



MEDIA RELEASE

China Aviation Oil Returns To Positive Net Asset Position On Conclusion Of Restructuring Plan

(Singapore, 15 May 2006) China Aviation Oil (Singapore) Corporation Ltd (“CAO” or the “Company”) announced its results for the January-March 2006 quarter.

The Company’s restructuring plan was implemented and became effective on 28 March 2006 following the issuance of new ordinary shares to existing shareholders, the investors and creditors under the Investment Agreement, Subscription Agreement, Creditors’ Share Invitation and Shareholders’ Scheme. On the same day, the Company made a cash distribution to creditors. The balance amount of creditors’ debts are deferred and repayable to creditors over a five-year period.

Pursuant to the restructuring plan, the Group recorded a one-off waiver of debts of S\$312.4 million in the current quarter. In addition, the current quarter benefited from a net foreign exchange gain of S\$11.5 million due to the weakening of the US Dollar against the Singapore Dollar and a fair value adjustment gain of S\$8.1 million recognised by the Group in accordance with Financial Reporting Standard 39 (“FRS 39”).

As a result of the above items, CAO posted a net profit of S\$342.2 million in the first quarter. Whilst the majority of this profit was due to the effects arising from the restructuring exercise, the Company’s organic business has recorded growth. CAO reported a gross profit of S\$5.2 million in the quarter, a 69.5% rise from the S\$3.1 million reported for January-March 2005. Procurement volumes during the quarter were up significantly, reaching 922,000 metric tonnes, or 68% higher than the 548,000 metric tonnes delivered in the first quarter of 2005. This led to

revenue – representing commission income generated by CAOT – reaching S\$5.3 million, up 71.2% over the comparable prior period.

The contribution by the Pudong fuel-supply associate was S\$9.5 million, up 3.6% compared with the same period in 2005. Delivery of fuel to airlines at Pudong has grown, especially for international flights.

In addition, there were reductions in costs in the current quarter as less professional fees were incurred and payable to legal and financial advisers as compared to the corresponding period of the preceding year.

The restructuring had an equally dramatic effect on the Balance Sheet of CAO. Total liabilities reduced from S\$1 billion at 31 December 2005 to S\$244.8 million at 31 March 2006. Total equity improved significantly to S\$147.2 million at 31 March 2006.

The Chairman of CAO, Mr Lim Jit Poh, said: *“The first quarter of 2006 signalled the close of the restructuring. CAO has introduced new equity investment and restructured its debts to a sustainable level. We now look forward to devoting our attention to the business of CAO to complete the rehabilitation process.”*

– End –

For media enquiries, please contact:

Mr Gerald Woon, Director, Cogent Communications Pte Ltd Office: (65) 6323-1060

Mobile: (65) 9694-8364 Email: woon@cogentcomms.com