

CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
(Incorporated in the Republic of Singapore)

ANNOUNCEMENT

China Aviation Oil (Singapore) Corporation Ltd (“**CAO**”) refers to the announcement (“**Announcement**”) by CAO dated 30 September 2004 in relation to the update on the acquisition of 88,000,000 ordinary shares (“**Sale Shares**”) of Singapore Petroleum Company Limited (“**SPC**”). Unless otherwise defined, terms used in this announcement bear the same meaning as the Announcement.

CAO wishes to clarify that it was on 29 September 2004 (and not 27 September 2004) that CAO and Satya Capital Limited (“**SCL**”) had agreed that in consideration for SCL waiving its rights in relation to (i) receiving the Warrants as part of the consideration due under the original share purchase agreement dated 18 August 2004 (“**Original Agreement**”), and (ii) the condition precedent in relation to SCL executing an agreement with third part(ies) for the disposal of the Warrants on or before the amended date of 30 September 2004 (or such later date as SCL and CAO may agree) at such price and on such terms and conditions that are acceptable to SCL, CAO will pay S\$135.2 million to SCL in lieu of the Warrants. Such cash payment, as agreed by CAO and SCL, effectively represents S\$0.65 for each Warrant which SCL would otherwise have received.

Accordingly, under the revised terms of the Proposed Acquisition set out in the Announcement, the aggregate consideration for the purchase of the Sale Shares is S\$362.2 million or approximately S\$4.12 for each Sale Share. Under the terms of the Original Agreement, the aggregate value of the consideration for the purchase of the Sale Shares was S\$291.48 million (which comprised the cash amount of S\$227 million and the fair value of the Warrants which were valued by an independent expert as at 17 August 2004 to be S\$64.48 million), or approximately S\$3.31 for each Sale Share.

CAO wishes to highlight that the volume-weighted average price of the SPC shares was S\$3.4881 on 29 September 2004, the last trading day prior to the date of the Announcement, and the volume-weighted average price of the SPC shares was S\$3.11 on 17 August 2004, the last trading day prior to the date of announcement relating to the Original Agreement.

CAO also wishes to highlight that under the revised terms of the Proposed Acquisition set out in the Announcement, the Proposed Acquisition is no longer conditional upon SCL executing an agreement with third part(ies) for the disposal of the Warrants. The rationale for the revised terms of the Proposed Acquisition (including the cash payment in return for SCL giving up its rights set out in this announcement) has been highlighted in paragraph 3 of the Announcement.

BY ORDER OF THE BOARD

Adrian Chang
Company Secretary