



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD
Registration No. 199303293Z

Full Year Financial Statement And Dividend Announcement For The Period Ended 31 December 2005

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR FULL YEAR ANNOUNCEMENT

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Inc/(decr) S\$'000
	2005 S\$'000	2004 S\$'000	
Revenue	20,749	3,082,676	(3,061,927)
Cost of revenue (physical trades)	(3,650)	(3,041,122)	(3,037,472)
Gross Profit	<u>17,099</u>	<u>41,554</u>	(24,455)
Loss on derivatives trading	-	(884,750)	(884,750)
Other operating income	11,932	15,096	(3,164)
Foreign exchange (loss)/gain	(16,452)	17,450	(33,902)
Distribution costs	(43)	(651)	(608)
Administration costs	(244)	(845)	(601)
Other operating costs	(26,260)	(77,147)	(50,887)
Loss from operations	<u>(13,968)</u>	<u>(889,293)</u>	(875,325)
Finance costs	(7,058)	(10,931)	(3,873)
Share of results of associated company	46,218	46,920	(702)
Profit/(loss) before taxation	<u>25,192</u>	<u>(853,304)</u>	(878,496)
Tax expense	(12,520)	(11,653)	867
Net profit/ (loss) for the year	<u><u>12,672</u></u>	<u><u>(864,957)</u></u>	(877,629)
Attributable to:			
Equity holders of the Company	12,805	(864,865)	(877,670)
Minority interests	(133)	(92)	41
	<u><u>12,672</u></u>	<u><u>(864,957)</u></u>	(877,629)

Note 1:

Profit from operating activities is derived after charging the following items:-

Interest on borrowing	6,579	5,971	608
Depreciation and amortization	1,125	953	172

1(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at end of the immediately preceding financial year.

	Group			Company		
	As at 31-Dec-05 S\$'000	As at 31-Dec-04 S\$'000	inc/ (decr) S\$'000	As at 31-Dec-05 S\$'000	As at 31-Dec-04 S\$'000	Inc/ (decr) S\$'000
Non-current assets						
Property, plant and equipment	14,395	15,232	(837)	9,635	10,470	(835)
Subsidiary companies	-	-	-	9,356	8,673	683
Associated company	108,568	100,732	7,836	60,827	60,827	-
Other investments	113,588	112,914	674	113,588	112,914	674
	<u>236,551</u>	<u>228,878</u>	<u>7,673</u>	<u>193,406</u>	<u>192,884</u>	<u>522</u>
Current assets						
Trade receivables	452	12,191	(11,739)	386	12,095	(11,709)
Other receivables, deposits and prepayments	416	6,886	(6,470)	230	6,392	(6,162)
Amount due from holding company	1,159	1,126	33	1,159	932	227
Amounts due from associated company	61,697	28,187	33,510	61,697	28,187	33,510
Amounts due from related companies	4,463	349	4,114	170	293	(123)
Amounts due from minority shareholders of a subsidiary	-	1,802	(1,802)	-	-	-
Loans receivable	-	1,985	(1,985)	-	-	-
Fixed deposits	18,713	31	18,682	18,713	-	18,713
Cash and bank balances	28,979	29,213	(234)	11,562	27,535	(15,973)
	<u>115,879</u>	<u>81,770</u>	<u>34,109</u>	<u>93,917</u>	<u>75,434</u>	<u>18,483</u>
Current liabilities						
Interest-bearing loans and borrowings	376,896	368,182	8,714	376,896	368,182	8,714
Trade payables	346,287	337,024	9,263	346,284	336,982	9,302
Accrued staff costs	5,641	5,906	(265)	5,641	5,878	(237)
Other payables and accruals	63,093	59,450	3,643	62,883	59,245	3,638
Amount due to holding company	203,385	200,012	3,373	203,385	199,995	3,390
Amounts due to subsidiary companies	-	-	-	97	17	80
Amounts due to minority interests	-	585	(585)	-	-	-
Provision for taxation	5,691	2,918	2,773	2,499	2,882	(383)
	<u>1,000,993</u>	<u>974,077</u>	<u>26,916</u>	<u>997,685</u>	<u>973,181</u>	<u>24,504</u>
Net current liabilities	<u>(885,114)</u>	<u>(892,307)</u>	<u>(7,193)</u>	<u>(903,768)</u>	<u>(897,747)</u>	<u>6,021</u>
Net Liabilities	<u>(648,563)</u>	<u>(663,429)</u>	<u>(14,866)</u>	<u>(710,362)</u>	<u>(704,863)</u>	<u>5,499</u>
Equity						
Share capital	48,384	48,384	-	48,384	48,384	-
Share premium	50,153	50,153	-	50,153	50,153	-
Accumulated losses	(749,547)	(762,352)	(12,805)	(808,899)	(803,400)	5,499
Foreign currency translation reserve	603	(1,506)	(2,109)	-	-	-
	<u>(650,407)</u>	<u>(665,321)</u>	<u>(14,914)</u>	<u>(710,362)</u>	<u>(704,863)</u>	<u>5,499</u>
Minority interests	1,844	1,892	(48)	-	-	-
Total Equity	<u>(648,563)</u>	<u>(663,429)</u>	<u>(14,866)</u>	<u>(710,362)</u>	<u>(704,863)</u>	<u>5,499</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31-Dec-05		As at 31-Dec-04	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	376,896	-	368,182

