



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

(Company Registration No. 199303293Z)

Condensed Consolidated Financial Statements For The Second Half and Year Ended 31 December 2021

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

Consolidated Statement of Profit or Loss

	Note	2H 2021 US\$'000	2H 2020 US\$'000	Variance + / -	FY 2021 US\$'000	FY 2020 US\$'000	Variance + / -
Revenue	4	8,953,402	5,143,550	74.07%	17,636,657	10,516,955	67.70%
Cost of sales		(8,938,407)	(5,120,549)	74.56%	(17,605,960)	(10,471,083)	68.14%
Gross Profit		14,995	23,001	-34.81%	30,697	45,872	-33.08%
Other operating income		1,505	3,408	-55.84%	2,224	6,750	-67.05%
Administrative expenses		(7,628)	(8,624)	-11.55%	(11,370)	(13,643)	-16.66%
Other operating expenses		2,446	(2,957)	NM	1,023	(2,371)	NM
Finance costs		(890)	(681)	30.69%	(1,695)	(1,158)	46.37%
Operating Profit		10,428	14,147	-26.29%	20,879	35,450	-41.10%
Share of results of associates (net of tax)		7,452	20,900	-64.34%	23,550	24,789	-5.00%
Profit before tax	5	17,880	35,047	-48.98%	44,429	60,239	-26.25%
Tax expense	6	(1,817)	(2,425)	-25.07%	(4,079)	(4,046)	0.82%
Profit for the period/year		16,063	32,622	-50.76%	40,350	56,193	-28.19%

Condensed consolidated statement of other comprehensive income

Consolidated Statement of Other Comprehensive Income

	2H 2021	2H 2020	Variance	FY 2021	FY 2020	Variance
	US\$'000	US\$'000	+ / -	US\$'000	US\$'000	+ / -
PROFIT FOR THE PERIOD/YEAR	16,063	32,622	-50.76%	40,350	56,193	-28.19%
Other comprehensive income/(loss):						
Items that may be reclassified to profit or loss in subsequent periods (net of tax) :						
Currency translation differences on consolidation of foreign entities (net) (note (a))	(187)	21,336	NM	896	14,553	-93.84%
Total other comprehensive (loss)/income for the period/year	(187)	21,336	NM	896	14,553	-93.84%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	15,876	53,958	-70.58%	41,246	70,746	-41.70%
Profit attributable to:						
Owners of the Company	16,063	32,622	-50.76%	40,350	56,193	-28.19%
Total comprehensive income attributable to:						
Owners of the Company	15,876	53,958	-70.58%	41,246	70,746	-41.70%
Earnings per share for profit for the period attributable to the owners of the Company during the period/year:						
Basic (USD in cent)	1.87	3.79	-50.66%	4.69	6.53	-28.18%
Diluted (USD in cent)	1.87	3.79	-50.66%	4.69	6.53	-28.18%

Note (a): RMB appreciated approximately 2.34% against the US Dollar during the twelve months ended 31 December 2021 giving rise to the translation gain on foreign associates while Korean Won depreciated by approximately 8.70% against US Dollar during the same period. In comparison, RMB and Korean Won both appreciated by 6.92% and 5.75% respectively against the US Dollar for the twelve months ended 31 December 2020.

NM denotes “not meaningful”

B. Condensed statements of financial position

Statements of Financial Position

	Note	Group		Company	
		As at 31 Dec 2021 US\$'000	As at 31 Dec 2020 US\$'000	As at 31 Dec 2021 US\$'000	As at 31 Dec 2020 US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment		3,826	4,384	3,631	4,173
Intangible assets		399	481	132	214
Subsidiaries		-	-	21,191	20,830
Associates	9	283,681	304,577	283,681	304,577
Financial asset at FVTOCI	10	5,500	5,500	-	-
Trade and other receivables	11	-	-	5,035	5,035
Right-of-use Assets		14,069	4,644	13,161	3,163
Deferred tax assets		446	1,252	446	1,248
		307,921	320,838	327,277	339,240
Current assets					
Inventories		42,926	91,375	14,120	75,063
Trade and other receivables	11	783,974	1,206,629	733,255	1,186,246
Cash and cash equivalents		400,837	269,107	369,394	247,472
		1,227,737	1,567,111	1,116,769	1,508,781
Total assets		1,535,658	1,887,949	1,444,046	1,848,021
EQUITY AND LIABILITIES					
Equity attributable to owners					
of the Company					
Share capital	12	215,573	215,573	215,573	215,573
Reserves		685,796	661,306	676,928	654,877
Total equity		901,369	876,879	892,501	870,450
Non-current liabilities					
Lease liabilities		7,661	512	7,306	198
Deferred tax liabilities		6,732	6,896	6,732	6,896
		14,393	7,408	14,038	7,094
Current liabilities					
Trade and other payables	13	604,797	988,874	531,259	967,283
Contract liabilities		7,626	10,326	137	137
Lease liabilities		6,689	4,231	6,111	3,057
Current tax liabilities		784	231	-	-
		619,896	1,003,662	537,507	970,477
Total liabilities		634,289	1,011,070	551,545	977,571
Total equity and liabilities		1,535,658	1,887,949	1,444,046	1,848,021

