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

China Aviation Oil Reports Significant Gains in 2002 From Its Successful 3-Pronged Strategy

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? Group Revenue Jumped 60.8% to S$1.69 Billion
? Group's Strategic Investments Downstream Started to Pay Off

- Shanghai Pudong Int'l Airport Aviation Fuel Supply Corporation Ltd ("SPIA/AFSC") reported FY2002 After-Tax Profit of RMB 392.4 million (S$83.1 million); CAO to be paid 33% of distributable profit plus share of net accumulated profit as at 31 December 2001 in 2003

- Dividends from 5%-owned Spanish oil giant Compania Logistica de Hidrocarburos, S.A ("CLH") to CAO for 2002 totalled 3.9 million Euros (S$7.0 million), of which 1.4 million Euros (S$2.4 million) was offset against cost of investment, and 2.5 million Euros (S$4.6 million) will be reported in 2003

? Proposes Tax-exempt Cash Dividend of S$0.01 Per Ordinary Share and 1-for-5 Bonus Issue to Reward Shareholders

SINGAPORE, March 27, 2003 - Mainboard-listed **China Aviation Oil (Singapore) Corporation Limited ("CAO")** released its results for the financial year ended 31 December 2002 ("FY 2002") and said its strategy to strengthen the Group's revenues and profitability through downstream investments in oil and gas-related infrastructure to complement its jet fuel procurement and international oil trading businesses has paid off handsomely.

CAO said that based on the agreements it had signed for two major investments in FY 2002 which had provided for CAO's share of profits and dividend distribution to accrue from January 2002, the Group had recorded pro-forma profit before tax of S$66.5 million and net profit after tax of S$57.9 million, thus registering pro-forma year-on-year growth of 49.5% and 42.9%, respectively. Of the total interim dividends from CLH for 2002, 2.5 million Euros (S$4.6 million) were received in March 2003, and will be reflected in the FY 2003 results.

However, in adopting the accounting treatments of offsetting against the respective costs of investments for both CAO's share of profits from SPIA/AFSC for the period 1 January to 30 June 2002, as well as the first dividend payment by CLH in July 2002 for 1.4 million Euros (S$2.4 million), the Group recorded a profit before tax of S$54.6 million for FY 2002 (22.8% increase over FY 2001) and a net profit after tax of S$48.2 million (18.9% increase over FY 2001's S$40.6 million).

In July 2002, the Group invested in a 33%-equity stake in SPIA/AFSC, the sole supplier of aviation fuel at the Shanghai-Pudong airport, and a 5%-equity stake in CLH, Spain's leading company in the petroleum transportation and storage market and the owner of an exclusive network of oil pipelines and storage facilities in the country.

The two investments comprised the third prong of CAO's long-term strategy to reduce dependence on jet fuel procurement for the civil aviation industry in China, and to position the Group to emerge as an international player in downstream oil and gas-related infrastructure and logistics and also as a major international oil trading company.

Group revenue jumped 60.8% to S$1.69 billion from FY2001's S$1.05 billion. The higher revenue in FY 2002 was attributed to CAO's doubling of its trading team to 10 experienced traders. This resulted in a significant increase in the revenue base of international oil trading, in particular a 97%-rise in revenue to S$527.7 million from Black Petroleum Products, which include fuel oil used as fuel for power stations and marine boilers, and also contributions from crude oil trading.

Said Mr. Chen Jiulin, CAO's Managing Director and CEO, "The uncertainties in the global market worsened by the then-imminent U.S. military strike against Iraq made 2002 a challenging year. Against this difficult operating environment, our strategy of pursuing downstream integration into oil and gas-related infrastructure and industrial businesses and expanding our international oil trading has stabilised the Group's performance.

We are also optimistic of forging strategic alliances with international players in the near future. Going forward, the Group is fundamentally in a much stronger position now and able to capitalise on more opportunities that will springboard the Group towards our vision of becoming a global player in the oil industry."

CAO has also commenced trading in new products that traditionally offered thin margins and has adopted aggressive pricing policies to establish market presence and build a strong base for future trades.

On a segmental basis and comparing FY 2001's corresponding figures, revenue from Clean Petroleum Products (e.g., jet fuel, gasoil and naphtha) rose 9.3% to S$821 million; revenue from Black Petroleum Products jumped 97% to S$572.7 million; revenue from Crude Oil amounted to S$278.8 million versus nil in 2001; while Clean Petroleum Products slipped 6.3% to S$14.8 million. Black Petroleum Products and Crude Oil together accounted for approximately 50% of Group revenue in FY 2002, compared to 27.6% in FY 2001.

Other operating expenses included a foreign exchange loss of S$3.6 million, mostly due to the payment for the stake in CLH which could not be capitalised; as well as an increase of S$6.0 million against FY2001's manpower expenses due to the higher total headcount. Taxation jumped 63.4% to S$6.4 million, with the average tax rate applied at 11.7% as CAO continues to enjoy a concessionary tax rate of 10% on qualifying income under the "Global Trader Programme".

In view of the Group's performance in 2002, the Board has proposed a first and final tax-exempt dividend of S$0.01 per ordinary share, as well as a one-for-five bonus issue to reward shareholders for their loyalty.

Based on the successful three-pronged strategy, i.e., strategic investments, international oil trading and jet fuel procurement, the directors are optimistic about the Group's prospects in 2003, barring any unforeseen circumstances.

Key Financial Data	***FY 2002***	***FY 2001***	***% Chg***
Group Revenue	S$1,689.6 Mil	S$1,051.0 Mil	60.8%
Group Profit Before Tax	S$54.6 Mil	S$44.5 Mil	22.8%
Net Profit After Tax	S$48.2 Mil	S$40.6 Mil	18.9%
Net Assets	S$176.7 Mil	S$146.7 Mil	20.5%
Weighted Ave. # of Shares	576.0 Mil	444.0 Mil	29.7%
Earnings Per Share (cents)	8.4	9.1	(8.3%)
P/E ratio *(based on 26/3/03's last traded price)*	5.95 X		
Net Asset Value Per Share (cents)	30.7	25.5	20.5%
Return on Equity (NI/Equity)	27.3%	27.6%	(1.1%)

Issued on behalf of China Aviation Oil (Singapore) Corporation Limited by WeR1 Consultants Pte Ltd

About China Aviation Oil (Singapore) Corporation Ltd

CAO was incorporated in Singapore in 1993, and listed on the Singapore Exchange (SGX) in December 2001. Today, CAO, a player in the international oil industry, supplies nearly 100% imported jet fuel to the China civil aviation industry, which accounts for one-third market of China aviation oil consumption. In addition, CAO also trades petroleum products, including jet fuel, gas oil, fuel oil, crude oil and petrochemicals in the international market, as well as invests in oil-related infrastructure and facilities under its three-pronged strategy to enhance and stabilise prospects and profits over the long term.

Besides a 33%-stake in Shanghai Pudong International Airport Aviation Fuel Supply Corporation Ltd, which is the exclusive supplier of aviation fuel to the Shanghai Pudong International Airport, CAO also has a 5%-stake in Compania Logistica de Hidrocarburos, S.A. ("CLH") , a leader in Spain's petroleum transportation and storage market, and the owner of an exclusive network of oil pipelines and storage facilities in the country. CLH offers the Group a solid base in Europe from which its jet fuel business can be extended in the region.

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