



China Aviation Oil (Singapore) Corporation Ltd



Shareholders' Scheme Meeting

3 March 2006



Agenda

- Introduction by Chairman
 - Shareholders' Scheme Meeting
 - Extraordinary General Meeting
- Address by Mdm Gu Yanfei (Head of Special Task Force)
- The Restructuring Plan
- Scheme of Arrangement
- Question & Answer Session
- Voting procedure



Introduction



Shareholders are advised to note that there will be 2 consecutive meetings held today:

Shareholders' Scheme Meeting

A Meeting of Shareholders has been convened for the purpose of considering and, if thought fit, approving the Scheme of Arrangement dated 8 February 2006, between the Company and its shareholders.

Shareholders will vote to approve or reject the Scheme.

Extraordinary General Meeting ("EGM")

Following the conclusion of the Shareholders' Scheme Meeting, an EGM has been convened for the purpose of considering and, if thought fit, passing ordinary and special resolutions.

Shareholders will vote to approve or reject the resolutions proposed in order to effect the Restructuring Plan.

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Inter-Conditionality



Shareholders should note that the subscription of shares in the Company by BP, Aranda and CAOHC is conditional upon, *inter alia*, approval of the Shareholders' Scheme by shareholders at the Scheme Meeting.

Shareholders should also note that shareholders' approval of each of the resolutions set out in the EGM to enable the successful implementation of the Restructuring Plan to rehabilitate the Company as a going concern is a critical and necessary step towards satisfying the SGX conditions.

Should shareholders' approval not be obtained for the Scheme or any of the resolutions proposed, the Company will not be able to implement the Restructuring Plan, including the Creditors' Scheme. Consequently, the Company may be subject to receivership, judicial management, liquidation or other actions.

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What has been achieved to date



- To date, the following has been achieved:
 1. The Company continues in operation.
 2. USD600m of debt will be restructured into a sustainable debt level.
 3. Claims against CAO by Satya Capital, SMBC, SK have been settled.
 4. The Creditors Scheme was approved by the creditors and the High Court.
 5. The judicial management petition was withdrawn on 13 June 2005.
 6. The US shareholders class action suit was dismissed by a US court in November 2005.
 7. On 5 December 2005, CAO secured the participation of new Investors in a US\$130 million equity raising.
 8. Creditors showed their confidence in an over-subscribed offer for 10% of CAO.
 9. Corporate governance and operation changes will be in place to secure the future.
 10. The debt and equity restructuring proposals recreate value for shareholders.

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The Restructuring Plan - Debt



- The size and complexity of the task led to many challenges;
 - Total liabilities amounting to approx US\$600m.
 - 100 creditors located in more than 12 countries.
 - Creditors initiated or threatened legal action against CAO.
 - Many complex issues including legal, financial, cultural differences.
 - The first restructuring of an overseas listed entity majority owned by a Chinese State Owned Enterprise.

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The Restructuring Plan - Debt



- The initial scheme was presented in January 2005.
- Four months of meetings and negotiations followed during which CAO faced a judicial management petition filed in the High Court of Singapore by SK Energy Asia Pte Ltd.
- The final scheme was presented in May and voted on at a creditors meeting on 8 June 2005.
- The scheme was overwhelmingly approved by 97% in value and number of creditors.
- The High Court of Singapore sanctioned the Scheme on 13 June 2005.

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The Restructuring Plan - Debt



- External creditors total US\$482m
- Repayment by CAO US\$275m
- Haircut US\$207m
- Recovery 57%
- Tranche B recovery 58%
- The repayment is made up of:

Upfront cash repayment	US\$130 million
Deferred Debt repayment (over 5 years)	US\$145 million

- Deferred debt to be repaid from sale proceeds of CLH and operational cashflows.
- Shareholders loans amounting to US\$122m to be discounted and converted to equity.
- The above does not take into account the results of the Creditors' Subscription, which results in US\$22 million reduction of debt.

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The Restructuring Plan - Equity



- A critical condition for equity restructuring was to procure new investors.
- After five rounds of negotiations, CAOHC and CAO concluded investment agreements with BP and Aranda.
- On 5 December 2005, CAO announced it had secured new investment of USD130 million after entering into an Investment Agreement with BP and a Subscription Agreement with Aranda:
 - CAOHC will invest US\$75.77 million for 248.9 million new shares (approximately 34.44% of the Post-Restructuring Share Capital);
 - BP Investment Asia Ltd (“BP”) will invest US\$44.00 million for 144.6 million new shares (approximately 20% of the Post-Restructuring Share Capital)
 - Aranda Investments Pte Ltd, an indirect subsidiary of Temasek Holdings (Private) Limited will invest US\$10.23 million for 33.6 million new shares (approximately 4.65% of the Post-Restructuring Share Capital); and
 - Minority shareholders will have an equity stake of 14.47%

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The Restructuring Plan



- In view of the Company's present financial condition and difficulties, the Restructuring Plan:
 - Represents a comprehensive and necessary solution to effectively rehabilitate the Company as a going concern;
 - Seeks to:
 - Avoid the receivership, judicial management or liquidation of the Company.
 - Resolve the liabilities of the Company in a beneficial manner.
 - Allows the Company to continue operations and eventually be a financially viable entity.
 - Increases CAOHC's cash investment in CAO and strengthen its incentive to improve shareholder's value, to the benefit of all shareholders.
 - Introduces BP as a strategic investor, which offers opportunities for the Company to tap on its energy supply and trading and risk management expertise.
 - Introduces Temasek as a financial investor, with an extensive global business network, whose involvement may contribute to the future of the Company.