C. Condensed statements of changes in equity

Consolidated Statement of Changes in Equity

THE GROUP	Note	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Total equity US\$'000
As at 1 January 2020		215,573	589,294	(5,482)	(990)	36,564	834,959
Total comprehensive income for the year		-	56,193	-	14,553	-	70,746
Share of associates' accumulated profits transferred to statutory reserve		-	(522)	-	-	522	-
Dividend paid in respect of 2019, representing total transactions with shareholders recognised directly in equity	7	-	(28,826)	-	-	-	(28,826)
As at 31 December 2020		215,573	616,139	(5,482)	13,563	37,086	876,879
As at 1 January 2021		215,573	616,139	(5,482)	13,563	37,086	876,879
Total comprehensive income for the year		-	40,350	-	896	-	41,246
Share of associates' accumulated profits transferred to statutory reserve		-	(77)	-	-	77	-
Dividend paid in respect of 2020, representing total transactions with shareholders recognised directly in equity	7	-	(16,756)	-	-	-	(16,756)
As at 31 December 2021		215,573	639,656	(5,482)	14,459	37,163	901,369

Statement of Changes in Equity

THE COMPANY	Note	Share capital US\$'000	Retained earnings US\$'000	Treasury shares US\$'000	Foreign Currency translation reserve US\$'000	Statutory reserve US\$'000	Total equity US\$'000
As at 1 January 2020		215,573	575,652	(5,482)	(975)	36,564	821,332
Total comprehensive income for the year		-	63,390	-	14,554	-	77,944
Share of associates' accumulated profits transferred to statutory reserve		-	(522)	-	-	522	-
Dividend paid in respect of 2019, representing total transactions with shareholders recognised directly in equity	7	-	(28,826)	-	-	-	(28,826)
As at 31 December 2020		215,573	609,694	(5,482)	13,579	37,086	870,450
As at 1 January 2021		215,573	609,694	(5,482)	13,579	37,086	870,450
Total comprehensive income for the year		-	37,911	-	896	-	38,807
Share of associates' accumulated profits transferred to statutory reserve		-	(77)	-	-	77	-
Dividend paid in respect of 2020, representing total transactions with shareholders recognised directly in equity	7	-	(16,756)	-	-	-	(16,756)
As at 31 December 2021		215,573	630,772	(5,482)	14,475	37,163	892,501

D. Condensed consolidated statement of cash flows

Consolidated Statement of Cash Flows

	Note	FY 2021 US\$'000	FY 2020 US\$'000
Cash flows from operating activities			
Profit for the year		40,350	56,193
Adjustments for:-			
Depreciation of property, plant and equipment	5	754	751
Depreciation of right-of-use assets	5	8,628	11,092
Amortisation of intangible assets	5	154	197
Impairment on goodwill	5	-	914
Gain on disposal of property, plant and equipment	5	-	(4)
Property, plant and equipment written off	5	33	-
(Write back) Allowance for impairment loss on doubtful debts	5	(2,280)	713
Fair value (gain) loss on derivative instruments		(9,370)	18,971
Share of results of associates (net of tax)		(23,550)	(24,789)
Interest income	5	(1,564)	(4,604)
Interest expense	5	28	90
Lease interest expense	5	153	277
Tax expense		4,079	4,046
Unrealised exchange differences		72	(114)
Operating profit before working capital changes		17,487	63,733
Change in inventories		48,449	(32,699)
Change in trade and other receivables		415,340	(188,613)
Change in trade and other payables		(367,940)	(6,367)
Cash generated from/(used in) operations		113,336	(163,946)
Tax paid		(336)	(2,246)
Net cash generated from/(used in) operating activities		113,000	(166,192)
Cash flows from investing activities			
Interest received		1,573	4,597
Purchase of property, plant and equipment		(229)	(232)
Purchase of intangible assets		(72)	(56)
Proceeds from disposal of property, plant and equipment		-	6
Dividends received from associates		42,913	92,398
Net cash from investing activities		44,185	96,713
Cash flows from financing activities			
Interest paid		(28)	(90)
Interest paid on lease liabilities		(153)	(277)
Repayment of lease liabilities		(8,446)	(11,115)
Proceeds from loans and borrowings		787,116	217,626
Repayment of loans and borrowings		(787,116)	(217,626)
Dividends paid	7	(16,756)	(28,826)
Net cash used in financing activities		(25,383)	(40,308)
Net increase/(decrease) in cash and cash equivalents		131,802	(109,787)
Cash and cash equivalents at beginning of the year		269,107	378,780
Net effect of exchange rate fluctuations on cash held		(72)	114
Cash and cash equivalents at end of the year		400,837	269,107

E. Notes to the condensed consolidated financial statements

1. Corporate information

China Aviation Oil (Singapore) Corporation Limited (“CAO” or “the Company”) is incorporated and domiciled in Singapore, with its shares being publicly traded on the Mainboard of the Singapore Exchange. These condensed consolidated financial statements as at and for the six months and full year ended 31 December 2021 comprise the Company and its subsidiaries (collectively, “CAO Group” or “the Group”). The principal activities of the Group are jet fuel supply and trading, trading of other oil products and investments in oil-related assets. Consequently, income is derived from (i) supply and trading of jet fuel (ii) trading in other oil products and (iii) investments in oil related businesses.

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

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

2. Basis of Preparation

The condensed financial statements for the six months and full year ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. This report should be read in conjunction with the Group’s annual report for the financial year ended 31 December 2020 and any public announcements made by CAO Group during the reporting period.

