



OPENING REMARKS BY LIM JIT POH, CHAIRMAN, CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD AT THE ANNUAL GENERAL MEETING OF THE COMPANY HELD ON FRIDAY 28 APRIL 2006 AT 3 PM AT SUNTEC SINGAPORE INTERNATIONAL CONVENTION AND EXHIBITION CENTRE

This is my first meeting with you as a group. It is also the first time that the new Board of Directors is meeting you. The 16 months between November 2004 and March 2006, during which the shares of the Company were suspended from trading, were memorable. The period should now be history. A few good lessons, however, emerged from this unforgettable bad experience.

The Company should not deviate from its core businesses. It should stay focused. If it becomes involved in a related business, it must put in place all the necessary risk management elements before implementation so that proper control can be exercised anytime.

I am very pleased to say that the previous board of directors correctly discharged its responsibilities and duties after the near collapse of the Company. They, together with the controlling shareholder, namely the China Aviation Oil Holding Company (CAOHC), quickly put together a scheme to save the Company. Of course, they were assisted along the way by you, the shareholders, as well as the creditors, the new investors, and the authorities, both locally and in the People's Republic of China (PRC). On behalf of the new Board of Directors, I would like to thank all these people and organisations for helping us to move forward.

Immediately after the extraordinary general meeting on 3 March 2006, when the shareholders gave us the green light to proceed with the plans of restructuring the Company, the new Board quickly convened its first meeting on an urgent basis. At our first meeting, we established three standing committees under the Code of Corporate Governance. We also established two additional committees to help in addressing the weaknesses that existed previously.

Having put the broad framework in place, we decided that for the initial period, when we resumed our business in accordance with what had been written in the Circular to the shareholders on 8 February 2006, our new board of eight new directors had to know our business quickly. The fastest way to achieve this is to get into the operations of the business ourselves. We therefore decided that we should hold in abeyance the appointment of the Chief Executive Officer. All the directors would be involved in the five committees and in addition weekly Senior Officers Meetings would be convened under my chairmanship to manage the business of the Company between board meetings. So far I am pleased with the arrangement.

For our directors, who are scattered in three different cities, we also believe that those who are not familiar with the regulatory environment in Singapore should be exposed to these elements quickly. We are organizing this.

As you know, today's AGM does not include two normal items. I refer to the election and reelection of directors and the approval of directors' fees. These are not necessary, as we have no intention to add new directors. All of us were recently elected, about one and a half months ago, and the former directors had decided to forgo their fees for two years running after what had happened.

Let me conclude by saying that we shall continue with our core business of providing jet fuel as before. However, we shall go back to our normal model of undertaking the business as a principal, and not as an agent as we did during the difficult period when our financial position was weak. On trading of our oil products as stated in the Circular, we shall undertake this activity after the Board has formally approved the arrangements that BP is helping us to put in place.

Our core business remains viable, as PRC continues its high growth momentum. More air travel is taking place within the PRC and out of the PRC. This leads to higher demand for the products in which we are dealing. The new Board's role is to ensure that we take advantage of this situation to manage our business well. To do that the Board has to ensure that we know our business and the system and environment in which we operate. We also have to ensure that our administrative procedures are efficient and our key personnel are responsible and capable.