivable from related corporations. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

The non-trade balances with the holding company, subsidiary, associate and related corporations are unsecured and interest-free, and are repayable on demand.

Transactions with related parties are unsecured and priced on terms agreed between the parties.

Impairment losses

The ageing of trade receivables at the reporting date is:

	Gross 2007 US$'000	Allowance for impairment 2007 US$'000	Restated Gross 2006 US$'000	Restated Allowance for impairment 2006 US$'000
Group				
Not past due	262,885	–	160,097	–
Past due more than one year	1,194	(1,194)	1,194	(1,194)
	264,079	(1,194)	161,291	(1,194)
Company				
Not past due	262,885	–	160,075	–
Past due more than one year	1,194	(1,194)	1,194	(1,194)
	264,079	(1,194)	161,269	(1,194)

There was no movement of allowance for impairment in respect of trade receivables during the year.

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 mainly arising by customers that have a good record with the Group.

8 Cash and cash equivalents

	Group		Company	
		Restated		Restated
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Cash at bank and in hand	28,512	12,029	28,367	9,701
Deposits with financial institutions	271,960	77,466	271,150	62,615
	300,472	89,495	299,517	72,316

The weighted average effective interest rates per annum relating to deposits with financial institutions at the balance sheet date are as follows:

	2007		2006	
	Interest rate	Carrying amount	Interest rate	Restated Carrying amount
	%	US$'000	%	US$'000
Group				
US$ deposits	4.61	268,670	5.05	77,466
S$ deposits	1.44	3,290	–	–
		271,960		77,466
Company				
US$ deposits	4.61	267,860	5.07	62,615
S$ deposits	1.44	3,290	–	–
		271,150		62,615

9 Asset classified as held for sale

The 5% equity interest in CLH was presented as held for sale following the decision of the Group's management on 26 October 2006 to sell this investment in order to fund the payment of the first instalment to scheme creditors which was due and payable on 28 March 2007. The sale of this investment was completed during the year.

10 Share capital

	Company	
		Restated
	2007	2006
	Number of shares	Number of shares
	('000)	('000)
Fully paid ordinary shares, with no par value:		
At 1 January	722,821	967,680
Share consolidation	–	(774,144)
Issue of ordinary shares pursuant to the Restructuring Plan	–	529,285
At 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.

10 Share capital (cont'd)

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.

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

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

11 Reserves

	Group		Company	
		Restated		Restated
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Foreign currency translation reserve	7,288	3,214	–	–
Statutory reserve	7,033	6,925	–	–
Accumulated profit/(losses)	38,688	(120,009)	(7,789)	(153,677)
	53,009	(109,870)	(7,789)	(153,677)

(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 associate of the Group established in the PRC follows 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 associate is 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.

(c) The accumulated profit of the Group includes a profit of US$45,526,000 (2006: US$21,884,000) attributable to associates.

(d) After the balance sheet date, the Directors proposed a final (one-tier tax exempt) dividend of S$0.07 (2006: S$0.02) per share, comprising a ordinary dividend of S$0.02 per share and a special dividend of S$0.05 per share, amounting to a net dividend of US$35,220,000 (2006: US$9,529,000). The dividends have not been provided for.

12 Scheme creditors

	Group and Company	
		Restated
	2007	2006
	US$'000	US$'000
Amounts due within 12 months	–	65,013
Amounts due after 12 months	–	67,831
	–	132,844

12 Scheme creditors (cont'd)

Scheme creditors relate to amounts which remain owing to creditors of the Company after the completion of the Restructuring Plan. During the financial year, the Group fully repaid the amounts due to scheme creditors, four years ahead of the debt repayment schedule.

Terms and debt repayment schedule

Terms and conditions of the outstanding balance due to scheme creditors are as follows:

Group and Company	Nominal interest rate %	Year of maturity	2007 Face value US$'000	2007 Carrying amount US$'000	Restated 2006 Face value US$'000	Restated 2006 Carrying amount US$'000
Scheme creditors	LIBOR*	2011	–	–	136,530	132,844

* London Interbank Offered Rate

The carrying value of the scheme creditors at 31 December 2006 includes unamortised interest amounting to US$3,686,000.