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

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

2.1 New and amended standards adopted by the Group

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

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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

3. Seasonal operations

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

4. Segment and revenue information

The Group is organised into the following main business segments:

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

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

4.1 Reporting segments

	Middle distillates	Other oil products	Investment in oil related assets	Total
1 Jul 2021 to 31 Dec 2021	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	4,235,775	4,717,627	-	8,953,402
Gross profit	13,219	1,776	-	14,995
Other administrative /operating expenses	(3,668)	(497)	2	(4,163)
Depreciation and amortisation	(896)	(123)	-	(1,019)
Foreign exchange gain	425	77	-	502
Interest income	785	113	-	898
Other income	95	10	-	105
Finance costs	(280)	(610)	-	(890)
Share of results of associates (net of tax)	-	-	7,452	7,452
Profit before tax	9,680	746	7,454	17,880
Tax expense	(772)	(62)	(983)	(1,817)
Earnings for the period	8,908	684	6,471	16,063
Segment assets	1,047,295	198,736	289,181	1,535,212
Deferred tax assets				446
Total assets per statement of financial position	1,047,295	198,736	289,181	1,535,658
Segment liabilities	502,401	124,372	-	626,773
Current tax liabilities				784
Deferred tax liabilities				6,732
Total liabilities per statement of financial position				634,289

	Middle distillates	Other oil products	Investment in oil related assets	Total
1 Jul 2020 to 31 Dec 2020	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	2,386,099	2,757,451	-	5,143,550
Gross profit	22,278	723	-	23,001
Other administrative /operating expenses	(9,882)	119	(1)	(9,764)
Depreciation and amortisation	(1,817)	-	-	(1,817)
Foreign exchange gain	571	-	2	573
Interest income	2,348	-	-	2,348
Other income	487	-	-	487
Finance costs	(390)	(291)	-	(681)
Share of results of associates (net of tax)	-	-	20,900	20,900
Profit before tax	13,595	551	20,901	35,047
Tax expense	(1,749)	(27)	(649)	(2,425)
Earnings for the period	11,846	524	20,252	32,622
Segment assets	1,008,641	567,979	310,077	1,886,697
Deferred tax assets				1,252
Total assets per statement of financial position	1,008,641	567,979	310,077	1,887,949
Segment liabilities	368,073	635,870	-	1,003,943
Current tax liabilities				231
Deferred tax liabilities				6,896
Total liabilities per statement of financial position				1,011,070

	Middle distillates	Other oil products	Investment in oil related assets	Total
1 Jan 2021 to 31 Dec 2021	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	8,115,774	9,520,883	-	17,636,657
Gross profit	26,261	4,436	-	30,697
Other administrative /operating expenses	(7,142)	(1,206)	-	(8,348)
Depreciation and amortisation	(1,710)	(289)	-	(1,999)
Foreign exchange gain	300	51	-	351
Interest income	1,338	226	-	1,564
Other income	264	45	-	309
Finance costs	(536)	(1,159)	-	(1,695)
Share of results of associates (net of tax)	-	-	23,550	23,550
Profit before tax	18,775	2,104	23,550	44,429
Tax expense	(1,452)	(163)	(2,464)	(4,079)
Earnings for the year	17,323	1,941	21,086	40,350
Segment assets	1,047,295	198,736	289,181	1,535,212
Deferred tax assets				446
Total assets per statement of financial position	1,047,295	198,736	289,181	1,535,658
Segment liabilities	502,401	124,372	-	626,773
Current tax liabilities				784
Deferred tax liabilities				6,732
Total liabilities per statement of financial position				634,289

	Middle distillates	Other oil products	Investment in oil related assets	Total
1 Jan 2020 to 31 Dec 2020	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	5,629,604	4,887,351	-	10,516,955
Gross profit	44,570	1,302	-	45,872
Other administrative /operating expenses	(13,215)	118	(200)	(13,297)
Depreciation and amortisation	(2,717)	-	-	(2,717)
Foreign exchange gain	1,144	-	-	1,144
Interest income	4,604	-	-	4,604
Other income	1,002	-	-	1,002
Finance costs	(547)	(611)	-	(1,158)
Share of results of associates (net of tax)	-	-	24,789	24,789
Profit before tax	34,841	809	24,589	60,239
Tax expense	(3,202)	(40)	(804)	(4,046)
Earnings for the year	31,639	769	23,785	56,193
Segment assets	1,008,641	567,979	310,077	1,886,697
Deferred tax assets				1,252
Total assets per statement of financial position	1,008,641	567,979	310,077	1,887,949
Segment liabilities	368,073	635,870	-	1,003,943
Current tax liabilities				231
Deferred tax liabilities				6,896
Total liabilities per statement of financial position				1,011,070

4.2 Disaggregation of Revenue

The Group				
6 months ended 31 Dec 2021				
	Middle distillates US\$'000	Other oil products US\$'000	Investment in oil related assets US\$'000	Total US\$'000
Sales of goods	4,235,775	4,717,627	-	8,953,402
Timing of revenue recognition:				
At a point in time	4,235,775	4,717,627	-	8,953,402
Total revenue	4,235,775	4,717,627	-	8,953,402
Geographical information:				
People's Republic of China	1,600,913	2,773,099	-	4,374,012
Singapore	161,792	892,019	-	1,053,811
Hong Kong	400,129	275,985	-	676,114
Other countries	2,072,941	776,524	-	2,849,465
Total revenue	4,235,775	4,717,627	-	8,953,402

