



## **MEDIA RELEASE**

# **China Aviation Oil Returns To Normal Jet Fuel Procurement Model For July 2006 Deliveries**

*Tender is more than four times oversubscribed*

**(Singapore, 2 June 2006)** China Aviation Oil (Singapore) Corporation Ltd (“CAO” or the “Company”) announced that it had closed its physical Jet Fuel tender for delivery in July 2006. The well-covered tender was significant as it was the first done on a principal basis since the commencement of restructuring in November 2004. This move was evaluated by CAO’s new Board in accordance with the company’s corporate governance structure and approved by its Risk Management Committee.

In addition, it was the first tender under which the strategic Business Cooperation Agreement (“BCA”) with CAO’s 20% owner, BP, applied. Under the BCA, BP has pre-emptive rights to supply CAO’s requirements under the tender by improving upon the terms of the most competitive tender offers. In the current tender it elected not to exercise these pre-emptive rights.

The July 2006 tender calls for delivery of 285,000 metric tonnes of jet fuel to be delivered to Chinese end-users in July. This initial tender does not include possible future additional spot tenders. From January to July 2006, the total tender volume was 2,444,000 metric tonnes, some 71.5% higher than the total of 1,424,457 metric tonnes for the same period in 2005.

Cover for the July tender was over four times, with 12 suppliers participating.

Mr Lim Jit Poh, Chairman of CAO said: *“I congratulate the procurement team on executing its first tender on a principal basis with professionalism and an eye to maximising value for the Company and for our end-users.”*

CAO stated that the tenders received for this latest tender exercise complied with the Company's standard terms and conditions. CAO expressed its appreciation to all tenderers for their continued support of its jet fuel procurement business.

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