Amount repayable after one year

As at 31-Dec-05		As at 31-Dec-04	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral:

Nil

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	2005	2004
	\$'000	\$'000
Cash flows from operating activities:		
Profit/(loss) from operations before taxation	25,192	(853,304)
Adjustments for:		
Depreciation of property, plant and equipment	1,125	953
Provision for impairment of property, plant and equipment	-	6,397
Provision for realisable value of property, plant and equipment	-	150
Provision for impairment of investment	-	68
Write-back of provision for doubtful debts	-	(3,384)
Loss on disposal of property, plant and equipment	6	-
Interest expenses	6,579	5,971
Interest income	(492)	(2,630)
Share of result of associated company	(46,218)	(46,920)
Dividend income	(10,947)	(9,464)
Operating profit before working capital changes	(24,755)	(902,163)
Decrease in inventories	-	4,232
Decrease in trade receivables	11,739	190,176
Decrease in other receivables, deposits and prepayments	133	30,598
(Increase)/decrease in amount due from holding company	(33)	29,925
Increase in amounts due from associated companies	(784)	(28,187)
(Increase)/decrease in amounts due from related companies	(4,114)	37,391
Decrease/(increase) in amounts due from minority shareholders of a subsidiary company	1,802	(1,802)
(Decrease)/increase in amount due to minority interest	(585)	585
Increase in trade payables	5,778	121,008
Decrease in accrued staff costs	(265)	(1,248)

	Group	
	2005	2004
	\$'000	\$'000
Increase in other payables and accruals	2,970	23,046
Increase in amount due to holding company	3,373	200,012
Decrease in amount due to related company	-	(78,246)
Cash used in operations	(4,741)	(374,673)
Income tax paid	(2,338)	(6,665)
Interest received	492	2,630
Interest paid	-	(5,971)
Translation differences	233	(129)
Net cash flows used in operating activities	(6,354)	(384,808)
Cash flows from investing activities		
Proceeds from contribution by minority shareholders	-	1,985
Purchase of property, plant and equipment	(86)	(5,036)
Additions in other investments	-	(2,731)
Dividend income	17,283	38,716
Net cash flows from investing activities	17,197	32,934
Cash flows from financing activities		
Decrease/(increase) in loan receivable	1,985	(1,985)
Increased in interest-bearing loans and borrowings	6,452	313,357
Dividends paid	-	(24,192)
Net cash flows generated from financing activities	8,437	287,180
Net increase/(decrease) in cash and cash equivalents	19,280	(64,694)
Cash and cash equivalents at beginning of year	4,059	68,753
Cash and cash equivalents at end of year	23,339	4,059

