



## **MEDIA RELEASE**

# **CAOHC, BP and Aranda, a subsidiary of Temasek, To Invest US\$130 Million In CAO**

### **Key Highlights:**

- **CAOHC to invest US\$75.77 million which, inclusive of its current shareholding, will allow CAOHC to end up with majority stake of 51% post-restructuring**
- **BP Investments Asia Ltd to invest US\$44 million for a post-restructuring 20% stake**
- **Aranda Investments Pte Ltd to invest US\$10.23 million for a 4.65% post-restructuring stake**
- **CAO's creditors to be invited to subscribe for about 10% of enlarged (post-restructuring) share capital for US\$22 million**
- **MOU signed with CAOHC and BP Singapore for possible injection of complementary assets into CAO**
- **CAO existing shares to be consolidated on a 5:1 ratio basis**
- **Minority shareholders will have an equity stake of 14.35% after the Restructuring Plan is executed**

**(Singapore, 5 December 2005)** China Aviation Oil (Singapore) Corporation Ltd (“CAO” or the “Company”) today announced that it has signed a conditional investment agreement with its holding company, China Aviation Oil Holding Company (“CAOHC”), and BP Investment Asia Ltd (“BP”), in relation to their new investments in the Company (“Investment Agreement”) and a conditional subscription agreement with Aranda Investments Pte Ltd, an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited (“Aranda”).

Entry into these Agreements follows the Scheme of Arrangement between the Company, its creditors (“Creditors”) and CAOHC under Section 210 of the Companies Act (Cap. 50) (“Act”), which was approved by Creditors and sanctioned by the High Court of Singapore on 13 June 2005 (“Creditors’ Scheme”).

The Creditors’ Scheme is a component of the overall debt and equity restructuring plan of the Company (“Restructuring Plan”), aimed at rehabilitating the Company as a going concern and lifting the suspension of trading of the Company’s shares on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

Under these Agreements, CAOHC, BP and Aranda will inject US\$75,770,000, US\$44,000,000 and US\$10,230,000, respectively, into CAO. This total investment of US\$130 million amounts to approximately 59.1% of the enlarged share capital of the Company, following the completion of its Restructuring Plan.

BP and Aranda were selected to participate in the equity of the Company whereby the Company considered several factors, including the reputation and strength of the investors as well as the potential future co-operation and contributions of the investors to its future growth.

Mr Jia Changbin, Chairman of CAO said: *“The joint investment by CAOHC, BP and Aranda signifies that the restructuring of CAO has reached another milestone following the success of its debt restructuring. I believe that with*

*the participation of the new investors, the Company will surely improve its corporate governance and risk management, and be able to continue to create shareholder value.”*

CAO has also entered into a Memorandum of Understanding with CAOHC and BP regarding the possible injection of respective operating assets that are synergistic and complementary to CAO's business, with a view to increasing its asset base, earning capacity and prospects, and thereby further enhancing shareholder value.

In addition, CAOHC and BP have entered into a Shareholders' Agreement to govern their rights and obligations vis-à-vis each other as shareholders of the Company. These will include BP to nominate two directors to the Board of CAO.

CAO and BP's affiliate, BP Singapore Pte Ltd (“BPS”) have also entered into a mutually agreed Business Co-operation Agreement, whereby BPS will advise and assist the Company in its tender process for the procurement of aviation fuel in the international markets and also have the pre-emptive right to supply the necessary aviation fuel required by the Company on terms more favourable than those obtained by the Company in the tender process. Under this agreement, BP will also provide various training and risk management services to the Company when required.

Mdm Gu, CAO's Special Task Force leader said: *“I am pleased to welcome BP and Aranda as strategic investors in CAO. Their participation in our equity restructuring is an endorsement of the viability of the company. Furthermore, they will share with us their expertise and experience, especially in the areas of corporate governance, risk management and business management, all of which will benefit us.”*

*“I would also accord my heartfelt appreciation to our parent company CAOHC, for their unwavering support of CAO throughout the restructuring process to date, has been critical for us to reach this stage”*, Mdm Gu added.

Under the Investment Agreement, CAOHC will also allot 27,171,435 shares comprising approximately 3.76% of the Post-Restructuring Plan Share Capital, on an ex-gratia basis and pro-rata to the shareholders of the Company (other than CAOHC, and its associates, if any), based on their respective shareholdings in the Company, on a books-closure date to be determined. This allotment by CAOHC is derived from the conversion of the CAOHC Shareholder's Loan (after waiver), in accordance with CAOHC's civil penalty settlement with the Monetary Authority of Singapore ("MAS").

CAO will also make an Invitation to Creditors to subscribe for shares representing approximately 10% of the enlarged share capital of the Company post-restructuring, for a consideration of US\$22,000,000.

As part of the overall equity restructuring, CAO will also conduct a share-consolidation exercise, in which five ordinary shares of S\$0.05 each will consolidate into one ordinary share of S\$0.25 (or in the event that the concept of par value of shares is abolished under Singapore law pursuant to any amendment of the Act, the consolidation of the share capital of the Company so that every five ordinary shares are consolidated into one ordinary share).

In addition, CAO also intends to effect the transactions by way of a Scheme of Arrangement between the Company and its Shareholders under Section 210 of the Act.

After completion of the transactions, CAOHC will remain the controlling shareholder of CAO with a 51% stake, while BP and Aranda will have stakes of 20% and 4.65% respectively. The minority shareholders will have an equity stake of 14.35% and creditors will have the remaining 10%.

The Company intends to proceed to complete the necessary approvals in order to be able to convene for a Extraordinary General Meeting of its Shareholders for the purpose of considering and approving the transactions.

### About CAOHC

China Aviation Oil Holding Company ("CAOHC") is an enterprise under the direct administration of the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China. The major business activities of CAOHC and its investee companies are the storage and wholesale, retail trade and transportation of aviation fuel and other oil products; the import and export of aviation fuel, and other activities related to the aviation fuel business including fuel supply equipment operations, engineering design, inspection and management and technical services. As China's largest air transportation service enterprise, CAOHC has constructed 155 oil depots at 94 airports with a total storage capacity of 1.4 million cubic meters, forming an independent, complete aviation fuel supply system across the country. For more information, visit [www.caohc.cn](http://www.caohc.cn)

### About BP

BP is one of the world's largest energy companies and is involved in the exploration and production of crude oil and natural gas; refining, marketing, supply and transportation of hydrocarbons; and manufacturing and marketing of petrochemicals, and solar and gas-fired power generation. For more information, visit [www.bp.com](http://www.bp.com)

### About Aranda

Aranda is an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited. Temasek Holdings is an Asian investment company headquartered in Singapore. Established in 1974, it manages a diversified global portfolio of US\$63 billion, spanning Singapore, Asia and the OECD economies. Its investments are in a various industries: telecommunications and media, financial services, property, transportation and logistics, energy and resources, infrastructure, engineering and technology, as well as pharmaceuticals and biosciences. For more information, visit <http://www.temasekholdings.com.sg>

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