



China Aviation Oil (Singapore) Corporation Ltd

Incorporated in the Republic of Singapore
Registration No.: 199303293Z

PROPOSED SALE OF 3,502,923 REGISTERED VOTING SHARES OF CLASS C OF PAR VALUE €1.20 EACH IN COMPANIA LOGISTICA DE HIDROCARBUROS CLH, S.A. ("CLH") FOR AN AGGREGATE CONSIDERATION OF €171 MILLION

Singapore, 1 February 2007

Further to the announcement dated 24 January 2007 by China Aviation Oil (Singapore) Corporation Ltd. (the "Company") on the above transaction (the "Proposed Transaction"), the Board of Directors of the Company (the "Board") is pleased to announce that the Company applied for and has on 1 February 2007 obtained a waiver from the Singapore Exchange Securities Trading Limited (the "Exchange") from the requirement for the Company to seek approval from its shareholders for the Proposed Transaction.

The application for waiver was made to the Exchange on the following grounds:

1. The Proposed Transaction was the result of a highly competitive bid process, in which Caixa de Aforros de Vigo, Ourense e Pontevedra ("Caixanova" or the "Purchaser") was finally selected to enter into negotiations which resulted in the Proposed Transaction on the basis that it offered the highest price and the most favourable terms;
2. The consideration for the Proposed Transaction constitutes a premium to book value and market price. The aggregate consideration of €171 million or S\$342 million¹ represents a gain of approximately S\$183 million (after estimated capital gains tax and costs) from the book value of the Company's investment in CLH, which was approximately S\$115.0 million as at 30 September 2006. Furthermore, the consideration for the Proposed Transaction represents a price per share of €48.82, a premium of €12.22 per share or 33.4% to the last-quoted share price of €36.60 on the Spanish stock exchanges as of 22 January 2007 (being the last date on which shares in CLH were traded immediately before the date of the SPA);
3. The Proposed Transaction has been foreshadowed to shareholders. The Company has on several occasions disclosed its intention to sell its interest in CLH through various announcements and at the Annual General Meeting held on 3 February 2006, as well as at the Court Meeting convened for the purposes of approving the scheme of arrangement between the Company and its shareholders;
4. The CLH Disposal Shares are non-core assets of the Company;

¹ At a €:S\$ conversion rate of 1.9992, as at 24 January 2007

5. The Proposed Transaction has controlling Shareholders' support. The controlling shareholder holding 50.88% of the Company's share capital, China National Aviation Fuel Holding Company, supports the Proposed Transaction. The other controlling shareholder holding 20% of the Company's share capital, namely BP Investments Asia Limited, is represented on the Board and its Board representatives were also supportive of the Proposed Transaction;
6. The Audit Committee of the Board has reviewed the terms of the transaction and is of the view that that the terms of the Proposed Transaction are on normal commercial terms and are not prejudicial to the interests of the Company and its shareholders; and
7. Waiver from the requirement to seek shareholders' approval would enable quick completion of the Proposed Transaction. Under the SPA, closing of the Proposed Transaction is conditional only upon the Company obtaining the approval of its shareholders for the Proposed Transaction. A waiver from this requirement to seek shareholders' approval would allow the Company and the Purchaser to consummate the transaction with minimal delay, thus greatly reducing any risk of failure in the transaction.

The Company will proceed with completion of the Proposed Transaction as soon as practicable and will be making further announcements to update shareholders on further developments in due course.

The Board also wishes to refer to the announcement dated 24 January 2007 by the Company. The Board wishes to clarify that none of the Directors or substantial holders of the Company has any interest, whether direct or indirect, in the Proposed Transaction.

Capitalised terms that are not otherwise defined in this announcement shall bear the meanings assigned to them in the Company's announcement dated 24 January 2007.

By Order of the Board
Adrian Chang
Company Secretary

1 February 2007