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

Press Release - China Aviation Oil July-September Net Profit Rises 29.2% Year-On-Year to S$10.4 Million

13/11/03

SINGAPORE, 13 November ? SGX Main Board-listed China Aviation Oil (Singapore) Corporation Ltd ("CAO") today announced 29.2% year-on-year growth in profit for the July-September quarter of 2003 ("3Q2003"). Helped by record jet-fuel procurement volumes and healthy profitability in international oil trading, the Company continued its unbroken streak of double-digit year-on-year growth in every reporting season since its listing in 2001.

Net profit after tax in 3Q2003 was S$10.4 million, compared with S$8.0 million in the July-September quarter of 2002 ("3Q2002"). Turnover rose 2.0% year-on-year to S$511.8 million. Gross profit more than doubled, reaching S$13.4 million compared with S$6.6 million in 3Q2002. Operating profit staged a 546% year-on-year rise, surging to S$8.0 million from S$1.2 million.

Looking at the full nine-month period of January-September 2003, net profit of S$39.8 million was up 55.6% year-on-year from the comparable period in 2002. Turnover gained 35.5% year-on-year to reach S$1.5 billion. Operating profit was up 22.1% year-on-year to S$26.0 million.

Managing director and CEO Mr Chen Jiulin said, "The quality of our performance in the quarter just ended reflects the strength of our three-pronged strategy and the general improvement in economic conditions that we have seen since around mid-year 2003. SARS and the Iraq war created an unprecedented set of adverse circumstances, but we have clearly turned the corner. Looking at the remaining months of the year, we have every reason to be confident that the trend will continue. We will continue to make every effort to create value for our shareholders."

Record procurement volumes, healthy trading boost profit

CAO's jet-fuel procurement business staged a dramatic recovery from the April-June quarter, when volumes were severely impacted by the twin factors of the Iraq war and the SARS epidemic. Against total purchases of 299,500 tonnes in April-June, July-September purchases soared 81% to 543,000 tonnes, an all-time record. Procurement's contribution to pretax profit rose sharply in the July-September quarter on the back of this surge in volumes. International oil trading likewise showed good gains in profitability quarter-on-quarter, despite difficult market conditions in the wake of the Iraq war.

In aggregate, the 29% year-on-year rise in after-tax profit constituted very healthy growth, in view of the fact that July-September 2002 was the first quarter in which CAO's new investment in Pudong contributed to earnings. With domestic Chinese demand running at its current pace, CAO is optimistic in its outlook for October-December earnings as well.

Strong financials and a big warchest

Owing to the distribution of Rmb105.6 million in 2002 retained earnings by Pudong, CAO's cash and fixed deposits rose to the equivalent of S$108 million from S$64.6 million in June 2003. While the Company signed a US$160 million credit facility with a syndicate of banks in July, it has not drawn down this facility. The cash and maximum borrowing ability, therefore, together came to nearly S$400 million as at September 2003. The Company continues to examine attractive investment opportunities, and will make acquisitions as and when such opportunities meet all of its strict criteria and boost shareholder value.

Firing on all cylinders

CAO's Chairman, Mr. Jia Changbin, said, "The July-September quarter's results maintained our trend of steady growth. China's booming economy and fundamentals will continue to sustain such growth throughout the fourth quarter and beyond. CAO's mission is to leverage on this extraordinary economy to build presence in the international oil markets, and clearly it is firmly on track with its objectives."

By Order of the Board
Adrian Chang
Company Secretary

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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.