Maturity of scheme creditors

	Restated Group and Company			
	Within 1 year US$'000	After 1 year but within 5 years US$'000	After 5 years US$'000	Total US$'000
2006	65,013	67,831	–	132,844

Effective interest rates and repricing/maturing analysis

Group and Company	Effective interest rate %	Restated Floating interest US$'000
2006	4.96 – 5.48	132,844

12 Scheme creditors (cont'd)

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

		Cash flows			
	Carrying amount US$'000	Contractual cash flows US$'000	Within 1 year US$'000	Within 1 to 5 years US$'000	More than 5 years US$'000
Group					
2007					
Non-derivative financial liabilities					
Trade and other payables*	407,947	407,947	407,947	–	–
2006 (Restated)					
Non-derivative financial liabilities					
Scheme creditors	132,844	156,398	69,293	87,105	–
Trade and other payables*	218,267	218,267	218,267	–	–
	351,111	374,665	285,560	87,105	–
Company					
2007					
Trade and other payables*	407,947	407,947	407,947	–	–
2006 (Restated)					
Scheme creditors	132,844	156,398	69,293	87,105	–
Trade and other payables*	218,173	218,173	218,173	–	–
	351,017	374,571	287,466	87,105	–

* Excludes accrued expenses.

13 Trade and other payables

	Group		Company	
	2007 US$'000	Restated 2006 US$'000	2007 US$'000	Restated 2006 US$'000
Trade payables	406,726	216,491	406,726	216,489
Accrued operating expenses	5,285	5,924	5,268	5,905
Other payables	1,221	1,776	1,221	1,684
	413,232	224,191	413,215	224,078

14 Revenue

	Group	
	2007 US$'000	Restated 2006 US$'000
Sale of aviation oil	2,957,971	1,846,840
Commission income	–	6,350
	2,957,971	1,853,190

15 Profit for the year

The following items have been included in arriving at profit for the year:

	Group	
		Restated
	2007	2006
	US$'000	US$'000
Other income:		
Extinguishment of liabilities under Restructuring Plan	–	192,008
Gain on disposal of non-current investment held for sale	160,165	–
Gain on disposal of equity interest in a subsidiary	634	–
Dividend income	–	9,601
Interest income	8,729	4,082
Fair value adjustment on amounts due to scheme creditors	–	5,011
Foreign exchange gain	3,547	356
Others	47	822
	173,122	211,880
Professional fees paid to financial advisors	(12)	(828)
Professional fees recovered from/(paid to) legal advisors	182	(851)
Non-audit fees paid to auditors of the Company	(11)	(79)
Staff costs	(4,554)	(3,665)
Contributions to defined contribution plans included in staff costs	(267)	(387)
Allowance for impairment on receivables from holding company reversed/(made)	1,267	(1,215)
Bad debts written off	(14)	(97)
Impairment loss on property, plant and equipment (made)/reversed	(1,593)	1,586

16 Finance costs

	Group	
		Restated
	2007	2006
	US$'000	US$'000
Interest expenses:		
- scheme creditors	2,459	5,297
- financial liabilities measured at amortised cost	3,686	1,325
Bank charges	513	443
	6,658	7,065

17 Income tax expense

	Group	
		Restated
	2007	2006
	US$'000	US$'000
Current tax expense		
Current year	26,196	2,776
Underprovided in prior years	1,723	710
Income tax expense	27,919	3,486

17 Income tax expense (cont'd)

Reconciliation of effective tax rate

	Group	
		Restated
	2007	2006
	US$'000	US$'000
Profit before income tax	195,661	231,650
Tax calculated using Singapore tax rate of 18% (2006: 20%)	35,219	46,330
Effect of different tax rates in other countries	89	(463)
Effects of results of associates presented net of tax	(4,586)	(4,479)
Extinguishment of liabilities not subject to tax	–	(16,844)
Other income not subject to tax	(4,198)	(1,301)
Expenses not deductible for tax purposes	265	266
Deferred tax assets not recognised	287	52
Underprovided in prior years	1,723	710
Utilisation of previously unrecognised tax losses	(880)	(20,785)
	27,919	3,486

The following temporary differences have not been recognised:

	Group		Company	
		Restated		Restated
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Other temporary differences	(533)	339	(533)	339
Tax losses	26,092	28,951	26,092	27,883
	25,559	29,290	25,559	28,222

The tax losses are subject to agreement with the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The tax losses do not expire under current tax legislation. 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 2007, 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 current tax legislation in Singapore.

