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Termination of Conditional Shareholders' Agreement for Proposed Joint Venture for Development of Oil Storage Terminal Facility at Tanjung Langsat, Johore, Malaysia

The Board of Directors of China Aviation Oil (Singapore) Corporation Ltd ("**CAO**") refers to the announcement issued by CAO on 6 October 2011 in relation to the entry into a conditional shareholders' agreement ("**Shareholders' Agreement**") with Centralised Terminal Sdn. Bhd. ("**CTSB**") for the establishment of a joint venture company in Malaysia known as Langsat Terminal (Three) Sdn. Bhd. ("**JV Co**") to undertake the proposed design, development, operation, management and maintenance of an oil storage terminal facility at Tanjung Langsat Port, Johore, Malaysia (the "**Terminal Facility**"). Under the terms of the Shareholders' Agreement, CTSB and CAO are to acquire 74 percent and 26 percent of the total equity of the JV CO respectively ("**Proposed Investment**").

One of the conditions precedent to be fulfilled prior to the completion of the Proposed Investment is the entry by the JV Co into (i) a concession agreement ("**Concession Agreement**") with Tanjung Langsat Port Sdn. Bhd. ("**TLP**") relating to the grant by TLP to the JV Co, the right and authority for the entire duration of the concession period of 30 years for the development of the Terminal Facility within the designated area ("**Concession Area**"); and (ii) an agreement to lease ("**Agreement to Lease**") with TLP for a 30-year term lease of the Concession Area.

As the entry into the Concession Agreement and Agreement to Lease would require a much longer period of time than envisaged, both CAO and CTSB have agreed to let the Shareholders' Agreement lapse on 20 August 2012 as it will no longer be commercially feasible to continue with the Project.

The termination of the Shareholders' Agreement will not have a material impact on the CAO Group's net tangible assets and earnings per share of the Group for the current financial year ending 31 December 2012.

By Order of the Board

Doreen Nah
Company Secretary
Singapore, 17 August 2012