The Group				
6 months ended 31 Dec 2020				
	Middle distillates US\$'000	Other oil products US\$'000	Investment in oil related assets US\$'000	Total US\$'000
Sales of goods	2,386,099	2,757,451	-	5,143,550
Timing of revenue recognition:				
At a point in time	2,386,099	2,757,451	-	5,143,550
Total revenue	2,386,099	2,757,451	-	5,143,550
Geographical information:				
People's Republic of China	790,505	2,090,080	-	2,880,585
Singapore	32,815	187,778	-	220,593
Hong Kong	176,163	90,813	-	266,976
United States of America	202,175	-	-	202,175
Other countries	1,184,441	388,780	-	1,573,221
Total revenue	2,386,099	2,757,451	-	5,143,550

The Group				
12 months ended 31 Dec 2021				
	Middle distillates US\$'000	Other oil products US\$'000	Investment in oil related assets US\$'000	Total US\$'000
Sales of goods	8,115,774	9,520,883	-	17,636,657
Timing of revenue recognition:				
At a point in time	8,115,774	9,520,883	-	17,636,657
Total revenue	8,115,774	9,520,883	-	17,636,657
Geographical information:				
People's Republic of China	2,951,397	6,022,556	-	8,973,953
Singapore	340,898	1,604,861	-	1,945,759
Hong Kong	659,700	526,262	-	1,185,962
Other countries	4,163,779	1,367,204	-	5,530,983
Total revenue	8,115,774	9,520,883	-	17,636,657

The Group				
12 months ended 31 Dec 2020				
	Middle distillates US\$'000	Other oil products US\$'000	Investment in oil related assets US\$'000	Total US\$'000
Sales of goods	5,629,604	4,887,351	-	10,516,955
Timing of revenue recognition:				
At a point in time	5,629,604	4,887,351	-	10,516,955
Total revenue	5,629,604	4,887,351	-	10,516,955
Geographical information:				
People's Republic of China	2,016,474	3,810,330	-	5,826,804
Singapore	624,889	241,339	-	866,228
Hong Kong	321,666	186,068	-	507,734
United States of America	479,567	-	-	479,567
Other countries	2,187,008	649,614	-	2,836,622
Total revenue	5,629,604	4,887,351	-	10,516,955

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

A breakdown of sales as follows:

The Group			
	Financial year ended 31 December 2021 US\$'000	Financial year ended 31 December 2020 US\$'000	Increase/ (Decrease) %
Sales reported for first half year	8,683,255	5,373,405	61.60%
Operating profit after tax before deducting non-controlling interests reported for first half year	24,287	23,571	3.04%
Sales reported for second half year	8,953,402	5,143,550	74.07%
Operating profit after tax before deducting non-controlling interests reported for second half year	16,063	32,622	-50.76%

5. Profit before tax

5.1 Significant items

The Group				
	2H 2021 US\$'000	2H 2020 US\$'000	FY 2021 US\$'000	FY 2020 US\$'000
Income				
Bank interest income	898	2,348	1,564	4,604
Net foreign exchange gain	502	573	351	1,144
Expenses				
Depreciation of property, plant and equipment	(377)	(374)	(754)	(751)
Depreciation of right-of-use assets	(3,893)	(5,562)	(8,628)	(11,092)
Amortisation of intangible assets	(65)	(91)	(154)	(197)
Impairment on goodwill	-	(914)	-	(914)
Gain on disposal property, plant and equipment	-	4	-	4
Property, plant and equipment written off	(33)	-	(33)	-
Interest expense	(19)	(35)	(28)	(90)
Interest expense - lease liabilities	(82)	(100)	(153)	(277)
Write back (Allowance) for impairment loss on doubtful debts	3,406	(1,694)	2,280	(713)

5.2 Related party transactions

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

6. Tax expense

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

	1H 2021	1H 2020	FY 2021	FY 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Current income tax expense	343	202	721	244
Utilisation of previously unused tax losses/ capital allowances	402	949	802	2,350
Withholding tax expense	1,072	1,274	2,556	1,452
Total tax expense	1,817	2,425	4,079	4,046

7. Dividends

The Group		
	Financial Year 2021 US\$'000	Financial Year 2020 US\$'000
Ordinary dividends paid:		
Interim dividend	-	-
Final dividend	16,756	28,826
Total:	16,756	28,826
Dividend per share (net of tax) - Singapore cents	2.58	4.70

8. Net Asset Value

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Net asset value per ordinary share (US cents)	104.79	101.94	103.76	101.19
Number of ordinary shares issued ('000)	860,184	860,184	860,184	860,184

9. Associates

	Group		Company	
	31 Dec 2021 US\$'000	31 Dec 2020 US\$'000	31 Dec 2021 US\$'000	31 Dec 2020 US\$'000
Investment in associates	283,681	304,577	283,681	304,577

The Group has one (2020: one) associate that is material and four (2020: four) other associates that are individually immaterial to the Group. All are equity accounted. The followings are details of the material associate of the Group and the Company:

	Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (“SPIA”)
Nature of business	Exclusive supplier of jet fuel at Shanghai Pudong International Airport
Principal place of business/Country of incorporation	People’s Republic of China
Ownership interest/Voting rights held	33% (2020: 33%)

10. Financial assets at fair value through other comprehensive income

	31 Dec 2021 US\$'000	31 Dec 2020 US\$'000
Investment in equity instrument designated as at FVTOCI - unquoted equity shares	5,500	5,500

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

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

11. Trade and other receivables

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables	350,938	982,900	289,853	955,000
Other receivables	36,739	30,872	25,022	23,112
Amounts due from:				
- subsidiary (trade)	-	-	32,603	48,112
- related corporations (trade)	188,834	69,131	135,635	36,121
- related corporation of a corporate shareholder (trade)	26,018	-	23,914	-
- holding company (non-trade)	2	2	2	2
- subsidiaries (non-trade)	-	-	96,032	37,841
- associate (trade)	118,572	23,603	118,572	12,912
- associate (non-trade)	2,000	-	-	-
Loan to subsidiaries	-	-	5,035	5,035
	723,103	1,106,508	726,668	1,118,135
Allowance for impairment loss on doubtful debts - trade receivables	(5,852)	(8,132)	(5,508)	(7,915)
Loans and receivables	717,251	1,098,376	721,160	1,110,220
Derivative financial assets - oil commodity derivatives	18,247	27,873	17,130	27,216
	735,498	1,126,249	738,290	1,137,436
Prepayments	48,475	80,380	-	53,845
	783,974	1,206,629	738,290	1,191,281
Current	783,974	1,206,629	733,255	1,186,246
Non-current	-	-	5,035	5,035
	783,974	1,206,629	738,290	1,191,281

12. Share capital

The Group and the Company				
	31 Dec 2021		31 Dec 2020	
	Number of shares	Amount	Number of shares	Amount
	'000	US\$'000	'000	US\$'000
Beginning of year	866,184	215,573	866,184	215,573
Treasury shares				
Balance at beginning of year	(6,000)	(5,482)	(6,000)	(5,482)
Additions during the year	-	-	-	-
Balance at end of year	(6,000)	(5,482)	(6,000)	(5,482)
End of year	860,184	210,091	860,184	210,091

There are no sales, transfers, cancellation and use of treasury shares from 1 January 2021 to 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 31 December 2020.

13. Trade and other payables

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	509,614	888,671	472,023	853,893
Other payables and accruals	33,683	38,897	31,977	36,845
Amounts due to:				
- holding company (non-trade)	10,124	10,121	-	-
- subsidiary (trade)	-	-	1,819	35,070
- related corporation (trade)	3,680	554	3,138	-
- related corporation of a corporate shareholder (trade)	24,636	8,584	-	-
- associate (trade)	9	-	-	-
Derivative financial liabilities:				
- oil commodity derivatives	23,051	42,047	22,302	41,475
	604,797	988,874	531,259	967,283

14. Borrowings

Amount repayable in one year or less, or on demand

	The Group and the Company	
	31 Dec 2021 US\$'000	31 Dec 2020 US\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	-	-
Unsecured	-	-
<u>Amount repayable after one year</u>		
Secured	-	-
Unsecured	-	-

15. Fair value measurement

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

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

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

Group	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
31 Dec 2021				
Financial assets at FVTOCI*	-	-	5,500	5,500
Derivative financial assets	-	18,247	-	18,247
Derivative financial liabilities	-	(23,051)	-	(23,051)
	-	(4,804)	5,500	696
31 Dec 2020				
Financial assets at FVTOCI*	-	-	5,500	5,500
Derivative financial assets	-	27,873	-	27,873
Derivative financial liabilities	-	(42,047)	-	(42,047)
	-	(14,174)	5,500	(8,674)

Company	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
31 Dec 2021				
Derivative financial assets	-	17,130	-	17,130
Derivative financial liabilities	-	(22,302)	-	(22,302)
	-	(5,172)	-	(5,172)
31 Dec 2020				
Derivative financial assets	-	27,216	-	27,216
Derivative financial liabilities	-	(41,475)	-	(41,475)
	-	(14,259)	-	(14,259)

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

16. Subsequent events

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

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of China Aviation Oil (Singapore) Corporation Limited and its subsidiaries as at 31 December 2021 and the related consolidated profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period and full year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Consolidated Statement of Profit or Loss and Other Comprehensive Income 2H 2021 v 2H 2020

The Group's net profit decreased by US\$16.56 million (50.76%) to US\$16.06 million for the second half year ended 31 December 2021 ("2H 2021") compared to US\$32.62 million for the second half year ended 31 December 2020 ("2H 2020"), mainly attributable to the decrease in gross profit and share of results from associates due to the COVID-19 pandemic impact partially offset by the decrease in expenses.

The total supply and trading volume increased by 1.92 million tonnes (13.28%) to 16.38 million tonnes for 2H 2021 compared to 14.46 million tonnes for 2H 2020. The trading volume of other oil products increased by 2.03 million tonnes (25.76%) to

9.91 million tonnes for 2H 2021 compared to 7.88 million tonnes for 2H 2020 attributable mainly to higher trading volume for fuel oil and crude oil. Volume for middle distillates decreased by 0.11 million tonnes (1.67%) to 6.47 million tonnes from 6.58 million tonnes, of which gas oil trading volume decreased by 0.87 million tonnes (33.46%) to 1.73 million tonnes for 2H 2021 from 2.60 million tonnes for 2H 2020. Trading volume for jet fuel supply and trading increased by 0.76 million tonnes (19.10%) to 4.74 million tonnes for 2H 2021 compared to 3.98 million tonnes for 2H 2020.

