China Aviation Oil (Singapore) Corporation Ltd
中国航油（新加坡）股份有限公司

China Aviation Oil Receives CLH Dividend, Declares Record Procurement Volumes

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SINGAPORE, 14 June 2004 - SGX Main Board-listed China Aviation Oil (Singapore) Corporation Ltd ("CAO") on Friday concluded its initial bulk purchase contract for jet fuel procurement for the July-September 2004 quarter. Agreed bulk purchase volume was 630,000 metric tonnes
("MT"), thereby setting a new record for tendered volume on a quarterly basis.

Mr. Chen Jiulin, CAO's Managing Director and CEO, said, "The new tender is 16% higher than the total volume we procured in the same quarter in 2003, showing the extreme good health of demand. This growth comes despite efforts to cool the Chinese economy and points to the government's likely success in avoiding a hard landing."

Record initial bulk tender

CAO has concluded a bulk order for 630,000 MT of jet fuel for July-September 2004 delivery, comprising seven cargoes of approximately 30,000 MT apiece, bound for Tianjin (Beijing); 13 cargoes bound for Shanghai (Pudong); and one cargo bound for Huangpu, South China. This is the largest initial quarterly tender in the company's history, representing growth of some 16% over the July-September 2003 quarter.

Demand for fuel is particularly robust in Pudong, where overall fuel demand is expected to grow by around 35% in 2004. In addition, two local refineries in the Shanghai area plan downtime for routine maintenance during the quarter, increasing the need to meet demand with imports. In the July-September 2003 quarter, deliveries to Pudong amounted to 209,000 MT. Accordingly, tendered demand in the July-September 2004 quarter represents 87.5% growth over total July-September 2003 demand, and 119% growth over the initial tender made for July-September 2003.

Recapping Q2: 695-700k MT, also a record

Spot tenders for the April-June 2004 quarter have continued until as recently as 3 June, when CAO invited offers for a single cargo to Tianjin. The initial bulk purchase, calling for 510,000 MT, was set at a reasonable level at the time, but demand has been so strong that almost 190,000 MT in spot orders have been necessary to cover the shortfall.

For the entire quarter, total procurement amounts to 695,000-700,000 MT, up 132% compared with volume of only 299,500 MT in April-June 2003. The earlier quarter was adversely impacted by the SARS epidemic and thus growth in the current quarter has been strong on a relative basis. However, absolute growth is also strong: in three of the past four quarters, CAO procurement volumes have set all-time record volumes. April-June quarterly demand has been particularly surprising because this typically is the "slow season" for procurement.

CLH declares dividend

In other news, CLH (Compania Logistica de Hidrocarburos), CAO's 5%-owned Spanish pipeline and infrastructure company, has declared a dividend of EUR0.3060 per share, before withholding tax, payable 10 June 2004. CAO's 3.5 million shares in CLH entitles it to a dividend of EUR1.07 million (S$2.2 million) gross or EUR0.9 million (S$1.88 million) net, to be recognised in the current quarter's financial statements.

European jet trade sealed

The Company's International Oil Trading division has also been active. A co-marketing agreement with a Japanese *shosha* (trading company) has been sealed on EU-qualified jet fuel - that is, jet fuel meeting European standards - with volume coming to 60,000 MT. The buyer is American power company cum international oil trader Sempra. The India-sourced fuel will be delivered to Sempra in Belgium during the latter part of June.

CAO's Chairman, Mr Jia Changbin, commented: "In the current period of high growth in China, CAO is well-positioned to take advantage of exceptional growth in domestic demand for travel. Our company also has the acumen and expertise to seek out and secure good trading and investment opportunities wherever in the world they appear. Such is the message we bring our loyal shareholders at this moment, with ample evidence to support it. "

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About China Aviation Oil (Singapore) Corporation Ltd ("CAO")

Listed on SGX in December 2001, CAO is leveraging on the rapidly growing Chinese aviation industry to become a global market player on the premise of its three-pronged strategy to stabilise and enhance profit streams. The only publicly listed entity of its parent company, China Aviation Oil Holding Company, a large state-owned aviation transportation logistics group, CAO is the centrepiece of CAOHC's strategy to expand into international markets and invest in the global oil-related industry.

CAO holds a 33% stake in Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (SPIA/AFSC), Pudong airport's sole jet fuel supplier and owner of its refuelling and storage facilities. It also has a strategic 5% stake with board representation in Compania Logistica de Hidrocarburos (CLH), Spain's leading oil carrier and owner of its largest network of oil pipelines and storage facilities. Today, CAO trades globally in fuel oil, gas oil, crude oil, petrochemical products and oil derivatives and handles virtually 100% of China's total jet fuel imports. Annual sales revenue was S$2.4 billion in 2003 and market scope has expanded beyond China to ASEAN, the Far East and the USA.