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Company	
	2005 S\$'000	2004 S\$'000	2005 S\$'000	2004 S\$'000
Share capital				
Balance at beginning of year	48,384	34,560	48,384	34,560
Bonus issue of ordinary shares	-	13,824	-	13,824
Balance at end of year	48,384	48,384	48,384	48,384
Share premium				
Balance at beginning of year	50,153	63,977	50,153	63,977
Amount applied for bonus issue of ordinary shares	-	(13,824)	-	(13,824)
Balance at end of year	50,153	50,153	50,153	50,153
Accumulated losses				
Balance at beginning of year	(762,352)	102,513	(803,400)	71,815
Profit/(loss) for the year	12,805	(864,865)	(5,499)	(875,215)
Balance at end of year	(749,547)	(762,352)	(808,899)	(803,400)
Dividend reserve				
Balance at beginning of year	-	24,192	-	24,192
Final tax exempt dividend	-	(24,192)	-	(24,192)
Balance at end of year	-	-	-	-

	Group		Company	
	2005 S\$'000	2004 S\$'000	2005 S\$'000	2004 S\$'000
Foreign currency translation reserve				
Balance at beginning of year	(1,506)	-	-	-
Movement during the year	2,109	(1,506)	-	-
Balance at end of year	603	(1,506)	-	-
Total equity and reserves attributable to equity holders of the Company	(650,407)	(665,321)	(710,362)	(704,863)
Minority interests				
Balance at beginning of year	1,892	-	-	-
Contribution during the year	-	1,985	-	-
Loss for the year	(133)	(93)	-	-
Currency realignment	85	-	-	-
Balance at end of year	1,844	1,892	-	-
TOTAL EQUITY	(648,563)	(663,429)	(710,362)	(704,863)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

No share movement during this financial period.

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures for year ended 31 December 2005 have been audited by our auditors, Ernst & Young, in accordance with the Singapore Standards on Auditing. Please refer to attached Auditors' Report (extract).

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Please refer to attached Auditors' Report (extract).

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computations in the financial statements for the current year compared with the audited financial statements as at 31 December 2004.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

FRS 39, Financial Instruments: Recognition and Measurement ("FRS 39")

The Group and the Company had adopted FRS 39 prospectively on 1 January 2005. At that date, financial assets within the scope of FRS 39 were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

According to FRS 39, all derivative financial instruments held by the Group and the Company were recognised as assets or liabilities in the balance sheets and classified as financial assets or financial liabilities at fair value through profit or loss. Fair value adjustments of derivative financial instruments, except for those designated as hedging instruments in cash flow hedges, were recognised in accumulated profits at 1 January 2005.

The adoption of FRS 39 has not resulted in any adjustments to the Group and the Company as :

There were no derivative transactions outstanding as of 31 December 2004 and 31 December 2005;

The investment in unquoted shares was carried at cost less impairment as the Directors are of the opinion that the fair value of the unquoted shares cannot be reliably determined. Hence, the investment is carried at cost less impairment which is consistent with that of previous financial year; and

Under the Creditors' Scheme (see paragraph 10 (I)), interest payable to creditors was accrued up to 15 April 2005 and thereafter no interest was payable from 15 April 2005 till the first payment to the creditors upon completion of the Restructuring Plan. Thereafter, interest will be payable to the Tranche B creditors whom have opted for the deferred payment option in accordance with the Creditors' Scheme. As there is no certainty on the ultimate outcome of the Restructuring Plan, no adjustments were made to account for the financial liabilities at amortised cost based on effective interest rate nor any embedded derivatives attached to those Tranche B creditors that were given the option to acquire additional shares in the Company.

Upon the successful completion of the Restructuring Plan (see paragraph 10 (II)), adjustments to reflect the settlement options available and chosen by the respective creditors under the Creditors' Scheme are necessary and will accordingly be made in the financial statements.