18 Earnings per share

		Restated
	2007	2006
	US$'000	US$'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	168,334	228,233

18 Earnings per share (cont'd)

	2007 Number of shares ('000)	Restated 2006 Number of shares ('000)
Issued ordinary shares at beginning of the year	722,821	967,680
Effect of share consolidation	–	(774,144)
Issue of shares	–	404,576
Weighted average number of shares during the year	722,821	598,112

As there were no dilutive potential ordinary shares during the year, basic and diluted earnings per share are the same. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

19 Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format - business segments - is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly extinguishment of liabilities under the Restructuring Plan, investments and related revenue, scheme creditors and related interest expense, associates and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

Business segments

Since early 2005, the procurement activities of the Group was conducted through a wholly-owned subsidiary, CAOT, on an agency basis, where only commission income received was recognised as revenue. This was discontinued in May 2006 when the Company resumed procurement on a principal basis. Following the resumption of procurement activities by the Company, the Group comprises predominantly one business segment which is the trading of clean petroleum products such as jet fuel, gasoil and naphtha.

Geographical segments

The People's Republic of China is a major market for the trading in aviation oil and petroleum products. In addition, the Group operates in other regions such as Singapore in the current year and both Singapore and Spain in the previous financial year.

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.

19 Segment reporting (cont'd)

Group

Business segments

	Clean petroleum products		Commission		Total operations	
		Restated		Restated		Restated
	2007	2006	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue from external customers	2,957,971	1,846,840	–	6,350	2,957,971	1,853,190
Segment results	3,772	1,946	–	5,877	3,722	7,823
Other income					173,122	211,880
Unallocated expenses					–	(3,384)
Results from operating activities					176,844	216,319
Finance costs					(6,658)	(7,065)
Share of profits of associates, net of tax					25,475	22,396
Income tax expense					(27,919)	(3,486)
Profit for the year					167,742	228,164
Assets and liabilities						
Segment assets	590,054	321,830	955	15,025	591,009	336,855
Investments in associates					97,108	66,662
Unallocated assets					–	64,498
Total assets					688,117	468,015
Segment liabilities	413,215	356,940	17	21	413,232	356,961
Unallocated liabilities					6,303	4,278
Total liabilities					419,535	361,239
Other segment information						
Capital expenditure	629	174	–	–	629	174
Depreciation of property, plant and equipment	403	448	–	–	403	448
Amortisation of intangible assets	43	–	–	–	43	–
Impairment losses on property, plant and equipment made/(reversed)	1,593	(1,586)	–	–	1,593	(1,586)

19 Segment reporting (cont'd)

Group (cont'd)

Geographical segments

	People's Republic of China		Other regions		Total	
		Restated		Restated		Restated
	2007	2006	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue from external customers	2,957,971	1,853,190	–	–	2,957,971	1,853,190
Segment assets	–	5,381	591,009	331,474	591,009	336,855
Capital expenditure	94	–	535	174	629	174

20 Financial risk management

Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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 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.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance is a specific loss component that relates to individually significant exposures. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At the balance sheet date, there was no significant concentration of credit risk except for receivables due from a major customer amounting to US$27,379,000 (2006: US$18,613,000) which accounted for 10% (2006: 12%) of the total trade receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

20 Financial risk management (cont'd)

Liquidity risk

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.

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.

Interest rate risk

As at 31 December 2007, the Group and the Company does not have any interest-bearing liabilities.

In the previous financial year, the Group's variable-rate debt obligations are exposed to a risk of change in cash flows due to changes in interest rates. The Group does not hedge its interest rate exposure, but monitors the exposure on an on-going basis.

