



**China Aviation Oil (Singapore) Corporation Ltd**  
Incorporated in the Republic of Singapore  
Registration No.: 199303293Z

## **MEDIA RELEASE**

### **CAO to Acquire 49% Stake in TSN-PEK**

**SINGAPORE, 23 April 2008** – China Aviation Oil (Singapore) Corporation Ltd (“**CAO**”) has entered into an agreement with its parent company, China National Aviation Fuel Group Corporation (“**CNAF**”) to acquire from CNAF a 49% stake in China Aviation Oil Tianjin Pipeline Transportation Centre (“**TSN-PEK**”), a wholly owned subsidiary of CNAF for RMB 309.4 million (or approximately S\$59.78 million).

The consideration will be satisfied either by (i) cash; (ii) the issuance of approximately 37.07 million new CAO shares representing 4.88% of CAO’s enlarged issued and paid-up capital; or (iii) a combination of both. The issue price of S\$1.6128 per share is derived from the average volume weighted last traded price of CAO shares on the SGX-ST over the preceding 20 market days prior to the execution of the agreement.

TSN-PEK is currently engaged in the business of providing logistics services for the jet fuel requirements of Beijing Capital International Airport (“**Beijing Airport**”) and Tianjin Binhai International Airport (“**Tianjin Airport**”). TSN-PEK possesses the longest multi-oil pipeline with the largest pipe diameter and the highest transfer volume in the PRC aviation industry (“**Pipeline**”). The Pipeline transported about 2.3 million metric tonnes of oil in 2007 and is currently operating at 71% of its capacity.

Headquartered in Tianjin Airport, TSN-PEK currently transports approximately 88% and 41% of Beijing Airport and Tianjin Airport’s total jet fuel requirements respectively.

The acquisition price of RMB 309.4 million is based on the valuation of 100% of TSN-PEK at approximately RMB 631 million (or approximately S\$122.0 million). Based on the forecasted net profit after tax of TSN-PEK for FY2008 of RMB 47.3 million, this represents a price-earning ratio of about 13 times.

Commenting on the proposed acquisition, Mr Lim Jit Poh, Chairman of CAO, said, “We consider TSN-PEK to be a good quality asset given that it currently has the exclusive rights to transport jet fuel from Tianjin Nanjiang Harbour to Beijing Airport via its Pipeline which is currently the most cost-effective means

of transporting jet fuel to Beijing Airport. TSN-PEK would have steady income streams from its pipeline business as Beijing Airport presently has the highest jet fuel consumption volume in China. There is also high potential of maximising the transportation capacity of the Pipeline.”

Mr Sun Li, President of CNAF, said, “CNAF has decided to divest 49% of its interest in TSN-PEK to CAO to honour its commitment to inject suitable synergetic assets into CAO. CNAF’s willingness to accept new CAO shares as full or part of the consideration for this transaction also signifies our continued support to CAO and it is a testament to our confidence in CAO’s business and growth prospects.”

Mr Zhang Zhenqi, Executive Director and General Manager of CAO, said, “The proposed acquisition is a synergetic investment for CAO as we can directly participate in the business of supplying jet fuel to Beijing Airport and Tianjin Airport through TSN-PEK. This is in line with CAO’s strategy of investing in oil-related assets.

Completion of the proposed acquisition is subject to regulatory approvals and the approval of shareholders at an Extraordinary General Meeting to be convened. The proposed acquisition is an interested person transaction.

### **About CAO**

Listed on the mainboard of the Singapore Exchange Securities Trading Limited, CAO is the key supplier of imported jet fuel to the Chinese civil aviation industry. CAO also owns investments in strategic oil-related businesses, which includes Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd and China Aviation Oil Xinyuan Petrochemicals Co. Ltd.

Besides trading in oil-related products, CAO will also continue to seek investment opportunities in oil-related assets that are synergetic to its core businesses.

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