China Aviation Oil (Singapore) Corporation Ltd

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MEDIA RELEASE

CAO recorded net profit of US$5.7m in 1Q 2007

SINGAPORE, 15 May 2007 – China Aviation Oil (Singapore) Corporation Ltd ("CAO") today announced its results for the first quarter ended 31 March 2007.

For the first time commencing 1Q 2007, the Group is presenting its financial results in US dollars. This is to better reflect the economic substance of the Company's underlying activities, which are mostly transacted in US dollars. However, the quotation of CAO share price and dividend payments shall continue to be in Singapore dollars.

The Group's revenue for 1Q 2007 was US$548.3 million as compared to US$3.3 million for the same period last year. This significant difference arose because CAO procured jet fuel under the agency model when the Company was in financial crisis and only commission income received was recorded as revenue from January 2005 to June 2006. The Company resumed jet fuel procurement on a principal basis following its successful restructuring and recorded the value of underlying contracts as revenue from June 2006.

In 1Q 2007, the Group supplied 914,200 Metric Tonnes ("MT") of jet fuel. This was about the same level as that of 1Q 2006 where 922,000 MT of jet fuel was supplied.

Operating income in 1Q 2007 was US$4.3 million. This was significantly lower than US$201.6 million recorded in the same period last year, which included an amount of US$192.5 million from debt waived by creditors under the Scheme of Arrangement, and a gain of US$5.0 million due to fair value adjustment of the amount due to scheme creditors according to Financial Reporting Standard 39 ("FRS 39").

The Group's 33% share of the results of its associated company, Shanghai Pudong International Aviation Fuel Supply Company Ltd ("Pudong") was

US$5.7 million for 1Q 2007 compared to US$5.8 million for 1Q 2006, a slight decline of 2.9%.

Operating expenses declined 16% to US$2.0 million during the quarter, due to lower distribution expenses and professional fees incurred following the completion of the restructuring exercise. This was offset by higher administration expenses due to addition of new staff.

Excluding the debt waiver and FRS 39 adjustment, the Group's earnings before interest and tax (EBIT) for 1Q 2007 was US$8.1 million, which was 5.3% higher than US$7.6 million recorded a year ago.

Finance costs increased significantly to US$2.4 million due to interest payment on deferred debt owed to scheme creditors which commenced on 28 March 2006 and the amortization of FRS 39 fair value adjustment.

Consequently the Group recorded a net profit attributable to shareholders ("net profit") of about US$5.7 million in 1Q 2007. This was vastly different from the Group's net profit of US$204.6 million for the same period last year, primarily due to the debt waiver and FRS 39 fair value adjustment which were included in 1Q 2006. Excluding these one-off items, the Group's net profit for 1Q 2006 was approximately US$7.1 million.

Looking forward, jet fuel demand in China is expected to grow with increased air travel. However, the import level is linked to domestic production. Overall, the Group expects the import volume to remain stable. The profit contribution of Pudong is also expected to be stable.

The Chairman of CAO, Mr Lim Jit Poh said, "Having streamlined the Company's internal systems and administration processes, we are now rebuilding the business with the aim of becoming an international oil trading group. We plan to achieve this through growing and expanding our jet fuel procurement business, resuming the trading of oil products and investing in synergetic assets."

"CAO's parent company China National Aviation Fuel Holding Company and strategic investor BP are currently working on identifying suitable assets to inject into the Group. CAO is also working on resuming the trading of oil products to complement our core business of jet fuel procurement," said Mr Lim.

As announced on 17 April 2007, the Company completed the sale of its 5% stake in Compania Logistica de Hidrocarburos, S.A. ("CLH") for €171 million, resulting in a divestment gain of approximately US$125 million after taking into consideration applicable taxes and transaction costs. The Company will use part of the proceeds to repay the entire amount of its outstanding debt owed to scheme creditors, which is approximately US$73.3 million.

Besides substantial savings in interest costs, the Board believes that full prepayment of the debt will relieve CAO of its debt burden, thereby improving the Group's standing with existing lenders and enhancing its ability and flexibility to generate future earnings.

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