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The Restructuring Plan



- The Restructuring Plan also :
 - Is a critical step towards lifting the suspension in trading of shares of the Company:
 - Allows shareholders and creditors to eventually hold shares in a stronger Company with a healthier balance sheet, and possibly the opportunity to liquidate their equity holdings or realise their investments subsequently.

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The Restructuring Plan – Financial Effects FY2005



- On 28 February 2005, CAO announced its financial results for the year ended 31 December 2005.
- The pre-restructuring situation as at 31 December 2005 and the illustrative financial effects of the restructuring:

	Pre-restructuring	Post restructuring
Total liabilities	S\$1001 million	S\$243 million
Net Tangible Assets	(S\$648) million	S\$125 million
NTA / share	S\$ (0.67)	S\$ 0.17

- The above does not take into account the effects of FRS39 – Financial Instruments: Recognition and Measurement.

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Scheme of Arrangement

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Scheme of Arrangement

- Under Singapore law, a scheme of arrangement is a compromise or arrangement provided for under Section 210 of the Singapore Companies Act (Chapter 50) to take effect between the Company and its shareholders.
- The arrangement becomes legally binding on all of the shareholders if a majority in number, representing 75% in value of the shareholders, voting in person or by proxy, vote in favour at the Shareholders' Meeting and if the Court subsequently approves it.

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Scheme of Arrangement



Principal Terms of the Scheme

- Under the proposed Scheme:
 - The Company and CAOHC shall fulfill the conditions precedent necessary to the equity restructuring;
 - The Company and CAOHC shall execute all documents necessary to implement the Restructuring Plan; and
 - CAOHC shall direct the Company to issue and allot the Scheme Shares to minority shareholders.
- In consideration of the foregoing, shareholders shall unconditionally and irrevocably waive all actions, claims and potential claims, whether statutory, contractual, tortious or otherwise against the Company, CAOHC, and / or their respective directors, officers and employees.
- CAOHC will execute a deed poll in favour of the shareholders, under which CAOHC will undertake to fulfill its obligations set out in the Scheme.

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Scheme of Arrangement



Implementation of the Shareholders' Scheme is subject to:

- Approval of the Shareholders' Scheme by at least a majority in number representing 75% of shareholders present and voting at the scheme meeting;
- Confirmation by the Court pursuant to Section 210(3) of the Act and a copy of the order of the court sanctioning the Shareholders' Scheme being lodged with the Registrar of Companies;
- Approval-in-principal of the SGX-ST being obtained for the listing and quotation of the CAOHC Shareholders' Loan Conversion Shares; and
- The Restructuring Plan not being terminated, revoked or rescinded.

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Scheme of Arrangement



Purpose of the Shareholders' Scheme

- Provides all shareholders with assurance and comfort in respect of their investment in the Company, that no individual shareholder can commence an action against CAO;
- A mirror to the creditors scheme and enables the Company to start on a clean slate, following the completion of the Restructuring Plan;
- Avoids the Company being distracted by being embroiled in potential litigation claims or other actions and saves management time and cost; and
- Implementation of the Shareholders' Scheme is also one of the conditions precedent to Completion under the Investment Agreement and Subscription Agreement, as required by CAOHC, BP and Aranda.

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Scheme of Arrangement



Shareholders should note that the subscription of shares in the Company by BP, Aranda and CAOHC is conditional upon, *inter alia*, approval of the Shareholders' Scheme by shareholders at the Scheme Meeting.

Should shareholders' approval not be obtained, the subscription of shares in the Company cannot occur and this will result in the failure of the Restructuring Plan. Consequently, the Company may be subject to receivership, judicial management, liquidation or other actions.

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Proposed Amendment of “Books Closure Date” In Shareholders’ Scheme


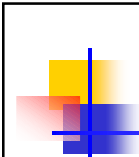
- Definition of “*Books Closure Date*” in Shareholders’ Scheme refers to the date the Transfer Books and Register of Members will be closed to determine entitlement of Shareholders under the Shareholders’ Scheme to the free Scheme Shares
- “*Books Closure Date*” currently stated as 6 March 2006 at 5:00 p.m.
- Proposed to be amended to 23 March 2006 at 5:00 p.m.
- The books closure date for 5-to-1 Share Consolidation will also take place on 23 March 2006 at 5:00 p.m.

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Q & A

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Voting Procedure

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