Total revenue increased by US\$3,809.85 million (74.07%) to US\$8,953.40 million for 2H 2021 from US\$5,143.55 million for 2H 2020, mainly attributable to the increase in oil prices and volume.

Total gross profit was US\$15.00 million for 2H 2021, a decrease of US\$8.00 million (34.81%) compared to US\$23.00 million for 2H 2020 mainly due to lower gains derived from trading and optimisation activities as well as jet fuel supply and trading business due to the COVID-19 pandemic.

Other operating income was US\$1.51 million for 2H 2021 compared to US\$3.41 million for 2H 2020, a decrease of US\$1.90 million (55.84%) attributable mainly to lower interest income and lower other income. Interest income was US\$0.90 million for 2H 2021 compared to US\$2.35 million for 2H 2020, a decrease of US\$1.45 million (61.77%) from time deposits placed with banks and financial institutions. Other income which mainly comprised of wage support and property tax rebates from the Singapore Government pertaining to the COVID-19 pandemic decreased by US\$0.38 million.

Total expenses decreased by US\$6.19 million (50.49%) to US\$6.07 million for 2H 2021 compared to US\$12.26 million for 2H 2020, mainly attributable to the reversal of US\$3.41 million in provision of expected credit loss (“ECL”) in 2H 2021 compared to the provision of US\$1.69 million in 2H 2020, a decrease of US\$5.10 million. Staff costs decreased by US\$0.32 million while bank charges increased by US\$0.24 million y-o-y.

The share of results from associates was US\$7.45 million for 2H 2021 compared to US\$20.90 million for 2H 2020, a decrease of US\$13.45 million (64.34%), mainly attributable to lower contributions from SPIA. Share of results from SPIA was US\$8.58 million for 2H 2021 compared to US\$17.66 million for 2H 2020, a decrease of US\$9.08 million or 51.40%, mainly due to lower revenue and profits as a result of lower refuelling volume and higher operating expenses. Share of results from other associates was -US\$1.13 million for 2H 2021 compared to US\$3.24 million for 2H 2020, a decrease of US\$4.37 million, mainly attributable to lower contribution from OKYC due to lower revenue and higher operating expenses.

Income tax expense was US\$1.82 million for 2H 2021 compared to US\$2.43 million for 2H 2020, a decrease of US\$0.61 million (25.07%) mainly due to lower deferred tax liabilities recognised on the Company’s share of undistributed retained earnings of associates.

Earnings per share was 1.87 US cents for 2H 2021 compared to 3.79 US cents for 2H 2020.

2H 2021 v 1H 2021

The Group’s net profit decreased by US\$8.23 million (33.88%) to US\$16.06 million for 2H 2021 compared to US\$24.29 million for the first half year ended 30 June 2021 (“1H 2021”), mainly attributable to the decrease in share of results from associates.

The total supply and trading volume decreased by 1.36 million tonnes (7.67%) to 16.38 million tonnes for 2H 2021 compared to 17.74 million tonnes for 1H 2021. Volume for middle distillates decreased by 0.91 million tonnes (12.33%) to 6.47 million tonnes from 7.38 million tonnes, of which trading volume for gas oil decreased by 0.99 million tonnes (36.40%) to 1.73 million tonnes for 2H 2021 from 2.72 million tonnes for 1H 2021. Jet fuel supply and trading volume increased by 0.08 million tonnes (1.72%) to 4.74 million tonnes for 2H 2021 compared to 4.66 million tonnes for 1H 2021. The trading volume of other oil products decreased by 0.45 million tonnes (4.34%) to 9.91 million tonnes for 2H 2021 compared to 10.36 million tonnes for 1H 2021 attributable mainly to lower trading volume for crude oil.

Total revenue increased by US\$270.15 million (3.11%) to US\$8,953.40 million for 2H 2021 from US\$8,683.26 million for 1H 2021, mainly attributable to the increase in oil prices.

Total gross profit was US\$15.00 million for 2H 2021, a decrease of US\$0.70 million (4.46%) compared to US\$15.70 million for 1H 2021 mainly due to lower gains derived from trading and optimisation activities.

Other operating income was US\$1.51 million for 2H 2021 compared to US\$0.72 million for 1H 2021, an increase of US\$0.79 million (109.72%) attributable mainly to an increase of US\$0.65 million in exchange differences.

Total expenses increased by US\$0.10 million (1.71%) to US\$6.07 million for 2H 2021 compared to US\$5.97 million for 1H 2021.

Share of results from associates was US\$7.45 million for 2H 2021 compared to US\$16.10 million for 1H 2021, a decrease of US\$8.65 million (53.73%), mainly attributable to lower contributions from SPIA. Share of results from SPIA was US\$8.58 million for 2H 2021 compared to US\$14.61 million for 1H 2021, a decrease of US\$6.03 million or 41.27%, mainly due to lower refueling volume and higher operating expenses. Share of results from other associates was -US\$1.13 million for 2H 2021 compared to US\$1.49 million for 1H 2021, a decrease of US\$2.62 million, mainly due to lower contribution from OKYC.

