



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

## Press Release - China Aviation Oil Announces New Initiatives, Corporate Slogan

26/09/03

**SINGAPORE, 26 September ? SGX Main Board-listed China Aviation Oil (Singapore) Corporation Ltd ("CAO")** today announced several initiatives aimed at further improving the management process, as well as increasing transparency and openness with investors. Together they spell out a strategy of disclosure and prudent management that the company hopes will continue to widen investor and public awareness and endorsement of CAO's business model.

CAO's Managing Director and CEO, Mr. Chen Jiulin, said, "It is management's responsibility to create value for the company's shareholders. The various measures we are undertaking here are examples of a much larger number of endeavours to move the company along this track. Our public can expect to see more such initiatives from us in the future."

### ***Internet chat forum planned for 30 September, 3:00 PM***

CAO is also planning a greatly enhanced schedule of investor contact in the coming months. It hopes, first, to implement quarterly shareholder meetings, in order to better facilitate the dispersion of information about how the company is doing to a greater number of investors.

In addition, the company has finalised the logistics for a real-time, bilingual internet forum ("chat") with interested investors, analysts, and media representatives. If successful, this unique venture will be repeated on a periodic basis, and may even come to be a primary means for distributing company information. These forums will not necessarily involve special announcements, but will give shareholders and the public the chance to voice their concerns, proposals and other topics of interest directly to Managing Director and CEO Mr Chen Jiulin and his colleagues.

The first trial for the proposed forum will take place on 30 September, at 3:00 PM. Participants should RSVP at <http://www.corporateshowcase.com/chat/cao/rsvp/form.htm>. On Tuesday, 30 September, participants will be able to log on from 2:50 PM onwards at <http://www.corporateshowcase.com/chat/cao/index.htm> and follow instructions from that point.

### ***Three layers of control***

CAO's ongoing efforts to optimally manage risk have led it to formalise rigorous internal controls. In practice, the company's operations involve a three-layer control system.

The first layer of control is the individual heads of departments, who supervise and are accountable for operational work procedures on a daily basis. Within the Trading Divisions, each trader emails details of completed deals to the division head, and copies in other traders.

The second layer of control is an independent Risk Management Committee. Full-time risk controllers oversee and manage the daily credit balances and enterprise-wide exposure of the company, referring to the Manuals of the firm and using advanced risk-management software.

The third layer of control is the Internal Audit Division, whose continuous recordkeeping provides a visible paper trail and constantly updated set of risk benchmarks. As well, independent checkers oversee the trading activities, operational workflow and finances of the company from time to time. This layer serves as the final means to ensure the security of the company's assets.

### ***Corporate slogan and mission statement***

CAO has implemented a new corporate slogan - "**Chinese Wisdom, International Expertise.**" This slogan touches all aspects of the company's business in its application, and CAO has developed a mission statement out of the slogan as well.

The full text of the Mission Statement can be found at [http://www.caosco.com/eng\\_slogan.htm](http://www.caosco.com/eng_slogan.htm) for the English version, and [http://www.caosco.com/ch\\_slogan.htm](http://www.caosco.com/ch_slogan.htm) for the Chinese version.

The most important factor in the slogan and mission is the fusion of East and West. China is the beneficiary of a long history, wherein sages have successfully formalised the arts of war, business, strategy, culture and government, as well as those of peace and happiness. Western culture has developed science, economics, technology, and management theory at a remarkable pace. CAO aims to apply the best of both mindsets, thereby creating a truly multinational corporate culture capable of exploiting all its strengths.

The concept of Chinese wisdom and international expertise is applied broadly to CAO's business.

? *Corporate nature:* CAO's origins are Chinese, but it is a Singaporean company with operations and investments in China, ASEAN, and Europe. The company further is considering additional investments in ASEAN, China and the US. Its Singaporean share listing and multinational operations have allowed it to "Leverage on China and Go Global."

? *Corporate Beliefs:* CAO brings together the Chinese concept of "yi (friendship and justice) over li (profit)," and the Western emphasis on profitability, by weighting each principle appropriately according to the situation. It also capitalises on its multinational staff, as well as China's huge market and vast pool of human talent, to combine entrepreneurial spirit with the laws of nature and markets carved out by the ancient sages thousands of years ago.

? *Market positioning:* CAO does business in China, with its huge population, vast territory and enormous market potential, but also in developed countries with their modern cultures and leading management practices.

? *Corporate Mission:* CAO has its roots in China, but has steadily grown more multinational with each passing year. Eventually, it hopes to become the "bellwether" firm for overseas Chinese enterprises in terms of capital operations.

? *Management Concept:* The company's unique "One-Two-Three" concept, articulated many times already, is based on the exact same principle of combining all of CAO's available resources in a pragmatic fashion, in order to exploit opportunities as they arise.

? *Staff Guidance:* The company advocates that its employees apply both ancient Chinese cultural wisdom and modern western management practices in their work.

? *Customer Service:* Most important of all, CAO believes in paying attention to *ren* (the Confucian concept of kindness and justice) in addition to making profits. In this way, it is able not merely to create value for customers in the short term, but also to forge key relationships with customers and partners that create even more value in the long term.

CAO's Chairman, Mr. Jia Changbin, said, "CAO has always been a company in motion. When it had grown sufficiently to justify an IPO, it listed its shares. It then implemented its three-pronged strategy of strategic oil-related investments, international oil trading and jet fuel procurement. Next, it expanded its available investment possibilities by signing a US\$160 million loan agreement. Now, it is recognising that as a growing company, it must continue to enhance its management and strategy, and has a responsibility to keep shareholders and the public updated on a continuous basis. We are constantly seeking new avenues to raise our standards in this respect."

By Order of the Board

Adrian Chang

Company Secretary

### **Media Contact Information**

*China Aviation Oil (Singapore) Corporation Ltd*

*Tel: 65-63348979; Fax: 65-6333 5283*

*John Casey, Dy. Head, Internal Audit & Investor Relations*

*or Jennie Liu, Investor Relations Manager*

*Email: john@caosco.com; jennie@caosco.com*

*WeR1 Consultants Pte Ltd*

*Tel: 65-67374844; Fax: 65-67374944*

*Mona Leong or Lai Kwok Kin,*

Email: monaleong@wer1.net; laikkin@wer1.net

**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.*