6. Earning per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	As at 31-Dec-05	As at 31-Dec-04
Earnings per ordinary share for the period after deducting any provision for preference dividends:		
(a) Based on weighted average number of ordinary share on issue; and	1.32 cents	(89.4) cents
(b) On a fully diluted basis	1.32 cents	(89.4) cents
(To disclose the basis used in arriving at the weighted average number of shares ('000) for the purposes of (a) above and to provide details of any adjustments made for the purpose of (b) above)	967,680	967,680

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the
- current financial period reported on and
 - immediately preceding financial year.

	Group		Company	
	31-Dec-05	31-Dec-04	31-Dec-05	31-Dec-04
Net asset value per ordinary share based on issued share capital at the end of the period reported on	(67.0) cents	(68.6) cents	(73.4) cents	(72.8) cents
Number of ordinary shares issued ('000)	967,680	967,680	967,680	967,680

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.
- 8.1 The primary source of revenue in 4Q 2005, consistent with the business performance since 1Q 2005, was through commissions earned by CAO's wholly owned subsidiary, CAOT Pte Ltd ("CAOT") for carrying out the business of jet fuel procurement on an agency basis.
- 8.2 CAOT generates income from charging agency commissions on the sale of the jet fuel to its buyers. Approximately 1.1 million metric tonnes of jet fuel oil was supplied in 4Q 2005, and the aggregated total volume for FY 2005 was 3.04 million metric tonnes as compared to 2.87 million metric tonnes for FY 2004, which represents a year on year increase of 6%.
- 8.3 Group revenue for FY 2005 was S\$21 million, of which the Company's subsidiary, China Aviation Oil Xinyuan Petrochemical Co. Ltd ("CAO Xinyuan"), an oil tank storage facility located in Guangzhou, China contributed revenue of approximately S\$3.7 million. Cost of revenue of nearly S\$3.6 million were related to CAO Xinyuan's operations, resulting in marginal contribution to the Group's Gross Profit.
- 8.4 Other Operating Income for FY 2005 includes approximately S\$11 million in dividends received from CAO's 5% interest in Compania Logistica de Hidrocarburos S.A. ("CLH") of Spain. This includes S\$8 million in dividends received in 4Q 2005, in respect of FY 2005. The S\$11 million in dividend receipts for FY 2005 represents growth of some 16% over the S\$9.5 million in dividends for FY 2004.
- 8.5 The US \$ appreciated against the S\$ by approximately 1.8% in December 2005 compared to December 2004. As a substantial amount, in excess of US\$500 million, of CAO's current liabilities (largely creditors, including bank loans) are denominated in US \$ this appreciation resulted in approximately S\$16 million of unrealised exchange losses arising from translation into S \$ which are disclosed separately under foreign exchange loss.
- 8.6 Professional fees relating to PricewaterhouseCoopers as investigating accountants (S\$5 million), financial advisers (S\$5 million), legal advisers (S\$4 million), corporate governance assessment (S\$0.9 million) and other consultants (S\$1.2 million) associated with the corporate restructuring exercises in FY 2005 were accounted for in other operating costs. Other operating costs also include depreciation expense (in respect of property, plant and equipment) of approximately S\$1 million, and staff and IT-related costs for the group were, in aggregate, in excess of S\$5 million.

For the preceding period in FY 2004, nearly S\$46 million was charged in recognition of final settlement for Satya Capital's claim against the Company and China Aviation Oil Holding Company, resulting from the termination of a share purchase agreement in respect of the acquisition of 88 million shares in Singapore Petroleum Company Limited. The Company has reported the gross amount of the outstanding claims by Satya as at December 2005. Subject to the successful completion of the equity/shareholders restructuring exercise in 2006, there will be a credit adjustment (representing the discount) arising from the approved creditors scheme of arrangement in June 2005.

There was a one-time impairment charge of S\$6.4 million in FY 2004, based on an assessment report by an accredited independent valuer (Colliers International Consultancy & Valuation (Singapore) Pte Ltd, engaged by the Company on the fair value of the 2 owned leasehold properties at the office premises (8 Temasek Boulevard, #31-02 Suntec Tower 3, Singapore 038988).

