



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

China Aviation Oil's Jet Fuel Procurement Volume Hits Record Of 2.59 Million Metric Tonnes In 2004, Up 30.2% From 2003

31/08/04

SINGAPORE, 31 August 2004 - SGX Main Board-listed China Aviation Oil (Singapore) Corporation Ltd ("CAO") announced that its initial tender for jet fuel procurement volumes during the October-December quarter was some 43.8% higher than the initial tender for the comparative period a year earlier. It also announced that full-year procurement volumes would be at least 30% higher than those recorded in 2003, reaching a record 2.59 million metric tonnes.

Mr. Chen Jiulin, CAO's Managing Director and CEO, said, "The large size of the upcoming quarter's fuel requirements is strong evidence that the commercial aviation sector in China remains robust. As the substitution of imported jet fuel for domestic production began in the latter part of 2003, the effect of such substitution on year-on-year comparisons has now been eliminated. Despite this, the numbers still definitively point to an upward trend."

A record year is clinched

CAO, on 24 August, issued an invitation to tender for 630,000 metric tonnes of jet fuel, to be delivered during the October-December quarter. The tender closed 30 August and negotiations are underway with suppliers, including (among several others) Singapore Petroleum Company, in which CAO recently acquired a 20.6% stake. This tender is 43.8% higher than the initial tender made for the October-December 2003 quarter, and in line with the 630,000-tonne order placed for the July-September 2004 quarter. It is the fifth consecutive quarter in which volumes have exceeded 600,000 metric tonnes. In fact, the current fiscal year is the first in which volumes have exceeded 600,000 metric tonnes in all four quarters.

It should additionally be borne in mind that in most quarters, the initial bulk purchase proves insufficient to meet total quarterly demand, and additional spot tenders are required. In the October-December 2003 quarter, for instance, the initial 438,000-tonne order grew to 662,000 metric tonnes. It is thus reasonable to expect additional spot tenders in the upcoming quarter as well, and these will result in even higher growth.

For the full year 2004, the initial tender puts total procurement volume at 2,588,000 metric tonnes. This is 30.2% higher than the 1,988,000 metric tonnes recorded in 2003. If additional spot tenders take place between now and the end of the year, the total growth will naturally be higher still.

CAO's Chairman, Mr Jia Changbin added: "On top of all the other positive news we have so far reported this year, it is gratifying to see that jet fuel procurement, one of our core businesses, remains so buoyant. As we have been saying over the past several months, CAO is clearly on track to report record earnings in the current fiscal year."

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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's strategic oil investments includes 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, and 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.

In February 2004, CAO announced it will purchase a 24.5% stake in South China Bluesky Aviation Oil Co. Ltd ("Bluesky") from Fortune Oil Plc of the UK.. Bluesky owns all of the jet fuel supply infrastructure in the 15 airports in Central and Southern China, and is the sole jet fuel supplier to all domestic Chinese and foreign airlines in that region.

In August 2004, CAO announced it will take a 20.6%-stake in Singapore-listed, Singapore Petroleum Company ("SPC"), a major oil and gas company with operations in upstream, midstream and downstream businesses such as development and production, refining, terminalling and distribution, marketing and trading of crude and refined products.

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.