



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

China Aviation Oil First-Quarter 2004 Jet Fuel Procurement To Grow 58%

10/12/03

SINGAPORE, 10 December ? SGX Main Board-listed China Aviation Oil (Singapore) Corporation Ltd ("CAO") today issued an invitation for tenders on jet fuel procurement for delivery in the January-March 2004 quarter. Together with previously contracted purchases for the quarter, anticipated volumes (exclusive of prompt spot cargoes) total 551,000 metric tonnes, for a 58% rise over the January-March 2003 quarter.

CAO Managing Director and CEO Mr Chen Jiulin said, "The trend of high growth in China's economy, and particularly in jet fuel procurement volumes, will continue into the new year. We are of course delighted by this development, since it shows the continued strength in China's aviation market. In combination with the positive contributions we are seeing from our other businesses - strategic investments and international oil trading - we feel this strength in jet fuel procurement shows conclusively that there is scope for long-term optimism regarding CAO's prospects."

A 58% year-on-year gain

CAO had previously announced tenders for three cargoes for January 2004 delivery. The current tender, for a total of 461,000 metric tonnes, will bring total expected demand for the January-March 2004 quarter to 551,000 metric tonnes, some 58.3% higher than volumes (excluding prompt spot delivery, such as may be necessary to meet unforeseen demand) in January-March 2003.

A detailed breakdown of the tender invitation runs as follows. For Tianjin, requirements are for three, 30,000-tonne cargoes to be delivered in January, and for two cargoes of 28,000-30,000 tonnes each to be delivered in both February and March. For Shanghai, terms on three cargoes for January delivery were concluded earlier this month; the current tender calls for four cargoes of 28,000-30,000 tonnes apiece to be delivered in February, and another three cargoes of similar size to be delivered in March. For South China, demand is for one cargo of 15,000 tonnes to be delivered in each of the three months. Total demand therefore should reach as much as 551,000 tonnes for the quarter, exclusive of any additional prompt cargo deliveries.

A continuation of current robust demand

The trend of exceptional growth in demand for jet fuel imports in China has been in place since roughly mid-year, when the impact of SARS on air travel began to abate. For all of 2003, current estimates of total jet-fuel procurement for China come to 1.88 million metric tonnes, some 31.5% higher than the total recorded in 2002. Such strong growth comes despite extreme weakness in demand in the April-June 2003 quarter, when the effects of SARS caused procurement to fall 17% compared with April-June 2002.

CAO Chairman Mr Jia Changbin said, "China's aviation industry continues to be one of the country's shining stars. As observers and experts have noted for many years, air travel in China is due to grow at among the highest levels in the world, for a long, long time to come. China's aviation industry's tremendous growth will definitely be favourable to CAO, considering that CAO is taking the strategy of leveraging on China and going global."

By Order of the Board

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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 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.