



China Aviation Oil (Singapore) Corporation Ltd

Incorporated in the Republic of Singapore
Registration No.: 199303293Z

MEDIA RELEASE

China Aviation Oil sells stake in CLH for € 171m

SINGAPORE, 24 January 2007 - China Aviation Oil (Singapore) Corporation Ltd ("the Company") announced today that the Company has entered into a conditional Share Purchase Agreement ("SPA") with Caixa De Afforros De Vigo Ourense E Pontevedra ("Caixanova") for the sale of its 5% interest in CLH for an aggregate consideration of €171 million.

The Company has a balance Deferred Debt obligation of US\$132.6 million due to its Creditors under the Creditors' Scheme, which is to be repaid over a period of five years, with the first installment of US\$62.2 million being payable on 28 March 2007.

The Proposed Transaction is being undertaken pursuant to the Company's announcement that part of the proceeds of the Proposed Transaction will be used to satisfy the first installment of the Deferred Debt.

On 26 October 2006 the Company announced that it had commenced a process to consider the sale of its 5% interest in CLH and had appointed Deloitte & Touche Corporate Finance as its financial adviser in this regard. The financial advisors assisted the Company to conduct a highly competitive sale process. Following completion of a first round of offers, short-listed candidates were selected to enter into further discussions before submission of final offers. The company then entered into negotiations with Caixanova resulting in the Proposed Transaction. Stamford Law Corporation together with Deloitte Legal Spain, have been appointed the Company's legal advisers in relation to the Proposed Transaction.

As at 30 September 2006, the book value of the Company's investment in CLH was approximately S\$ 115.0 million. Based on the Consideration payable of Euro 171 million

or S\$ 342 million (at a €:S\$ conversion rate of 1.9992) this reflects a gain of approximately S\$ 183 million after taking into account applicable taxes and estimated transaction costs.

The Directors are considering various options for the use of the surplus sale proceeds and will take into consideration the capital structure of the Group, the need for funds for investment and working capital, the ability of the Company to further reduce its debt obligations and a stable dividend policy. The Directors will make the appropriate announcements when necessary.

The Proposed Transaction is conditional upon the Company obtaining the approval of its shareholders in an Extraordinary General Meeting.

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