



China Aviation Oil (Singapore) Corporation Ltd
Incorporated in the Republic of Singapore
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MEDIA RELEASE

Memorandum of Understanding on Joint Assets Injection Plan

SINGAPORE, 14 August 2007 – China Aviation Oil (Singapore) Corporation Ltd ("**CAO**") wishes to announce that the non-binding Memorandum of Understanding ("**MOU**") which it entered with its parent company, China National Aviation Fuel Group Corporation ("**CNAF**") and BP Investments Asia Limited ("**BP**") regarding the possible injection of operating assets by CNAF and BP into CAO, will expire on 28 October 2007. The MOU was executed concurrently with the investment agreement entered into by the parties in relation to the equity restructuring of CAO.

On 5 December 2005, CAO, CNAF and BP signed the MOU with the view to increasing CAO's asset base, earning capacity and prospects, and thereby further enhancing shareholder value. Since then, CAO, CNAF and BP have been in active discussions to identify suitable assets that are synergetic and complementary to CAO's business for injection into CAO. Any such asset injections would be considered interested person transactions and would be subject to valuation on a fair market basis and the requirements of the listing rules of the Singapore Exchange Securities Trading Limited.

Referring to the progress of the joint assets injection plan so far, Mr. Lim Jit Poh, Chairman of CAO, said, "CNAF has indicated that it will propose an asset for injection for CAO's consideration before the MOU expires on 28 October 2007. If CAO considers such asset suitable for injection, an appropriate announcement will be made accordingly. However, we envisage that BP may not, at this point of time, have suitable assets for injection into CAO. The MOU will not be extended when it expires."

Mr. Sun Li, President of CNAF and Deputy Chairman of CAO, said, "The selection of suitable assets to inject into CAO under the MOU has always been an important issue for CNAF. We believe that the asset that we will propose for injection will benefit CAO's growth."

Mr. Michael Bennetts, Chief Executive of Integrated Supply and Trading, BP Eastern Hemisphere, and Director of CAO, said, "BP remains committed to

seeking asset injections into CAO in future, in line with CAO's strategy. At the same time, BP will work closely with CAO to explore ways to help CAO improve its trading capabilities for mutual benefit."

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For further clarification, please contact:

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