- 8.7 The Group has accrued default payment interest payable to creditors under the Creditors Scheme up to 15 April 2005, which amounted to nearly S\$6.6 million. Further interest charges were incurred in servicing the US\$152 million syndicated loan and bank overdrafts. Both expenses are reflected under finance costs.
- 8.8 The Company's 33% share of the results of associated company, Shanghai Pudong International Airport Aviation Fuel Supply Company Ltd ("Pudong"), contributed S\$46 million to the Group's profit before tax, similar to the contribution in FY 2004. There was a declaration of dividend distribution made in 4Q 2005, of which the Company's share amounted to Rmb 155.1 million (S\$32.2 million).
- 8.9 The Company made an announcement on 16 September 2005 regarding the voluntary liquidation of Greater China Travel Industry (Singapore) Pte Ltd ("GCTI"), a wholly-owned subsidiary of the Company, as part of the winding-up of the non-core businesses of the Company. The liquidation of GCTI has no impact on the existing restructuring efforts of the Company.
- 8.10 Approximately S\$3.2 million in tax provisions was set aside for CAOT, with the view that profit from its agency commission may not qualify for group relief from the loss on derivative trading suffered by the Company in FY 2004.
- 8.11 The Group reported a net profit of S\$13 million for FY 2005 compared to a substantial net loss of (S\$865 million) for FY 2004, which was largely attributable to the significant loss on derivative trading (S\$885 million). The Group has ceased derivative trading on 30 November 2004.
- 8.12 As at year-end FY 2005, the Company has nearly US\$18 million of available cash including fixed deposits. The Company anticipates the receipt of S\$62 million due from Pudong during FY 2006. Resumption of the Company's share trading on the SGX-ST is targeted before April 2006 coupled with reversion of jet fuel procurement business model as a principal shortly after would generate sufficient working capital to meet its operating needs, post-restructuring.
9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.
- Not applicable.
10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

As at 31 December 2005, given that the Company has not completed the restructuring process, the Group and Company posted a net shareholders' deficit position of approximately S\$649 million and S\$710 million respectively.

I. Creditors' Scheme

On 24 May 2005, the Company announced a proposed scheme of arrangement with its creditors ("Creditors' Scheme") under Section 210 of the Companies Act (Cap. 50) ("Act") to restructure its liabilities with a view to the rehabilitation of the Company as a going concern. The Creditors' Scheme was approved by the requisite majority of the creditors on 8 June 2005 and sanctioned by the High Court of Singapore on 13 June 2005. Its implementation is conditional upon, inter alia, the following conditions being met or waived:

- (i) Cash injection of US\$130 million from China Aviation Oil Holding Company ("CAOHC") and new strategic investor(s) into the Company;
- (ii) Approval by shareholders at an extraordinary general meeting to be convened to approve the transactions contemplated under the Creditors' Scheme, including the issue and allotment of new shares;

- (iii) Approval by relevant PRC authorities to the transactions contemplated under the Creditors' Scheme; and
- (iv) Approval in-principle of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of new shares to be issued, and where applicable, any transactions contemplated under the Creditors' Scheme.

II. Restructuring Plan

On 5 December 2005, the Company announced its debt and equity restructuring plan ("Restructuring Plan") aimed at rehabilitating the Company as a going concern and lifting the suspension of trading of the Company's shares on the SGX-ST. The Restructuring Plan encompasses, inter alia, implementation of the following :

- (i) the Creditors' Scheme;
- (ii) the consolidation of the share capital of the Company so that every 5 shares are consolidated into 1 share ("Share");
- (iii) the issue of new Shares of the Company to :
 - CAOHC, BP Investments Asia Limited ("BP") and Aranda Investments Pte. Ltd. ("Aranda") pursuant to the Investment Agreement and Subscription Agreement (both as defined below); and
 - Tranche B Creditors (as defined in the Creditors' Scheme) who have applied for Shares pursuant to the Company's invitation to these creditors to subscribe for Shares in the Company; and
- (iii) the scheme of arrangement proposed between the Company and its shareholders ("Shareholders' Scheme") pursuant to Section 210 of the Act (including the issue of Shares by the Company to minority shareholders at the direction of CAOHC pursuant to its settlement with the Monetary Authority of Singapore in relation to the share placement of the Company's shares on 21 October 2004 ("MAS Settlement").