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 and bear interest at the prevailing interest rates, 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 currencies giving rise to this foreign currency risk are primarily the Singapore dollar and the Euro. Currently, the Group does not hedge these foreign currency exposures.

The Group monitors its foreign currency exposures on an on-going basis and ensures that the net exposure is kept to an acceptable level.

20 Financial risk management (cont'd)

***Foreign currency risk* (cont'd)**

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

	31 December 2007					31 December 2006				
	US dollar US$'000	Singapore dollar US$'000	Renminbi US$'000	Euro US$'000	Total US$'000	US dollar US$'000	Singapore dollar US$'000	Renminbi US$'000	Euro US$'000	Total US$'000
Group										
Trade and other receivables	281,598	520	1,342	–	283,460	236,570	534	595	–	237,699
Cash and cash equivalents	295,883	4,176	–	413	300,472	86,714	729	2,034	18	89,495
Trade and other payables	(407,234)	(5,904)	(94)	–	(413,232)	(217,114)	(6,896)	(172)	(9)	(224,191)
	170,247	(1,208)	1,248	413	170,700	106,170	(5,633)	2,457	9	103,003
Company										
Trade and other receivables	281,598	520	1,342	–	283,460	236,570	1,009	–	–	237,579
Cash and cash equivalents	294,934	4,170	–	413	299,517	71,690	626	–	–	72,316
Trade and other payables	(407,234)	(5,887)	(94)	–	(413,215)	(217,114)	(6,799)	(156)	(9)	(224,078)
	169,298	(1,197)	1,248	413	169,762	91,146	(5,164)	(156)	(9)	85,817

Sensitivity analysis

A 10% strengthening of the US dollar against the following currencies at the reporting date would increase/(decrease) amounts charged or credited to equity or the income statement as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Equity US$'000	Income statement US$'000	Equity US$'000	Income statement US$'000
31 December 2007				
Singapore dollar	–	121	–	120
Renminbi	–	(125)	–	(125)
Euro	–	(41)	–	(41)
31 December 2006				
Singapore dollar	–	563	–	516
Renminbi	–	(246)	–	16
Euro	–	(1)	–	1

A 10% weakening of the US dollar against the above currencies 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.

20 Financial risk management (cont'd)

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.

Scheme creditors

In the previous financial year, the Group and the Company measured the scheme creditors at its fair value at inception, taking into account the estimated repayment period using the estimated borrowing rate of the Group and the Company.

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at inception.

Other financial assets and liabilities

The notional 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.

Interest rates used in determining fair values

In the previous financial year, the interest rate used to discount the estimated cash flows pertaining to scheme creditors is LIBOR as at 31 December 2006 plus a credit spread which together approximates the Group's cost of borrowing.

The aggregate net fair values of recognised financial assets and financial liabilities which are not carried at fair value in the balance sheet at 31 December are represented in the following table:

			Restated	
Group and Company	**Carrying amount 2007 US$'000**	**Fair value 2007 US$'000**	**Carrying amount 2006 US$'000**	**Fair value 2006 US$'000**
Financial assets				
Asset classified as held for sale	–	–	64,498	224,663
Financial liabilities				
Scheme creditors	–	–	(132,844)	(127,605)
	–	–	(68,346)	97,058
Unrecognised gain		–		165,404

21 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 exempted 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 exempted from the payment of customs duties in respect of aviation fuel imported for international sales.

On 29 July 2003, SPIA received a letter of demand from an existing customer which claimed that they should be the beneficiary of the exemption from VAT and customs duty in respect of the international sales from 1999 onwards although they had paid the customs duty and VAT to SPIA during that period. Accordingly, the customer requested the refund of the over charged customs duties and VAT for the first half of 2003 amounting to RMB 42 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 duty and VAT for the period from October 1999 to June 2004 amounting to RMB570 million (US$71.8 million). The accumulated claim amount indicated by the customer amounted to RMB742 million (US$101.7 million) at the end of the current financial year.

