



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199303293Z)
(the “Company” or “CAO”)

CAO SIGNS INTERIM TRADING AGREEMENT FOR 2010 WITH BP SINGAPORE

1. INTRODUCTION

- 1.1 The Board of Directors of the Company refers to the announcement by the Company on 5 December 2005 relating to, *inter alia*, the execution of the Business Co-operation Agreement (the “**Business Co-operation Agreement**”) between CAO, China National Aviation Fuel Group Corporation (“CNAF”), the holding company of CAO and BP Singapore Pte. Limited (“BPS”) (an affiliate of BP Investments Asia Limited, a 20-percent shareholder of CAO).
- 1.2 Pursuant to the terms of the Business Co-operation Agreement, BPS agreed to, *inter alia*, assist the Company in the tender process for the procurement of aviation fuel in the international market. In addition, BPS has the pre-emptive right to supply the necessary aviation fuel required by the Company on terms more favourable to the Company than those obtained by the Company in the tender process. BPS may also, in specified circumstances mentioned in the Business Co-operation Agreement, supply the Company with aviation fuel.
- 1.3 The parties intend to establish, and are currently in discussions as regards, a long-term trading arrangement pursuant to which BPS will support the Company’s entry into the international market for aviation fuel and import the same into the People’s Republic of China (“**PRC**”) via the Company’s supply contracts with its customers.
- 1.4 On 4 December 2008, the Company announced that it had entered into an interim trading agreement with BPS (“**ITA 2009**”) pursuant to which,
- (a) BPS agreed to supply part of the Company’s aviation fuel requirements for onward supply to the PRC;
 - (b) the operation of the Business Co-operation Agreement would be suspended during the term of the ITA 2009; and
 - (c) the ITA would take effect from 1 January 2009 and would continue for a period of one year or such other period as the parties may mutually agree.

2. INTERIM TRADING AGREEMENT FOR 2010

- 2.1 The Board of Directors of the Company wishes to announce that pending finalisation of the long-term trading arrangement, the Company and BPS have today entered into an interim trading agreement (“**ITA 2010**”) on substantially the same terms as the ITA 2009. The ITA 2010 shall take effect from 1 January 2010 and shall continue for a period of one year or such other period as the parties may mutually agree.
- 2.2 The operation of the Business Co-operation Agreement shall remain suspended during the term of the ITA 2010.

3. MISCELLANEOUS

- 3.1 ITA 2010 is not expected to have any material financial impact on the Group in terms of earnings per share or net tangible assets per share for the financial year 2010. Save as disclosed, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the ITA 2010.

By Order of the Board

Doreen Nah
Company Secretary
21 December 2009