Pursuant to the Investment Agreement, and subject to the terms and conditions therein :

- (i) CAOHC will invest US\$75,770,000 (based on the fixed US\$:S\$ exchange rate of 1.6920573 ("Fixed Exchange Rate") in the Company for 248,945,984 new Shares in the Company, comprising approximately 34.44% of the enlarged share capital of the Company post-Restructuring Plan (assuming the implementation of the Restructuring Plan in its entirety, including the issues of new Shares thereunder) ("Post-Restructuring Plan Share Capital") at the issue price ("Issue Price") of S\$0.515 (or approximately US\$0.3044, based on the Fixed Exchange Rate) per Share;
- (ii) BP will invest US\$44,000,000 (based on the Fixed Exchange Rate) in the Company for 144,564,119 new Shares in the Company, comprising approximately 20.00% of the Post-Restructuring Plan Share Capital, at the Issue Price per Share;
- (iii) CAOHC will waive approximately US\$113,151,572 (or approximately 92.56%) of the outstanding shareholder's loan of US\$111,155,869 and outstanding declared and unpaid dividend of US\$11,090,465 owing by the Company to CAOHC, and convert the balance amount of US\$9,094,762 into 29,881,278 new Shares in the Company ("CAOHC Conversion Shares"), comprising approximately 4.13% of the Post-Restructuring Plan Share Capital, at a conversion price equal to the Issue Price per Share; and

- (iv) pursuant to and in discharge of the MAS Settlement and as part of the Shareholders' Scheme, CAOHC will direct that 27,171,435 new Shares (or approximately 90.9% of the CAOHC Conversion Shares, being the Shares attributable to the shareholder's loan owing to CAOHC after waiver), comprising approximately 3.76% of the Post-Restructuring Plan Share Capital, be issued and allotted on an ex-gratia basis and pro-rata to the shareholders under the Shareholders' Scheme, based on their respective shareholdings in the Company as at the Shareholders' Scheme books closure date.

Conditions Precedent

Completion of the investment by CAOHC, BP and Aranda under the Investment Agreement and Subscription Agreement is conditional upon, inter alia, the following conditions being satisfied and/or fulfilled on or prior to completion:

- (a) approval of shareholders in respect of the relevant transactions under the Restructuring Plan at the extraordinary general meeting to be convened;
- (b) approval by the State-Owned Assets Supervisory and Administration Commission of the PRC, the State Administration of Foreign Exchange of the PRC, the Ministry of Commerce of the PRC, the State Development Reform Commission of the PRC and other relevant PRC authorities to the transactions contemplated under the Restructuring Plan (including the Investment Agreement, Shareholders' Agreement, Business Co-operation Agreement and Subscription Agreement), and filings with the China Securities Regulatory Commission;
- (c) approval-in-principle of the SGX-ST being obtained for the listing and quotation of the new Shares to be issued by the Company pursuant to the Restructuring Plan, and (where applicable) the transactions contemplated there under;
- (d) the conditions for the Creditors' Scheme and Shareholders' Scheme being fulfilled or waived;
- (e) the Investment Agreement, Business Co-operation Agreement, Shareholders' Agreement and Subscription Agreement (as the case may be) remaining in full force and effect on the completion date;
- (f) there having been no material change or development in relation to certain matters; and the approval of all other relevant regulatory authorities and bodies to the transactions contemplated under the Restructuring Plan.

On 27 January 2006, the Company received the conditional in-principle approval of the SGX-ST to, inter alia, the listing and quotation of Shares and the lifting of suspension in trading of Shares.

