



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

Memorandum Of Understanding With Horizon Terminals Limited ("HTL") To Build A US\$135 Million Terminal On Jurong Island, Singapore

23/03/04

Singapore, 23 March 2004 - The Board of China Aviation Oil (Singapore) Corporation Limited (the "**Company**") is pleased to announce that the Company has today entered into a non-binding Memorandum of Understanding ("**MOU**") with Horizon Terminals Limited ("**HTL**") for the proposed formation of a joint venture company in Singapore ("**JVCo**") to build a US\$135 million bulk liquid terminal at Banyan on Singapore's Jurong Island ("**Terminal**"). Depending on market demand, the capacity of this terminal may increase from 500,000 cubic meters ("**CBM**") and two jetties as currently envisaged to 800,000 CBM and four jetties, which could potentially raise the total investment in the project to US\$220 million.

The Company also wishes to announce that it has today entered into a separate non-binding Memorandum of Understanding with HTL's parent company, Emirates National Oil Company Limited ("**ENOC**"), to form a strategic partnership with ENOC and HTL to explore business opportunities and investments in the Middle East.

About HTL

HTL is a wholly owned subsidiary of ENOC and an independent arm of the ENOC group of companies involved in terminalling business with business operations in the Middle East and Europe. Established in April 2003, HTL is an independent arm of the ENOC group involved terminalling business with business operations in the Middle East and Europe. Dubai-based, HTL aims to set up and develop a network of terminals by creating, acquiring or managing bulk liquid storage facilities in the oil, chemical, LPG and vegetable oil sectors.

About ENOC

ENOC is a leading vertically integrated petroleum company engaged in upstream and downstream activities in the oil and gas sector such as crude production, refining, LPG processing, product trading, shipping, terminalling, petroleum retailing and aviation refueling. Based in Dubai, ENOC has a strong regional presence with more than 26 subsidiaries and associated companies. The ENOC group also actively participates in a broad range of business ventures with international companies like Caltex, Vopak, Total and Petronas. ENOC intends to expand its terminal business in the Far East as it believes that it is a growing market, ideally positioned to meet the high energy demand which is expected to come from the People's Republic of China ("**PRC**") and India.

MOU with HTL

The Company will hold up to a 25% equity stake in the JVCo, while HTL will own a 45% equity, with the remaining 30% stake to be subscribed by other investors. HTL and the Company are in negotiations with several interested investors for the remaining 30% stake. The Company will make a further announcement when this is finalized.

The principal activities of the JVCo will be the building, operation and maintenance of the Terminal, the storage, handling, transmission, manufacturing and blending of all hydrocarbon products as well as such other business activities as the Company, HTL and the other shareholders of the JVCo may mutually agree.

The proposed joint venture is subject to certain conditions, including :-

(i) obtaining all necessary governmental, regulatory and corporate approvals, consents, authorizations as may be

required or deemed to be required for the development and establishment of the Terminal and the joint venture project; and

(ii) the execution of definitive written agreements on terms acceptable to the parties.

MOU with ENOC

The Company has also today entered into a separate Memorandum of Understanding with HTL's parent company, ENOC, to form a strategic partnership with ENOC and HTL to explore business opportunities and investments in the PRC and to co-operate in future investments that ENOC is considering in the Middle East. The Company also intends to take up to a 20% equity stake in HTL on terms to be agreed.

Rationale for the MOUs

The proposed joint venture with HTL and the strategic partnership with ENOC and HTL are fuelled by the Company's long term plans to expand its business portfolio and investments in the Middle East. The Company believes that the strategic partnership with HTL and its parent company, ENOC, in the Middle East will help the Company to further its interest in the Middle East region. The parties intend to explore business opportunities and investments in the PRC through the Company's relationships and extensive network in the PRC.

Financial Effects

Both MOUs are not legally binding. The proposed joint venture with HTL and the proposed equity investment by the Company in HTL is intended to be funded through internal resources.

If entered into, the definitive binding legal agreements for the transactions contemplated by the MOUs will be made conditional upon the Company obtaining all requisite consents and approvals, including shareholders' approval of the Company in general meeting if required, or a waiver from the requirement to comply with the requirements of Rule 1014 of the Singapore Exchange Securities Limited Listing Manual (relating to major transactions).

The Company will make a further announcement concerning the above transactions, including the financial effects of these transactions, in due course.

Interest of Directors and controlling shareholders

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in either or both of the above transactions.

By Order of the Board
Adrian Chang
Company Secretary