



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

## China Aviation Oil To Receive 2.5 Million Euros In Interim Dividend from CLH

13/01/03

**Singapore, 13 January 2003** - The Management of China Aviation Oil (Singapore) Corporation Ltd ("CAO") ("the Company") wishes to announce that it will receive 2.5 million Euros in interim dividends for the year ended 31 December 2002 from Compania Logistica de Hidrocarburos, S.A ("CLH"), of Spain, in which CAO has a 5% equity interest.

The dividend payment, equivalent to S\$4.6 million, will be effected in January 2003, and will be the second dividend payment to be received by CAO from CLH. CAO had earlier received a dividend payment of 1.4 million Euros effected on July 2, 2002.

In July 2002, CAO had officially signed the agreement effecting the purchase of the equity interest, which stipulated that CAO is entitled to participate in all dividend distributions effective from January 1 2002.

"CLH is indeed a good investment choice because not many oil logistics or facilities companies can provide similar returns in such a relatively short investment period, and we can expect this trend to continue in the near future", said Chen Jiulin, Managing Director & CEO of China Aviation Oil.

CLH is Spain's leading company in the petroleum transportation and storage market. It owns the exclusive network of oil pipelines and storage facilities in the country. As at the end of 2000, CLH had over 83% market share in gasoline and gas oil distribution and 100% market share in the jet fuel distribution. The equity interest in CLH is part of a CAO's strategy to make strategic investments in selective oil and gas related projects. Apart from CAO, other shareholders in CLH such as BP, Disa and Garp - who each have 5% equity interest - have board representation.

Apart from CLH, CAO had on Dec 18, 2002 received the Business License from the Shanghai City Government to take a 33%-interest in Shanghai Pudong International Airport Aviation Fuel Supply Corporation Ltd ("SPIA"). SPIA owns and operates the sole refueling facilities at Shanghai Pudong International Airport ("Pudong Airport") and has exclusive right to supply fuel to airlines using the Pudong Airport.

Mr.Chen Jiulin added "With the successful acquisitions of SPIA & CLH, CAO is right on track with its transitional plan to develop from a pure trading business model to a company pursuing downstream integration in oil-related infrastructures investments, which complements its jet fuel and international oil trading activities".

Besides CAO's being the dominant supplier of jet fuel imports to China's civil aviation industry, CAO has also developed businesses in the international trading of oil products. In fact, International Oil trading is seen as an extension of its jet fuel procurement business, such that it capitalizes on the economies of scale through its turnover of jet fuel and other oil products. This translates to lower cost of sales, improve its competitive edge for its jet fuel procurements and ultimately higher profit potentials for CAO overall.

CAO's management is confident that the 2 strategic investments will help to diversify CAO's growth and stabilize its earnings. More importantly, these integrated activities are consistent with CAO's strategic direction to be a global player in the oil related logistics and facilities sector while tapping into the fast growing Chinese aviation industry.