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

22 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company 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 or the Company 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:

	2007 US$'000	Restated 2006 US$'000
Directors' fees	325	269
Directors' remuneration	1,139	742
Key executive officers' remuneration	272	377
	1,736	1,388

22 Related parties (cont'd)

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	
		Restated
	2007	2006
	US$'000	US$'000
Corporate shareholder		
Purchase of jet fuel	36,710	36,601
Related corporations		
Sale of jet fuel	1,455,198	784,893
Commission income received	–	3,594
Associate		
Sale of jet fuel	1,498,045	1,053,057
Commission income received	–	2,756
A firm in which a director is a member		
Professional fees paid	235	3

23 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.

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 availability of tax losses for offset against taxable income, capital allowances, taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes.

24 New accounting standards and interpretations not yet adopted

The Group has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 23 *Borrowing Costs*
- FRS 108 *Operating Segments*
- INT FRS 111 *FRS 102 Group and Treasury Share Transactions*
- INT FRS 112 *Service Concession Arrangements*

The initial application of these standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.

25 Comparatives

Comparatives in the financial statements have been restated in the US dollar as a result of the change in presentation currency of the financial statements from the Singapore dollar to the US dollar during the current financial year.

Shareholding Information

As at 4 March 2008

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	2,916	16.12	1,459,369	0.20
1,000 - 10,000	12,113	66.95	51,192,067	7.08
10,001 - 1,000,000	3,046	16.84	103,375,805	14.30
1,000,001 AND ABOVE	17	0.09	566,793,296	78.42
TOTAL	18,092	100.00	722,820,537	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO.OF SHARES	%
1	DBS VICKERS SECURITIES (S) PTE LTD	370,005,831	51.19
2	BP INVESTMENTS ASIA LIMITED	144,564,119	20.00
3	DBS NOMINEES PTE LTD	9,214,294	1.27
4	OCBC SECURITIES PRIVATE LTD	7,329,714	1.01
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	7,016,814	0.97
6	HSBC (SINGAPORE) NOMINEES PTE LTD	5,095,674	0.70
7	UOB KAY HIAN PTE LTD	4,284,883	0.59
8	RAFFLES NOMINEES PTE LTD	2,894,837	0.40
9	PHILLIP SECURITIES PTE LTD	2,688,716	0.37
10	CITIBANK NOMINEES SINGAPORE PTE LTD	2,553,462	0.35
11	LEE FOOK CHOY	1,857,000	0.26
12	CIMB-GK SECURITIES PTE. LTD.	1,781,026	0.25
13	NOMURA SINGAPORE LIMITED	1,760,350	0.24
14	OCBC NOMINEES SINGAPORE PTE LTD	1,736,688	0.24
15	SINGAPORE TONG TEIK PTE LTD	1,530,000	0.21
16	CITIBANK CONSUMER NOMINEES PTE LTD	1,392,438	0.19
17	HONG LEONG FINANCE NOMINEES PTE LTD	1,087,450	0.15
18	LER HOCK SENG	832,000	0.12
19	MACQUARIE SECURITIES (S) PTE LTD	802,000	0.11
20	BANK OF CHINA NOMINEES PTE LTD	772,166	0.11
	TOTAL	569,199,462	78.73

SUBSTANTIAL ORDINARY SHAREHOLDERS
(As shown in the Register of Substantial Shareholders as at 4 March 2008)