Income tax expense was US\$1.82 million for 2H 2021 compared to US\$2.26 million for 1H 2021, a decrease of US\$0.44 million (19.47%) mainly due to lower deferred tax liabilities recognised on the Company's share of undistributed retained earnings of associates.

Earnings per share was 1.87 US cents for 2H 2021 compared to 2.82 US cents for 1H 2021.

FY 2021 v FY 2020

The Group's net profit decreased by US\$15.84 million (28.19%) to US\$40.35 million for the financial year ended 31 December 2021 ("FY 2021") compared to US\$56.19 million for the financial year ended 31 December 2020 ("FY 2020"), mainly attributable to the decrease in gross profit and other income partially offset by the decrease in expenses.

The total supply and trading volume increased by 6.49 million tonnes (23.50%) to 34.11 million tonnes for FY 2021 compared to 27.62 million tonnes for FY 2020. The trading volume for other oil products increased by 6.89 million tonnes (51.53%) to 20.26 million tonnes for FY 2021 compared to 13.37 million tonnes for FY 2020 attributable mainly to higher trading volume for crude oil and fuel oil. Volume for middle distillates decreased by 0.40 million tonnes (2.81%) to 13.85 million tonnes from 14.25 million tonnes, of which gas oil trading volume decreased by 0.50 million tonnes (10.10%) to 4.45 million tonnes for FY 2021 from 4.95 million tonnes for FY 2020. Trading volume for jet fuel supply and trading increased by 0.10 million tonnes (1.08%) to 9.40 million tonnes for FY 2021 compared to 9.30 million tonnes for FY 2020.

Total revenue increased by US\$7,119.70 million (67.70%) to US\$17,636.66 million for FY 2021 from US\$10,516.96 million for FY 2020, mainly attributable to the increase in oil prices and volume.

Total gross profit was US\$30.70 million for FY 2021, a decrease of US\$15.17 million (33.08%) compared to US\$45.87 million for FY 2020. The year-on-year decline was mainly attributable to higher profits earned in FY 2020 when the Group managed to capitalise on the contango structure of the market to build up its jet fuel inventories and locked in better returns through its hedging activities.

Other operating income was US\$2.22 million for FY 2021 compared to US\$6.75 million for FY 2020, a decrease of US\$4.53 million (67.05%) attributable mainly to lower interest income. Interest income was US\$1.56 million for FY 2021 compared to US\$4.60 million for FY 2020, a decrease of US\$3.04 million (66.03%) attributable mainly to the decline in interest rate. Exchange differences decreased by US\$0.80 million and other income which mainly comprised of wage support and property tax rebates from the Singapore Government pertaining to the COVID-19 pandemic decreased by US\$0.69 million.

Total expenses decreased by US\$5.13 million (29.87%) to US\$12.04 million for FY 2021 compared to US\$17.17 million for FY 2020, mainly attributable to the reversal of US\$2.28 million in provision of ECL in FY 2021 compared to the provision of US\$0.71 million in FY 2020, a decrease of US\$2.99 million. Staff costs decreased by US\$1.58 million while bank charges increased by US\$0.72 million y-o-y.

The share of results from associates was US\$23.55 million for FY 2021 compared to US\$24.79 million for FY 2020, a decrease of US\$1.24 million (5%), mainly attributable to lower contributions from OKYC. Share of results from SPIA was US\$23.19 million for FY 2021 compared to US\$19.79 million for FY 2020, an increase of US\$3.40 million or 17.18%, mainly attributable to higher profits resulted from higher revenue. Share of results from other associates was US\$0.36 million for FY 2021 compared to US\$5.00 million for FY 2020, a decrease of US\$4.64 million or 92.80%, mainly due to lower contribution from OKYC owing to the decrease in revenue.

Income tax expense was US\$4.08 million for FY 2021 compared to US\$4.05 million for FY 2020, an increase of US\$0.03 million or 0.82%.

Earnings per share was 4.69 US cents for FY 2021 compared to 6.53 US cents for FY 2020.

Consolidated Statements of Financial Position

The Group's current assets stood at US\$1,227.74 million as at 31 December 2021 compared to US\$1,567.11 million as at 31 December 2020. The decrease of US\$339.37 million in current assets resulted from the decrease of US\$422.65 million in trade and other receivables due to lower trading volumes in December 2021, and the decrease of US\$48.45 million in inventories partially offset by the increase of US\$131.73 million in cash and cash equivalents.

Non-current assets stood at US\$307.92 million as at 31 December 2021 compared to US\$320.84 million as at 31 December 2020. The decrease of US\$12.92 million was mainly attributable to the decrease in investments in associates, partially offset by the increase in right-of-use assets of US\$9.43 million. The decrease in investments in associates was mainly due to dividends of US\$45.34 million declared by SPIA and OKYC, offset by the share of results of US\$23.55 million.

Current liabilities which comprised of trade and other payables, contract liabilities, short term lease liabilities and tax liabilities, decreased by US\$383.76 million to US\$619.90 million as at 31 December 2021 compared to US\$1,003.66 million as at 31 December 2020, mainly attributable to the decrease of US\$384.08 million in trade and other payables, as a result of lower trading volumes in December 2021 compared to December 2020.

