China Aviation Oil (Singapore) Corporation Ltd
中国航油（新加坡）股份有限公司

China Aviation Oil & Emirates National Oil Company Sign Two MOUs On Oil-Related Infrastructure Projects In Middle East, Singapore & China

23/03/04

SINGAPORE, 23 March 2004 - SGX Main Board-listed China Aviation Oil (Singapore) Corporation Ltd ("CAO") today signed two Memoranda of Understanding ("MOUs") with the Emirates National Oil Company ("ENOC") LLC Group, involving three separate but linked agreements:
1. the acquisition by CAO of up to a 20% stake in an ENOC terminal subsidiary;
2. a joint venture to build a US$135 million terminal in Singapore;
3. and a pledge to jointly pursue investment opportunities in China.

CAO Managing Director and CEO Mr Chen Jiulin said: "The content of this set of MOUs is consistent with the strategic layout for our company. We are now in the position to forge a "strategic triangle," a secure supply chain running from the Middle East through Singapore to China, and thereby benefiting not merely our shareholders but the economies of China, Singapore and the Middle East region as well."

MOU with ENOC

ENOC is an integrated oil holding company headquartered in Dubai. Its operations include not merely the refining and marketing of fuels, chemicals and lubricants, but also shipping and storage, as well as natural gas, property and other diversified businesses. Horizon Terminals Limited ("HTL") is a wholly-owned subsidiary of ENOC. It was set up in April 2003 as an independent terminalling operation handling a variety of oil products, and currently has operations in Dubai, Egypt and Djibouti.

In the first MOU, CAO has outlined its intention to expand its business portfolio in the Middle East through the ENOC group, by acquiring up to 20% of the equity of HTL, at a price to be determined later. This MOU will give CAO access to terminalling capacity at HTL's facilities in the region. CAO's proposed 20% stake will be the largest such stake ever held by a Chinese funded enterprise. Apart from HTL's existing businesses, CAO and ENOC envisage cooperating in future investments that ENOC is exploring in the Middle East.

The above MOU may have positive impact on the company's profitability in 2004, subject to further developments.

MOU with HTL

In the second MOU, CAO and HTL have agreed to establish terminalling facilities on a "build, own and operate" basis. They will set up a joint-venture company, Horizon CAO (Singapore) Terminals Pte Ltd ("HCST"), within six months. CAO intends to invest up to 25% in HCST, with HTL holding 45%, and the balance to be taken by other investors to be determined.

HCST will be involved in the storage, handling, transmission, manufacture and blending of hydrocarbons, with a pilot project being the establishment of a terminal on or before 1st January 2006. The facility will be located at Banyan on Jurong island, Singapore's premier hub for oil and petrochemicals, and is estimated to cost US$135 million (approximately S$228 million).

The project's first phase entails a 500,000 cubic meter ("CBM") bulk liquid terminal for petroleum, chemicals and vegetable oil products, with possible expansion into liquefied petroleum gas, bitumen, lubricating oil and other products related to the petroleum, petrochemical and chemical industries. Included will be two jetties, one to handle vessels of up to 85,000 DWT and the other for up to 175,000 DWT. Additional land and jetty capabilities have been secured for further expansion. Depending on market demand, the capacity of this terminal may increase to 800,000 CBM and four jetties, which could potentially raise the total investment in the project to US$220 million.

Singapore is one of HTL's "prime focus areas" - an area in which the company has an expressed desire to expand. In addition to Singapore, however, CAO and HTL hope to explore opportunities in China, given that country's many attractions for oil-related enterprises.

The joint venture is not forecast to have material financial impact in the current financial year.

The "Strategic Triangle"

The two MOUs establish a supply chain running from the Middle East through Singapore and on to China, as well as to other Pacific destinations. This "strategic triangle" creates benefits for both companies, as well as to the Dubai, Singapore and China economies.

China's thirst for oil and oil products is acute. In 2003, the total volume of crude oil imported by China amounted to 91.72 million metric tonnes, a rise of 32.1% over 2002. China's crude oil imports are estimated to grow by an average of 7.34% annually to reach 250 million metric tonnes by the year 2020, making China the largest oil importer in the world by that time. In the meantime it hopes to expand its strategic reserves from around 30 days estimated by 2005 to around 60 days by 2010, putting additional demand on the supply chain.

By contrast, the Middle East is the largest oil-producing region in the world. About 50% of the crude oil imported by China comes from this region. Much of the import volume of other East Asian countries, as well as the US West Coast, also originates from the area.

Singapore, meanwhile, is the third-largest refining centre in the world, and the largest oil trading centre in Asia. Singapore serves as the premier entrepot on the Straits of Malacca, the marine passage connecting the Middle East with East Asia. About 80% of the crude oil imported by China traverses the Malacca Straits.