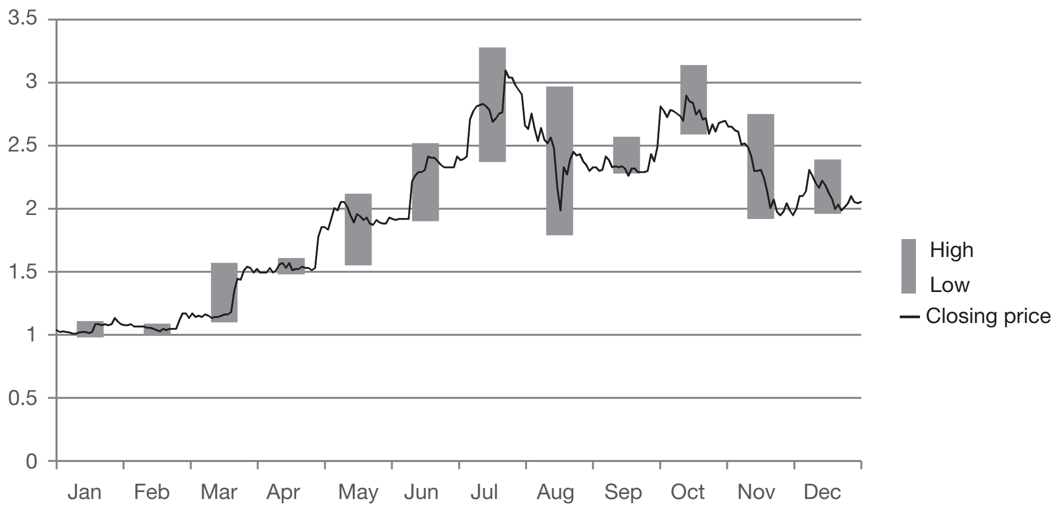
		No. of Shares		
No.	Name	Direct Interest	Deemed Interest	%
1.	China National Aviation Fuel Group Corporation	–	367,777,427*	50.88
2.	BP Investments Asia Limited	144,564,119	–	20.00

* 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.

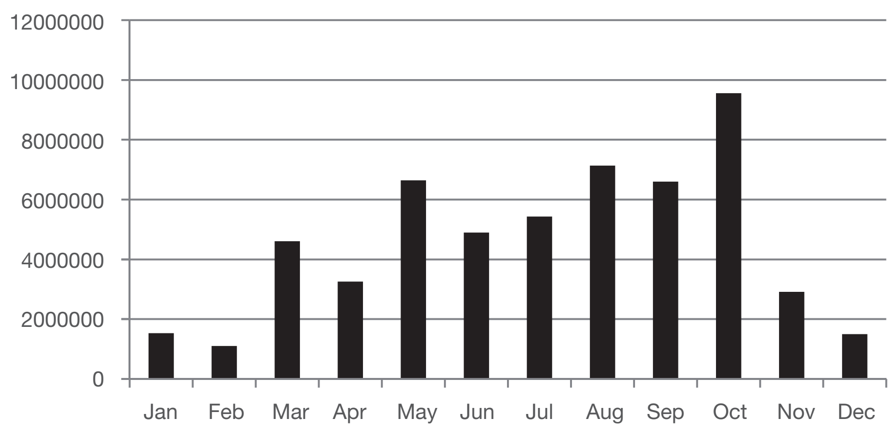
As at 4 March 2008, approximately 29.12% of CAO's issued ordinary shares are held by the public and, therefore, Rule 723 of the Listing Manual is complied with.

CAO Share Price/Trading Volume Information

2007 Share Price Movement



2007 Average Trading Volume



Corporate Calendar

2007	
Announcement of 2006 full-year results 13th Annual General Meeting Announcement of 1Q 2007 results Announcement of 2Q 2007 results Announcement of 3Q 2007 results	28 February 30 April 15 May 14 August 5 November
2008	
Announcement of 2007 full-year results	28 February 2008
Despatch of Annual Reports to shareholders	On or about 28 March 2008
14th Annual General Meeting	23 April 2008
Proposed First and Final Ordinary Dividend and Special Dividend for FY2007 Book closure dates Payment date	 6-7 May 2008 15 May 2008
Announcement of 1Q 2008 results Announcement of 2Q 2008 results Announcement of 3Q 2008 results	May August November
2009	
Announcement of 2008 full-year results	February

Notice of Annual General Meeting

China Aviation Oil (Singapore) Corporation Ltd
Company Registration Number: 199303293Z
Incorporated in Singapore with limited liability

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting of the Company will be held at DBS Auditorium, 6 Shenton Way, Level 3, DBS Building Tower One, Singapore 068809 on Wednesday, 23 April 2008 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 2007 together with the auditors' report thereon. **(Resolution 1)**

2. To declare:

   (a) a first and final (one-tier tax exempt) dividend of S$0.02 per ordinary share for the year ended 31 December 2007; and

   (b) a special (one-tier tax exempt) dividend of S$0.05 per ordinary share for the year ended 31 December 2007.

