



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

Clarifications Regarding China Aviation Oil (CAO) Voting Rights In CLH Suspended

11/09/02

With reference to the recent Bloomberg news dated 10 September 2002 on "China Aviation Oil Voting Rights in CLH Suspended", CAO's management would like to provide the following clarifications.

On page 8 of our Shareholders' circular dated 30 August 02 to convene an EGM on 23 September for CLH's acquisition (ie 5% equity interest), we have made known of our application to the Spanish government to recognise CAO's voting rights in CLH in respect of the Sale Shares. This application is required by the Spanish government which imposes a restriction relating to investments made by any company directly or indirectly controlled by a Spanish or foreign governmental or public body which exceeds 3% of the capital in Spanish state companies in the energy sector (which is the case of CLH). And CAO's substantial shareholder, CAOSC is a state-owned body.

This latest suspension signals the kick-start of the review process for our Purchase & Sale Agreement with CLH by the Spanish authorities.

In the event that the resolution from the Spanish Council of Ministers is not obtained by 31 December 2002, CAO may terminate the Purchase & Sale Agreement and transfer the Sale Shares back to the Vendors in return for the paid consideration.

The management is optimistic that the application will be approved in CAO's favour to conclude the agreement.

The Management of CAO will provide further update in due course.