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

China Aviation Oil To Receive RMB142 Million (S$29.6 Million) Dividend From Pudong Associate Company

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SINGAPORE, 31 March 2004 - SGX Main Board-listed China Aviation Oil (Singapore) Corporation Ltd ("CAO") announced today that its 33%- owned associated company, Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong"), will pay to CAO a Rmb142 million (S$29.6 million) dividend on 2003 earnings, some 34% higher than the dividend paid on 2002 profits.

Mr. Chen Jiulin, CAO's Managing Director and CEO, said, "Despite the trials and tribulations due to SARS, soaring prices, etc., at our Pudong associate for much of 2003, the company was able to boost its contribution to us, in terms of both profits and cash flow. Pudong being the first of our strategic investments, its success continues to bear out our strategy. It remains as one of our prime investments, providing the largest part of those earnings contributed by strategic investments. It further stands as a main point in our Chinese 'growth triangle,' which also includes our Shuidong and Bluesky investments in Southern China. Pudong looks set to have another good year in 2004 as well, judging by the volume figures we are seeing so far. Meanwhile, our other investment-related activities for this year - so far, our stake in Fortune Aviation Holding and our MOUs with ENOC and Horizon Terminals Ltd - should make 2004 our biggest yet in terms of investment contribution."

Growth in 2003 Distribution

Pudong will pay a Rmb142,001,000 (S$29.6 million) dividend to CAO. This represents 33% of the total distribution attributable to 2003 earnings, with the remainder going to Pudong's other owners, Sinopec (which owns 27%) and the Shanghai Municipality (which owns 40%). The dividend represents an 82% payout ratio. Pudong profit recorded by CAO in 2003 was S$34.5 million, up 68.9% over 2002 due to only six months' contribution in the earlier period.

The dividend is 34.4% higher than the Rmb105.6 million (S$22 million) dividend paid on 2002 earnings. Pudong's profits were adversely impacted by the SARS epidemic in the April-June 2003 quarter, which witnessed volumes reduction in that quarter and led to a price freeze on jet fuel starting in the July-September quarter. Despite these significant negative outside influences, Pudong was able to grow its profits sufficiently to justify this significant boost in dividends.

Deliveries on a positive track

Volume deliveries of jet fuel by Pudong to customers rose 28% to 962,154 metric tonnes in 2003, up from 751,465 metric tonnes in 2002. Flight numbers grew 16.6%, with the lower growth relative to volumes being a function of much higher growth (56.8%) in the number of long-haul international flights, compared with only 9.4% growth in the number of shorter-haul domestic flights.

In the first two months of 2004, the total number of flights has risen 13.1% year-on-year, while delivered volumes have risen 25.7% year-on-year. This indicates a continuation of the trend of international flights growing at a faster rate (15.2% year-on-year for January and February) than domestic flights (12.6% year-on-year for the two months). There is also a substantial assurance that flight numbers and volume deliveries will be up significantly during the April-June 2004 quarter, given the depressed conditions seen during that quarter in 2003 due to the influence of SARS.

Bullish Long-term Outlook

In the longer term, positive trends are likely to persist. Pudong estimates that in 2004, 77,500 flights will use the Pudong airport, up 28.7% from 2003 levels. Volumes will rise from 962,154 metric tonnes to 1.24 million metric tonnes, for a gain of 29.2%.

Further out, Pudong is expected to continue on its high-growth trajectory. Current expectations are for a second apron to be completed this year, and a second runway to open during the first quarter of 2005, as the airport is running at close to capacity now. Several recent applications for landing and parking rights have been turned down due to heavy congestion with current capacity constraints. Once the second runway does open, however, neighbouring Hongqiao Airport may be closed for maintenance and its flights diverted to Pudong temporarily. The advantage of this is that the new capacity will be immediately utilised.

Plans are for a second passenger terminal and a third apron to be built by 2008, ahead of the 2008 Beijing Olympics and the 2010 Shanghai World Expo. Current capacity of 20 million passengers a year will have grown to 60 million by that point. A third runway is on the drawing board for completion some time after 2010.

CAO's Chairman, Mr Jia Changbin, added: "The dividend from Pudong points out the good fortune we have had as one of its parent companies. Pudong will be one of the key points in our Chinese strategy, and a beneficiary of the major trends in China's growth over the next several years. With margins likely to stabilise in the current financial year, a major increase in volumes should translate to good growth in profitability as well."

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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 the USA.