Bringing ENOC's scale, experience and market position together with CAO's China access and international trading and procurement expertise thus creates a strong likelihood of strategic synergies, capable of creating lucrative business opportunities with some of the best prospects and highest significance, thereby creating maximum value for the companies' shareholders.

Long-term Strategic Partnership with ENOC & HTL

Commenting on the MOUs, CAO's Mr. Chen Jiulin said, "We are delighted to forge this long-term strategic partnership with ENOC, a major oil-related conglomerate with extensive links in the Middle East. This step is fully in line with CAO's stated principle of standing on the shoulders of giants as a means of pursuing growth. Through this partnership, CAO will also be able to leverage our presence in this strategic region and to solidify our strategy to pursue oil-related investments globally."

Said Yusr Sultan, Chief Executive, Shipping, Terminalling and LPG at Emirates National Oil Company (ENOC) LLC, "The best opportunities are in the Far East, which is a growing market in terms of energy compared to Europe and the USA and is deregulating its energy markets. Singapore's ideal location and excellent relevant infrastructure facilities make it an ideal strategic hub for our businesses. On behalf of ENOC and HTL, we are confident that this joint venture will succeed and signify the start of a long and fruitful relationship with CAO, while facilitating HTL to become a global terminalling player within the next five years."

The signing ceremony for the above MOUs coincided with the fifth anniversary of China Enterprises Association (Singapore), which hosted a seminar titled *"Chinese Enterprises Venturing Overseas,"* attended by several visiting delegates from China.

In conjunction with CAO being selected by the Association as one of the seminar's case studies, CAO's Mr. Chen delivered a presentation titled *"The Path of CAO's Growth".* The talk outlined the trajectory that the Company has followed since it emerged from dormancy in1997, successfully transforming from a ship-broker into China's first overseas listed company at end-2001 and expanding into a diversified Group. Foremost amongst the factors behind its success was its three-pronged strategy of oil-related investments, international oil trading and jet fuel procurement. The company has achieved annual turnover of S$2.43 billion, net profit of S$54.3 million and net assets of S$228 million (US$135 million) for the Financial Year ended 31 December 2003. Net worth thus has grown over 800 times from the US$168,000 at which CAO's modern phase commenced in 1997.

Media Contact Information

China Aviation Oil (Singapore) Corporation Ltd
Tel: 65-63348979; Fax: 65-6333 5283
John Casey, Dy. Head, Internal Audit & Investor Relations
or Jennie Liu, Investor Relations Manager
Email: john@caosco.com ; jennie@caosco.com

WeR1 Consultants Pte Ltd
Tel: 65-67374844; Fax: 65-67374944
Mona Leong or Lai Kwok Kin,
Email: monaleong@wer1.net ; laikkin@wer1.net

About China Aviation Oil (Singapore) Corporation Ltd ("CAO")

Listed on SGX in December 2001, CAO is leveraging on the rapidly growing Chinese aviation industry to become a global market player on the premise of its three-pronged strategy to stabilise and enhance profit streams. The only publicly listed entity of its parent company, China Aviation Oil Holding Company, a large state-owned aviation transportation logistics group, CAO is the centrepiece of CAOHC's strategy to expand into international markets and invest in the global oil-related industry.

CAO holds a 33% stake in Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd (SPIA/AFSC) and a 24.5%-stake in South China Bluesky Aviation Oil Co. Ltd which owns the jet fuel supply infrastructure in the 15 airports in Central and Southern China and is the sole jet fuel supplier to all domestic Chinese and foreign airlines operating from these airports. CAO also holds a 5% stake with board representation in Compania Logistica de Hidrocarburos (CLH), Spain's leading oil carrier and owner of its largest network of oil pipelines and storage facilities. Today, CAO trades globally in fuel oil, gas oil, crude oil, petrochemical products and oil derivatives and handles virtually 100% of China's total jet fuel imports. For FY 2003, annual sales revenue was S$2.43 billion and net profit after tax was S$54.3 million.

About Emirates National Oil Company ("ENOC")

ENOC is a leading vertically integrated petroleum company engaging in upstream and downstream activities in the oil and gas sector, including crude production, refining, LPG processing, product trading, shipping, terminalling, petroleum retailing and aviation refueling. Based in Dubai, ENOC has a strong regional presence and more than 26 subsidiaries and associate companies. The Group also actively participates in a broad range of business ventures with international companies like Caltex, Vopak, Total and Petronas.

About Horizon Terminals Limited ("HTL")

Based in Dubai, HTL was established in April 2003 by the ENOC Group to capture the growing regional and international demand for independent terminalling facilities and management. HTL will consolidate ENOC's terminalling business and expand it throughout the Middle East and Europe through a network of terminals. As part of

ENOC's efforts to streamline its current terminalling assets, the independent terminalling company will build, acquire or manage existing bulk storage facilities in the oil, chemical, LP and vegetable oil sectors.

HTL has an authorised capital of US$50 million, and intends to list on the Dubai Financial Market within five years.