



China Aviation Oil (Singapore) Corporation Ltd

Incorporated in the Republic of Singapore

Registration No.: 199303293Z

UPDATE ON PROFIT GUARANTEE GIVEN BY CHINA NATIONAL AVIATION FUEL GROUP CORPORATION (“CNAF”) IN RELATION TO THE COMPANY’S ACQUISITION OF 49% OF THE EQUITY CAPITAL OF CHINA NATIONAL AVIATION FUEL TSN-PEK PIPELINE TRANSPORTATION CORPORATION LTD (“TSN-PEKCL”)

It was previously stated in the Company’s announcements dated 23 April 2008 and 5 December 2008 (the “**Announcements**”) and the circular to shareholders dated 15 December 2008 (the “**Circular**”) that CNAF had undertaken to guarantee to the Company that the net profit after tax of TSN-PEKCL in respect of the financial year 2009 (“**FY 2009**”) shall not be less than RMB47.28 million (the “**Guaranteed Profit**”).

The Board of Directors of the Company wishes to announce that the Company’s associated company, TSN-PEKCL, has achieved the Guaranteed Profit. Based on the audited results of TSN-PEKCL for FY 2009, the Company’s share of profit from TSN-PEKCL for FY 2009 is approximately RMB 20.2 million (or US\$2.9 million)¹.

On the outlook of the financial performance of TSN-PEKCL for the financial year 2010 (“**FY 2010**”), total volume of jet fuel transported through TSN-PEKCL’s 185 km-long, multi-oil product pipeline (“**Pipeline**”) is expected to increase in tandem with the forecasted increase in demand for jet fuel from Beijing Capital International Airport (“**BCIA**”). However, in view of a new source of jet fuel supply from a PRC domestic refinery in Tianjin to BCIA in FY 2010, which is shorter than the existing transportation route from Tianjin Nanjiang Port to BCIA, the volume of jet fuel transported from Tianjin Nanjiang Port to BCIA is likely to be lower than FY 2009. Consequently, the average revenue per tonne of jet fuel transported through the Pipeline is expected to be lower, which would result in a marginal growth in the operating revenue of TSN-PEKCL for FY 2010.

Furthermore, TSN-PEKCL’s operating costs and expenses are expected to increase significantly in FY 2010 largely due to higher amortisation costs and electricity tariffs. In view thereof, TSN-PEKCL’s net profit for FY 2010 is expected to be significantly lower than FY 2009. Notwithstanding the aforesaid, TSN-PEKCL’s expected lower net profit for FY 2010 will not have any material impact on the consolidated net tangible assets per share and earnings per share of the Company for the current financial year.

Further details of the Company’s financial performance will be disclosed when the Company announces its unaudited consolidated financial results for the year ended 31 December 2009 on 25 February 2010.

By Order of the Board

Doreen Nah
Company Secretary
Singapore, 11 February 2010

¹ Recognition of profit contribution from TSN-PEKCL commenced from March 2009.