

**CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199303293Z)  
(the “**Company**”)

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**SUPPLEMENTAL SALE & PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF 49% OF THE EQUITY CAPITAL OF CHINA NATIONAL AVIATION FUEL TSN-PEK PIPELINE TRANSPORTATION CORPORATION (“TSN-PEKCL”) AND SUPPLEMENTAL JOINT VENTURE AGREEMENT RELATING TO TSN-PEKCL**

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*Where capitalised terms are used in this announcement and not otherwise defined, such capitalised terms shall bear the same meanings as ascribed to them in the Company’s announcement dated 23 April 2008 in relation to the Proposed Acquisition.*

**1. INTRODUCTION**

- 1.1 On 23 April 2008, the board of directors of the Company (the “**Board**”) announced that the Company had entered into a sale and purchase agreement also dated 23 April 2008 (“**Sale & Purchase Agreement**”) with China National Aviation Fuel Group Corporation, the holding company of the Company (“**CNAF**”), for the proposed acquisition of 49% of the equity capital of China Aviation Pipeline Transportation Centre (“**TSN-PEK**”). In connection to the Proposed Acquisition and in accordance with the requirements of the laws of the People’s Republic of China, the Company and CNAF had also entered into a joint venture agreement (“**Joint Venture Agreement**”) on 23 April 2008 to govern their relationships as shareholders *inter se*.
- 1.2 On 16 June 2008, TSN-PEKCL, was registered as a limited liability company wholly owned by CNAF, where all assets and liabilities of TSN-PEK were transferred to TSN-PEKCL as TSN-PEK’s successor-in-title.

**2. SUPPLEMENTAL AGREEMENTS TO THE SALE & PURCHASE AGREEMENT AND JOINT VENTURE AGREEMENT**

- 2.1 The Board wishes to announce that on 21 August 2008, the Company and CNAF have entered into supplemental agreements to (a) amend and supplement the Sale and Purchase Agreement (the “**SPA Supplemental Agreement**”) and (b) amend and supplement the Joint Venture Agreement (the “**JVA Supplemental Agreement**”) (collectively, the “**Supplemental Agreements**”).
- 2.2 Salient terms of the Supplemental Agreements are summarised as follows:

SPA Supplemental Agreement

- (a) TSN-PEKCL, which is wholly owned by CNAF, was registered as a limited liability company on 16 June 2008 where all assets and liabilities of TSN-PEK were transferred to TSN-PEKCL as TSN-PEK’s successor-in-title. The Company has agreed to acquire from CNAF, 49% of the equity capital of TSN-PEKCL instead of 49% of the equity capital of TSN-PEK; and
- (b) The Company and CNAF agree that the date of valuation of the entire equity capital of TSN-PEKCL should be as at 31 December 2007 instead of 31 August 2007. Notwithstanding the change in the date of valuation, the valuations of the entire equity capital of TSN-PEKCL, which were both conducted by Beijing Zhongfeng Appraisal Co., Ltd, remained unchanged. The Company and CNAF agree that the change in the dates of the valuation shall not affect the rights and obligations of each party under the Sale and Purchase Agreement.

- (c) The Company and CNAF agree that the Consideration shall be satisfied in by cash. Consequently, the Company will not be issuing any Consideration Shares to CNAF.

JVA Supplemental Agreement

- (a) The Company and CNAF agree that unanimous approval of the board of directors of TSN-PEKCL is required in respect of the following matters:
- i Alterations to the Articles of Association of TSN-PEKCL;
  - ii Suspension, dissolution or liquidation of TSN-PEKCL or extension of the duration of the joint venture;
  - iii Increase in, reduction of or any transfer of the registered capital of TSN-PEKCL;
  - iv Any amalgamation, merger of or demerger of TSN-PEKCL;
  - v The granting of any security interest over any assets of TSN-PEKCL;
  - vi Annual budget of TSN-PEKCL; and
  - vii Any changes in TSN-PEKCL's service charges for providing pipeline transportation services.

Except as aforesaid, other matters will require the simple majority approval of directors of TSN-PEKCL present at the meeting.

- (b) The quorum for TSN-PEKCL's Board meetings shall be at least 4, of whom at least one director shall be a director nominated by CNAF and one director shall be a director nominated by the Company;
- (c) At least 90% of the distributable profits of TSN-PEKCL every financial year are to be distributed annually to each shareholder pro rata its shareholding in TSN-PEKCL;
- (d) In the event TSN-PEKCL incurs significant losses resulting in its inability to pay its debts when they fall due and its assets are insufficient to satisfy its liabilities, the Joint Venture Agreement (as amended and supplemented by the JVA Supplemental Agreement) may be terminated upon the unanimous approval of TSN-PEKCL's Board; and

2.3 Except to the extent varied or amended by the provisions of the applicable Supplemental Agreements, the terms and conditions of the Sale & Purchase Agreement and the Joint Venture Agreement shall remain in full force and effect.

2.4 Further details of the terms of the Sale and Purchase Agreement (as amended and supplemented by the SPA Supplemental Agreement) and the Joint Venture Agreement (as amended and supplemented by the JVA Supplemental Agreement) will be described in the circular (the "**Circular**") to be issued by the Company and despatched to the Shareholders in due course for the purpose of obtaining the approval of Shareholders for the Proposed Acquisition during an extraordinary general meeting of the Company to be convened.

By Order of the Board

Doreen Nah/Woon Yow Tsung  
Company Secretaries  
21 August 2008