On 8 February 2006, the Company despatched the Shareholders' Scheme documents and shareholders' circular to its shareholders to convene the Shareholders' Scheme meeting and EGM on 3 March 2006, to seek shareholders' approval to the Shareholders' Scheme and Restructuring Plan. More information on the Restructuring Plan may be found in the aforementioned shareholders' circular to shareholders dated 8 February 2006.

As set out in the Company's circular to shareholders dated 8 February 2006 to convene an extraordinary general meeting on 3 March 2006 for shareholders to vote on the Company's restructuring plan, it is proposed that, subject to shareholders' approval, upon, and with effect from, completion of the restructuring plan, the Board of Directors be re-constituted to comprise :

Lim Jit Poh	(Independent Chairman)
Gu Yanfei	(Director & Head, Special Task Force)
Lee Suet Fern	(Independent Director)
Liu Fuchun	(Independent Director)
Zhao Shousen	(Non-Executive Director)
Yang Chuan	(Non-Executive Director)
Meng Fanqiu	(Non-Executive Director)
Wu Shen Kong	(Non-Executive Director)
Ian Springett	(Non-Executive Director)

11. Dividend

(a) Current financial period reported on

There is no dividend paid or declared for the current financial year.

(b) Corresponding period of the immediately preceding financial year

Name of Dividend: Nil
Dividend Type:
Dividend Amount
Per share (in cents):
Optional: Dividend
Rate (in %): Not Applicable
Par Value of shares:
Tax Rate: Tax-exempt

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

The directors do not recommend payment of a dividend for the current financial year.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segment revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative restated information for the immediately preceding year.

	Clean Petroleum Products		Black Petroleum Products		Crude Oil		Petrochemical Products		Commission		Others		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Sales to external customers														
Inter-segment sales	3,675	2,262,471	-	268,731	-	410,061	-	135,986	17,074	-	-	5,427	20,749	3,082,676
Total revenues	3,675	2,262,471	-	268,731	-	410,061	-	135,986	17,074	-	-	5,427	20,749	3,082,676
Segment result	3,675	2,262,471	-	268,731	-	410,061	-	135,986	17,074	-	-	5,427	20,749	3,082,676
Operating profit													17,099	41,554
Loss on derivatives trading													-	(884,750)
Finance costs													(7,058)	(10,931)
Share of results of associated company													46,218	46,920
Profit/(loss) before tax													25,192	(853,304)
Tax expense													(12,520)	(11,653)
Net profit/(loss)													12,672	(864,957)
Business segments														
Segment assets													243,862	209,916
Investment in associated company													108,568	100,732
Total assets													352,430	310,648
Segment liabilities													995,302	971,159
Total liabilities													995,302	971,159

	People's republic of China		Other region*		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Segment revenue:						
Sales to external customers	3,675	2,081,803	17,074	1,000,873	20,749	3,082,676
Other geographical information:						
Segment assets	117,819	110,845	234,611	199,803	352,430	310,648
Capital expenditure	-	4,690	86	346	86	5,036

* Other region mainly comprise Singapore, Malaysia, Indonesia, South Korea and Vietnam

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to commentary in section 10.

15. A breakdown of sales as follows:

	Group S\$'000		% Increase/ (Decrease)
	2005	2004	
Sales reported for first half year	9,272	1,313,541	(99.3)
Operating profit/(loss) after tax before deducting minority interests reported for first half year	(7,308)	32,932	(122.2)
Sales reported for second half year	11,477	1,769,135	(99.40)
Operating profit/(loss) after tax before deducting minority interests reported for second half year	19,980	(897,889)	(102.2)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's most latest full year and its previous full year as follows:
(a) ordinary, (b) preference and (c) total.

Nil dividend in both FY 2005 and FY 2004.

17. Interested Person Transactions

Aggregate value of interested person transactions entered from 1 January 2005 to 31 December 2005.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of interested person transactions conducted under shareholders mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
Commission income earned from Parent Group	0	16,945

BY ORDER OF THE BOARD
Adrian Chang
Company Secretary
28 February 2006