CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
Registration No. 199303293Z

CAO announces third quarter results on the back of successful resumption of jet fuel procurement activities as principal

14 November 2006 Singapore, CAO announced today that the Group achieved sales revenue of S$1.46 billion for 3Q 2006 on the back of 1.29 million Metric Tonnes ("MT") of jet fuel procured and delivered. 3Q 2006 is the first quarter where all sales were completed on principal basis following the discontinuance in June 2006 of procurement on agency basis.

Revenue streams comprise (i) jet fuel procurement and (ii) strategic investments in oil related businesses. The revenue recorded for 3Q 2006 is therefore very much higher as the value of the underlying contracts was recorded as revenue unlike in previous corresponding quarters where commission income received was recorded as revenue. Therefore, the S$4 million revenue recorded in 3Q 2005 is not comparable with the S$1.46 billion recorded in 3Q 2006. The table below shows the comparison between the corresponding quarters and year-to-date.

S$ '000	3Q 2006	3Q 2005	± %	YTD 3Q 2006	YTD 3Q 2005	± %
Revenues	1,461,505	4,049	NM	1,566,154	13,321	NM
Gross Profit	5,249	4,015	+31	16,680	10,629	+57
Other operating income	2,764	(13,238)	+121	343,163	(22,949)	NM
Share of results of associate	11,202	13,536	-17	29,072	31,005	-6
Profit before tax	12,460	(64)	NM	372,115	(6,940)	NM
Profit after tax	12,460	(64)	NM	369,447	(7,372)	NM

In terms of volume, 1.29 million MT of A-1 Jet fuel was procured in 3Q 2006. This represents an increase of 90.8% over the 0.676 million MT procured in 3Q 2005. Further, for the period up to 3Q 2006, the Group procured and delivered a total of 3.35 million MT of jet fuel as compared to 1.9 million MT for the same period last year. This is an increase of 78.9%.

The Group recorded lower expenses incurred for the quarter, in particular, Other Operating Expenses which are mainly attributed to legal and professional fees paid. Other Operating Expenses for 3Q 2006 at S$0.69 million was 56.3% lower than the S$1.58 million incurred in 3Q 2005. For the period up to 3Q 2006, total Other Operating Expenses incurred was S$3.14 million. This is 73.1% lower than the S$11.68

million incurred for the corresponding period in 2005. The drop in the legal and professional fees was a result of reduction in such activities as the Company is in the tail-end of its rehabilitation work.

The Group achieved a net profit after tax of S$12.46 million for 3Q 2006. For the period up to 3Q 2006, net profit for the Group was S$369.44 million. This included the waiver of debts of S$311.63 million by the Scheme Creditors reported in the 2Q 2006 results.

No provision was made for income tax in 3Q 2006 as CAO has sufficient tax losses brought forward to offset against profit.

The Group recorded a positive cash flow of S$125.6 million from operating activities in 3Q06 mainly due to timing difference between receipts from trade debtors and payments to trade creditors. Approximately S$95.2 million of Trade and Other Payables outstanding as at 30 September 2006, was due and settled in the first week of October 2006. Therefore, the actual cash position from operating activities is in fact S$30.4 million.

In connection with the presentation of the Company's and the Group's financial statements in Singapore Dollars, the Company decided to change the presentation currency to US Dollars with effect from 1 January 2007 pursuant to FRS21 (revised). The Board of Directors is of the view that this change better reflects the economic substance of the Company's and the Group's underlying activities as sales and purchases are denominated primarily in US Dollars and net receipts from operations are also generally retained in US Dollars.

However, this change in presentation currency shall not affect the currency of the Company's shares listed on the SGX which shall continue to be quoted in Singapore Dollars. Also, all future dividends declared shall continue to be declared and paid in Singapore Dollars.

Concerning the Group's business, the principal activities of the Group remain the procurement of jet fuel and investment holding. Pursuant to Investment Agreement and the Memorandum of Understanding signed between China National Aviation Fuel Holding Company ("CNAF"), formerly known as China Aviation Oil Holding Company, BP Investments Asia Limited ("BP") and CAO, each of CNAF and BP would look into injecting operating assets into CAO to strengthen the asset base of CAO.
CAO is currently evaluating the various asset injection proposals from CNAF and BP.

Concerning the Group's other investments, contribution from the Group's 33% share of its associated company, Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd was lower at S$11.2 million in 3Q 2006 compared to S$13.5 million in 3Q 2005. Total contribution for the year up to 3Q 2006 was S$29.1 million as compared to S$31.0 million for the same period in 2005.

Jet fuel demand in China is expected to grow with increased air travel. However, import level is linked to domestic production. Overall, we expect the import volume to remain stable.

CAO announced on 26 October 2006 that it had appointed Deloitte & Touche Corporate Finance ("Deloitte") to advise the Group on possible divestment of the Group's 5% investment in Compania Logistica de Hidrocarburos, SA. ("CLH"). The appointment of Deloitte as adviser is consistent with the Company's previous announcement on 12 May 2005 that the Deferred Debt would be repaid from sources including the cash flows from its operations, dividends from the Company's investments, the sale of the investment in CLH and a refinancing exercise. However the decision to sell the CLH investment is subject to both Board and shareholders' approval.

The Chairman of CAO, Mr Lim Jit Poh, said: *"CAO has successfully changed its jet fuel procurement business from agency to principal model. Moving forward, the Group will continue to focus on its core businesses. The Group, under the new Board and the new management, is currently evaluating various assets injection proposals from CNAF and BP. It is important that the assets to be injected must enhance the overall value of CAO and are synergistic with the Group's development strategy."*

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