   [2006: S$0.0048 per share less tax and S$0.0161 per share as (one-tier tax exempt) dividend]
   (Resolution 2)

3. To approve Directors' Fees of S$470,731 for the year ended 31 December 2007. (2006: S$426,712)
   (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 Lim Jit Poh **(Resolution 4)**
   Mr Zhao Shousen **(Resolution 5)**
   Mr Meng Fanqiu **(Resolution 6)**

5. To re-elect Mr Zhang Zhenqi who will retire in accordance with Article 97 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as Director. **(Resolution 7)**

6. To re-appoint Messrs KPMG as the Company's auditors and to authorise the Directors to fix their remuneration.
   (Resolution 8)

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 share 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 share 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 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 share 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 provision 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 9)**

8. That:

(a) approval be and is hereby given, for the purposes of Chapter 9 ("Chapter 9") of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Annual Report of the Company dated 28 March 2008 ("Appendix") with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above ("Shareholders' Mandate") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution. **(Resolution 10)**

9. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Doreen Nah / Woon Yow Tsung
Company Secretaries

Singapore
28 March 2008

Notice of Annual General Meeting

China Aviation Oil (Singapore) Corporation Ltd
Company Registration Number: 199303293Z
Incorporated in Singapore with limited liability

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 2008.

Explanatory Notes:

Resolution 4 Mr Lim Jit Poh is considered to be an Independent Non-Executive Director. He is the Chairman of the Board, Remuneration Committee and Risk Management Committee. He is also a member of the Audit Committee and Nominating Committee.

Resolution 5 Mr Zhao Shousen is considered a Non-Executive Non-Independent Director. He is the Vice-Chairman of the Audit Committee, Remuneration Committee and Nominating Committee. He is also a member of the Risk Management Committee and Disclosure Committee.

Resolution 6 Mr Meng Fanqiu is considered a Non-Executive Non-Independent Director.

Resolution 7 Mr Zhang Zhenqi is considered a Non-Independent Executive Director. He was appointed Executive Director and General Manager on 15 June 2007.

Resolution 9 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 share 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 share capital of the Company. The percentage of issued share capital is based on the Company's issued share 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.

Resolution 10 Resolution 10 is to renew the mandate to permit the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST), or any of them, to enter into certain types of interested person transactions with certain classes of interested persons as described in the Appendix to Annual Report of the Company dated 28 March 2008.

Notice of Book Closure Date and Payment Date for First and Final Dividend (one-tier tax exempt) and Special (one-tier tax exempt) Dividend ("Dividends")

The Company gives notice that, subject to the approval of the shareholders to the Dividends at the Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed from 6 May 2008 to 7 May 2008, both dates inclusive, for the preparation of dividend warrants. The Register of Members and the Transfer Books will re-open on 8 May 2008. 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 3 Church Street #08-01, Samsung Hub, Singapore 049483 before 5.00 p.m. on 5 May 2008, will be registered in the Register of Members and the Transfer Books of the Company to determine shareholders' entitlements to the Dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the Dividends will be paid by the Company to CDP which will, in turn, distribute the entitlements to the Dividends to CDP account-holders in accordance with its normal practice.

The Dividends, if approved by shareholders, will be paid on 15 May 2008.

PROXY FORM

CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
Company Registration No.199303293Z
Incorporated In Singapore with limited liability

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			

as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll at the 14th Annual General Meeting of the Company, to be held at DBS Auditorium, 6 Shenton Way, Level 3, DBS Building Tower One, Singapore 068809 on Wednesday, 23 April 2008 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 direction as voting is 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 Lim Jit Poh as a Director		
5	Re-election of Mr Zhao Shousen as a Director		
6	Re-election of Mr Meng Fanqiu as a Director		
7	Re-election of Mr Zhang Zhenqi as a Director		
8	Auditors and their remuneration		
	Special Business		
9	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		
10	Renewal of the Shareholders' Mandate		

Dated this __________ day of __________ 2008

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

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

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 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 specifies the proportion of his 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 attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his 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.