



China Aviation Oil (Singapore) Corporation Ltd
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MEDIA RELEASE

CAO to Commence Petrochemicals Business

SINGAPORE, 30 September 2008 – China Aviation Oil (Singapore) Corporation Ltd ("**CAO**") wishes to announce that it will commence petrochemicals trading business from Q4 2008.

Following the announcement of its corporate strategy in February 2008, CAO had commenced jet fuel hedging and trading activities on a small scale. As part of its strategy implementation, CAO will gradually commence trading of other oil products when market conditions are conducive.

Mr Meng Fanqiu, Chief Executive Officer of CAO said, "Embarking on the trading of petrochemical products is in line with our corporate strategy. We are happy that BP presented us with the opportunity to inherit its Asia petrochemicals portfolio and team. To take over BP's experienced petrochemicals trading team which has a proven track record would be easier and more effective than to build up a team from scratch."

Mr Michael Bennetts, CEO of Integrated Supply and Trading – Eastern Hemisphere ("IST-EH") of BP said, "BP decided to discontinue the trading of most petrochemical products as it was no longer a strategic fit with its core trading business. We had approached CAO with the proposal for it to take over this business, as we thought it would be a strategic fit for CAO."

BP IST-EH's Petrochemicals Book Leader, Mr Lim Fang Wei has joined CAO as the Team Leader of Petrochemicals Trading. CAO's petrochemicals team will have 2 traders initially, including Mr Lim Fang Wei. CAO will grow this business cautiously and within its means and resources.

Mr Meng added, "We are pleased that Fang Wei has joined us to lead the Petrochemicals Business. Traders are instrumental to the success of a trading business. Fang Wei brings with him more than 10 years of experience in the petrochemicals market and established business networks. We look forward to his valuable contributions going forward," added Mr Meng.

Prior to joining BP in April 2007, Mr Lim Fang Wei was with Noble Resources Pte Ltd (Singapore) for about 3 years, where he started and managed its petrochemicals trading activities in Asia. He had also worked in other multinational corporations such as Shell Chemicals (Singapore) and Voest-Alpine Intertrading AG, undertaking petrochemicals trading activities.

Mr Lim Fang Wei said, "Asia is the key growth region for petrochemical products, especially China and India. I see opportunities in growing the petrochemicals trading business in CAO, which includes tapping on CAO's links to China and its strong relationships with existing suppliers."

The petrochemicals trading activities will be governed by the set of policies/standards and procedures defined in CAO's Risk Management Manual, Traders' Guidelines and other compliance-related policies. Clearly defined trading risk limits have been set and approved by the Risk Management Committee, a Board Committee of CAO, to ensure that the risk appetite of the petrochemicals trading business is commensurate with the financial resources and trading capabilities of CAO.

CAO intends to fund the working capital requirements of the petrochemicals trading business using internal resources. Key priorities for the petrochemicals business in Q4 2008 include strengthening internal operational systems, growing the business and securing contracts for 2009. As such, profit contribution from the petrochemicals trading business for current financial year is not expected to be significant. This business is expected to contribute more significantly to CAO's revenue and profit in 2009.

About CAO

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

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

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For further clarification, please contact:

Ms Loh Woon Yen

Investor Relations, CAO

Office: (65) 6330-1209

Mobile: (65) 8118-5737

Email: woonyen@caosco.com