



**CAO clarifies Business Times article dated 15 June 2005
regarding jet fuel monopoly**

Singapore, 15 June 2005 - China Aviation Oil (Singapore) Corporation Ltd would like to clarify and place in its proper context the article in the Singapore Business Times dated 15 June 2005 regarding the jet fuel monopoly for the importation of aviation fuel to China.

The Company would like to state that the article has created a wrong impression with the headline “CAO to lose jet-fuel market monopoly : Gu” and with the “BT exclusive” tag line.

First, Mdm Gu Yanfei did not at anytime say those words attributed to her in the headline. Second, the article quoted certain remarks without setting out the proper and full context. In particular, Mdm Gu had prefaced her remarks with the reference to the previous press and media coverage on the issue. She then added that since 2000, it is public knowledge that there has been a review in China of the deregulation of the jet fuel market in light of China’s accession to the WTO. It was in the context of this that Mdm Gu added that from this perspective, therefore, there is certainty of the jet market monopoly being broken up.

Third, the headline is misleading as it may wrongly suggest that the Company’s parent may lose its entire or substantial part of its jet fuel business. This is untrue.

Fourth, the deregulation and opening up of the jet fuel market in China is not a new or recent development. This is clear from the Company’s Annual Report 2003, which states clearly that the deregulation of the aviation fuel market would follow from China’s accession to the WTO in the year 2000. The Annual Report also states that the opening up of the jet fuel market will continue and that this will lead to more market competition.

The Company would also like to state that in its Prospectus issued at the time of the Company’s Initial Public Offer, the future deregulation of the jet fuel market and competition arising therefrom because of China’s admission into the WTO was disclosed to investors.

There has also been previous press coverage on this issue. The Singapore Business Times also ran an article in its 29 December 2004 edition on this issue.

The Company would like to state that the jet fuel business will remain the core business of the Company. In addition, the Company is confident that its parent company, China Aviation Holding Company will remain the major supplier of jet fuel in China throughout this reforming process. In addition, the Company is of the view that such reform process will not happen overnight and will take some time.

The Company therefore views developments on the deregulation of the jet fuel market in China with optimism and as a challenge, which will present more growth opportunities rather than become a threat.