Non-current liabilities which comprised of lease liabilities and deferred tax liabilities increased by US\$6.99 million to US\$14.39 million as at 31 December 2021 compared to US\$7.41 million as at 31 December 2020, mainly due to the increase in lease liabilities.

The Group's net assets stood at US\$901.37 million as at 31 December 2021, or 104.79 US cents per share, compared to US\$876.88 million as at 31 December 2020 or 101.94 US cents per share.

Consolidated Statement of Cash Flows

FY 2021 v FY 2020

Net cash generated from operating activities in FY 2021 was US\$113.00 million compared to net cash used in operating activities of US\$166.19 million in FY 2020, mainly attributable to net cash inflow from trade receivables and payables.

Net cash generated from investing activities were US\$44.19 million in FY 2021 compared to US\$96.71 million in FY 2020, a decrease of US\$52.53 million mainly attributable to the lower receipt of dividend from SPIA in FY 2021.

Net cash used in financing activities in FY 2021 were US\$25.38 million compared to US\$40.31 million in FY 2020, a decrease of US\$14.93 million mainly attributable to lower dividends paid in FY 2021.

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

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

Following the conclusion of general disclosure in the Suit, and at a pre-trial conference held on 18 August and 20 October 2021, the Court gave directions to all parties to the Suit on the timelines for submissions of requests and applications for specific discovery as well as responses to requests for specific discovery. The Court also gave directions for filing of specific discovery requests and applications against Zenrock Commodities Trading Pte Ltd (In Liquidation) ("**Zenrock**").

On 8 October and 26 November 2021, the Company filed applications for specific discovery against BCP-DIFC/BCP-Geneva ("**Plaintiffs**"), Shandong Energy International (Singapore) Pte Ltd ("**Third Party**"), Golden Base Energy Pte Ltd ("**Fourth Party**") and the Liquidators of Zenrock in accordance with the Court's directions. The Plaintiffs have also filed an application for specific discovery against the Company. The discovery exercise in the Suit is ongoing.

To-date, the parties have not been able to reach an amicable settlement of the dispute.

The trial for the Suit had been tentatively fixed to be held in February/March next year.

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

Not applicable.

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

Despite increasing COVID-19 vaccination rates globally and the progressive reopening of borders in more and more countries to vaccinated travellers, global travel market remains significantly below pre-COVID-19 levels. This is largely due to the continued travel restrictions imposed by state governments following the resurgence of the highly transmissible Omicron variant. The pace of recovery of the global aviation industry will continue to be directly impacted by the constantly evolving COVID-19 situation and how state governments worldwide react to it.

While global market conditions are expected to remain challenging due to oil price volatility, ongoing geopolitical risks and supply-chain disruptions arising from the COVID-19 situation, the Group remains cautiously positive on its performance for the current financial year, as it remains committed to strengthening its operational resilience during this difficult period. The Group will stay the course to build on its jet fuel supply and trading network complemented with trading in other oil products. The Group will also continue to focus on long-term profitability by seeking opportunities for strategic expansion through investments in synergetic and strategic oil-related assets and businesses.

5. Dividend information

5a. Current Financial Period Reported on

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

Name of dividend	Final
Dividend Type	Cash
Dividend per share (Singapore cents)	1.90
Tax rate	Tax Exempt

The Directors are pleased to propose a tax exempt one-tier final cash dividend of 1.90 Singapore cents per share (2020: a tax exempt one-tier final cash dividend of 2.58 Singapore cents per share) in respect of the financial year ended 31 December 2021.

5b. Corresponding Period of the Immediate Preceding Financial Year

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

Name of dividend	Final
Dividend Type	Cash
Dividend per share (Singapore cents)	2.58
Tax rate	Tax Exempt

5c. Date Payable

To be announced in due course.

5d. Record Date for Dividend Payment

Details on the record date will be announced in due course.

6. Interested person transactions

The Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii).

Aggregate value of interested person transactions for the year ended 31 December 2021.

	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
		FY 2021 US\$'000	FY 2020 US\$'000	FY 2021 US\$'000	FY 2020 US\$'000
Sales to related corporations	Associates of Controlling Shareholder, China National Aviation Fuel Group Limited	-	-	1,381,767	1,049,826
Purchases from related corporations		-	-	770,505	407,839
Supply chain services rendered from related corporation		-	-	2,136	8,627
Services rendered from related corporation		392	191	-	-
Transportation revenue earned by associate from related corporations *		-	-	3,241	3,579
Principal deposited with related corporations		-	-	906,688	626,883
Interest income earned from principal deposited with related corporation		-	-	-	1,224
Loan to associate		812	1,219	-	-

	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
		FY 2021 US\$'000	FY 2020 US\$'000	FY 2021 US\$'000	FY 2020 US\$'000
Sales to related corporation of a corporate shareholder	Associates of Controlling Shareholder, BP Investments Asia Limited	-	-	203,214	407,674
Purchases from related corporation of a corporate shareholder		-	-	625,531	665,276
Supply chain services rendered from related corporation of a corporate shareholder		-	-	5,999	1,733
Services rendered from related corporation of a corporate shareholder		-	-	-	237

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

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

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

8. Disclosure of persons occupying managerial positions who are related to a director or chief executive officer or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, CAO confirms that to the best of its knowledge, belief and information, there are no persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director, the chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Doreen Nah
Company Secretary
25 February 2022