



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
("Company")
(Incorporated in the Republic of Singapore)
Company Registration Number: 199303293Z

ANNOUNCEMENT

Reform Scheme of Sales Price of Aviation Kerosene in China

The Board understands that new regulations have been released "Reform Scheme on Sales Price of Aviation Kerosene (Probation)", which will take effect on April 1st, 2006.

Under this new price reform scheme, the pricing system for sales of aviation kerosene for domestic flights within China (i.e. flights entirely within China operated by China's domestic airlines) will be changed from the present system controlled by CAAC (The Civil Aviation Administration of China) to a system under which guidance only is provided. Going forward, CAAC will set a base gross margin. Interested parties may negotiate the sales price within a +/- 8 % range of such base gross margin.

The new price reform scheme also stipulates that the gross margin for sales of aviation kerosene for international, Hong Kong and Macau flights of domestic airlines will gradually evolve into a completely market based system in two years time.

The Company will monitor this situation closely.

By Order of the Board of Directors

29 March 2006