China Aviation Oil (Singapore) Corporation Ltd
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MEDIA RELEASE

CAO's Net Profit in 1Q 2008 Increased 60% to US$9.0m

SINGAPORE, 9 May 2008 – China Aviation Oil (Singapore) Corporation Ltd ("**CAO**") today announced its unaudited results for the first quarter ended 31 March 2008.

The Group recorded a net profit attributable to shareholders ("**net profit**") of US$9.0 million for 1Q 2008 which represents an increase of 60% compared to the corresponding period last year. This is mainly attributed to interest savings as a result of full repayment of deferred debt owed to scheme creditors in May 2007, higher volume of jet fuel procured, an increase in foreign exchange gains and a reduction in operating expenses.

In 1Q 2008, CAO procured and supplied 1.14 million Metric Tonnes ("**MT**") of jet fuel, which was an increase of about 25% as compared to 1Q 2007 where 0.91 million MT of jet fuel was procured and supplied.

Mr Zhang Zhenqi, Executive Director and General Manager of CAO, said, "The increase in total volume of jet fuel procured and supplied for the quarter under review was due to a rise in demand for jet fuel imports in China as a result of an increase in overall demand and a decline in China's domestic production and supply of jet fuel.

"Looking ahead, air traffic in China is expected to increase significantly this year due to the upcoming Beijing Olympics, which would imply a greater demand for jet fuel in China. We foresee it could potentially translate into import volume growth for CAO. However, China's jet fuel import demand is also crucially dependent on the level of jet fuel produced domestically by Chinese refineries," said Mr Zhang.

The Group's share of the results of its associate, Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("**SPIA**") was US$4.9 million for 1Q 2008 compared to US$5.7 million for 1Q 2007, a reduction of 14%. This was mainly due to higher short-term loans, higher interest rates, exchange losses attributable to acute strengthening of Renminbi against the US Dollar and provision for taxation at a higher tax rate of 18% for the quarter as a result of the unification of China's corporate tax rate with effect from 1 January 2008. SPIA was previously subject to a concessionary tax rate of 15%.

CAO commenced hedging activities in 1Q 2008 and entered into contracts to hedge against oil price fluctuations on physical cargoes, and to lock in profits. In accordance with the hedge accounting methodology pursuant to Financial Reporting Standards ("FRS") 39, the hedge contracts are subject to mark-to-market valuation that have resulted in a negative change in fair value of US$215,000 as at 31 March 2008 which was recognised in the hedging reserve of shareholders' equity on the Group's balance sheet. Had the physical cargoes been valued at the prevailing market price as at 31 March 2008, this would have resulted in a corresponding positive change in fair value of approximately the same amount for the Group. The physical cargoes have been contracted for deliveries by the suppliers to the customers in a few months' time, hence are not subject to mark-to-market valuation. The hedge contracts will mature at the same month when the physical cargoes are delivered. At that point, the profit or loss arising from the settlement of the hedging contracts will offset/negate the effect of the oil price fluctuation on the physical cargoes. As a result of these hedging contracts, the Group is not subject to the effect of oil price fluctuations on the procurement of physical jet fuel.

More Information:

US$ million	**1Q 2008**	**1Q 2007**	**Change**
Gross profit	3.4	2.7	+26%
Other operating income	3.3	1.6	+99%
Total Expenses	2.1	4.4	+52%
Share of results of associate	4.9	5.7	-14%
Profit before tax	9.4	5.6	+68%
Net Profit	9.0	5.7	+60%
Earnings per share (US cents)	1.25	0.78	+60%
Net asset value per share (US cents)	38.85	14.47*	+168%

** Restated*

More information on CAO's unaudited results for the period ended 31 March 2008 can be accessed from www.caosco.com.

<u>About CAO</u>

Listed on the mainboard of the Singapore Exchange Securities Trading Limited, CAO is the key supplier of imported jet fuel to the Chinese civil aviation industry. CAO also owns investments in strategic oil-related businesses, which includes

Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd and China Aviation Oil Xinyuan Petrochemicals Co. Ltd.

Besides trading in related oil products, CAO will also continue to seek investment opportunities in assets that are synergetic to its core businesses.

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