



**China Aviation Oil (Singapore) Corporation Ltd**

中国航油（新加坡）股份有限公司

Incorporated in the Republic of Singapore

Registration No.: 199303293Z

**Update on Financial Performance for the Fourth Quarter of 2008**

Taking into consideration the developments from the last quarter of 2008 to the date of this Announcement, the Board of Directors of China Aviation Oil (Singapore) Corporation Ltd (“CAO”) would like to provide a brief update on the financial performance of the CAO Group for the fourth quarter ended 31 December 2008 (“4Q 2008”), specifically its 33-percent owned associated company, Shanghai Pudong International Airport Aviation Fuel Supply Company (“SPIAFSC”).

SPIAFSC has been CAO’s main profit contributor. As a result of the sharp decline in oil prices during 4Q 2008, SPIAFSC incurred an operating loss due to higher procurement costs vis-à-vis its sales revenue. The decline in the regulated domestic prices in the PRC during the month of December 2008 exacerbated its losses.

The Management of SPIAFSC has indicated to CAO that, in view of the falling oil prices for the past months and the inventory procured during the period of high oil prices is expected to be fully consumed by the first quarter of 2009, the aforesaid loss is to be considered exceptional.

Subject to the finalisation of SPIAFSC’s audit, SPIAFSC is expected to incur a net loss of about US\$33 million in 4Q 2008 and CAO Group’s share of net loss from SPIAFSC is expected to be about US\$11 million. CAO will likely incur a net loss in 4Q 2008 as its profits from jet fuel procurement and trading were more than offset by its investment losses from SPIAFSC. Although CAO will record the first quarterly net loss in 4Q 2008, CAO will remain profitable for the year ended 31 December 2008.

It has not been CAO’s policy to release forward looking statements or expected financial performance. Despite the current global economic downturn, the fundamentals of CAO’s core businesses have remained strong. The Group is taking proactive steps to further diversify its earnings base. It is also actively seeking to invest in more synergetic oil-related assets.

Further details of the Group's financial performance will be disclosed when CAO announces its unaudited consolidated financial results for the financial year ended 31 December 2008 on 25 February 2009.

By Order of the Board

Doreen Nah  
Company Secretary  
13 February 2009