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

China Aviation Oil's Q1 2003 Results Reflect Effectiveness Of Three-Pronged Strategy

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? **1st Quarter Turnover Soars 151.7% to S$536.1 million**

? **1st Quarter Profit Before Tax Gains 101.0% to S$21.7 million**

? **1st Quarter Net Profit After Tax Jumps 88.9% to S$18.1 million**

SINGAPORE, May 19, 2003 - SGX Main Board-listed China Aviation Oil (Singapore) Corporation Ltd ("CAO") today released its first-ever set of quarterly financial results. Data clearly reflects the successful start to its three-pronged diversification strategy, designed to evolve CAO into an integrated, multi-business enterprise, with strategic investments in oil-related logistics and infrastructure enterprises, and operations in international oil trading and jet fuel procurement.

For the first quarter ended 31 March 2003 ("Q1 2003"), CAO's net profit after tax (NPAT) rose 88.9% year-on-year to S$18.1 million, compared with S$9.6 million in Q1 2002. Turnover soared 151.7% year-on-year to S$536.1 million, from S$213.0 million for Q1 2002. Gross profit, which excludes the income from strategic investments, fell 0.4% year-on-year to S$13.6 million, but operating profit rose 15.4% year-on-year to S$12.8 million. Pre-tax profit was up 101.0% year-on-year to S$21.7 million.

The Group's main contributors to pre-tax profits were its strategic investments. Investments in Compania Logistica de Hidrocarburos ("CLH") of Spain and Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("SPIA/AFSC") were affected in July 2002. The contribution during the quarter included dividends arising from its 5%-stake in CLH, amounting to EUR2.5 million (S$4.7 million). The dividend was received in Q1 2003 and recognised as "other income". CAO also equity-accounted its 33%-share of profits from associated company SPIA/AFSC for Q1 2003, for a contribution of S$8.7 million (before tax but after amortisation of goodwill). Together, the two investments contributed 61.9% of pre-tax profits for the quarter.

CAO attributed the growth in turnover principally to a significant increase in international trading activities, particularly in the black petroleum products and crude oil segments, and to higher oil prices for the period. Overall business volume was 1.25 million metric tonnes, compared with 0.632 million metric tonnes in Q1 2002.

Other operating expenses increased 88.3% to S$5.5 million from Q1 2002's S$2.9 million. The main increases were: foreign exchange translation loss (unrealised), amortisation expenses relating to investment in SPIA, staff costs on the back of larger higher headcount, and overseas travel for investment projects.

Commenting on the results, Mr. Chen Jiulin, CAO's MD and CEO, said: "Our Q1 2003 results are in line with the objectives of our three-pronged strategy to stabilise and enhance our profit streams. Our strategic investments are the basis of CAO's future sustainable growth, and these now contribute more than half of total Group profits, and they will continue to account for an increasing share of profits as the Group grows further, compared with international oil trading and jet fuel commissions."

"In addition to the attractive contribution provided by investments, CAO's experienced traders were able to capitalise on the increased market volatility during the period as a result of the lead-up to the Iraq war. The traders effected more trading options, helped by CAO's new lease on oil storage facilities from Tankstore in Singapore, as well as through risk-management processes already in place. In this way, CAO plans to occupy more of the value chain in its trading activities, and thereby provide additional synergies for its procurement business as well.

"The recent SARS outbreak has directly affected our jet fuel procurement division and underscored the importance of our diversification strategy. We are of the opinion that the SARS outbreak is slowly coming under control; hence, its impact on China's economy is expected to be short-term in nature. The underlying strength of the Chinese economy remains intact and still represents the fastest-growing economy in the world," Mr. Chen said.

CAO's Chairman Mr.Jia Changbin said, "Athough we are generally satisfied with the performance in the first quarter, we remain alert to continuing uncertainties that may affect results in the second quarter, such as the spread of the SARS virus. However, barring further unforeseen circumstances, we are cautiously optimistic that the overall outlook for the Group over the short-medium term remains positive."

Earnings per share (EPS) rose to 3.1 cents in Q1 2003 from 1.7 cents in Q1 2002. Net asset value (NAV) per ordinary share as at 31 March 2003 was 33.8 cents. For the financial year ended 31 December 2002 ("FY 2002"), CAO reported an EPS of 8.4 cents and a Net Asset Value per share of 30.7 cents.

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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 its 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$1.69 billion in 2002 and market scope has expanded beyond China to ASEAN, the Far East and USA.