



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

("Company")

*(Incorporated in the Republic of Singapore)
Company Registration Number: 199303293Z*

ANNOUNCEMENT

(1) UPDATE OF PROCEEDINGS AGAINST MR JIA CHANGBIN, MR LI YONGJI AND MDM GU YANFEI

The Company would like to announce that Mr Jia Changbin (Non-Executive Chairman), Mr Li Yongji (Non-Executive Director) and Mdm Gu Yanfei (Non-Executive Director & Head, Special Task Force) have today appeared before the Singapore Subordinate Courts, and have had their pleas recorded by the Court as follows :

- (a) Mr Jia admitted to the commission of an offence in relation to two charges, under Section 331(1) read with Section 203(2) of the Securities & Futures Act ("SFA") (for tacitly acquiescing to the Company's non-disclosure of its losses to the Singapore Exchange Securities Trading Limited ("SGX-ST") and under Section 331(1) read with Section 218(2)(a) of the SFA (for insider trading). A third charge under Section 157 of the Companies Act (for failure to disclose the Company's losses to its Board of Directors) was also taken into consideration.
- (b) Mr Li admitted to the commission of an offence in relation to one charge, under Section 331(1) read with Section 203(2) of the SFA (for tacitly acquiescing to the Company's non-disclosure of its losses to the SGX-ST). A second charge under Section 157 of the Companies Act (for failure to disclose the Company's losses to its Board of Directors) was also taken into consideration.
- (c) Mdm Gu admitted to the commission of an offence in relation to one charge, under Section 331(1) read with Section 203(2) of the SFA (for tacitly acquiescing to the Company's non-disclosure of its losses to the SGX-ST). A second charge under Section 157 of the Companies Act (for failure to disclose the Company's losses to its Board of Directors) was also taken into consideration.

Each of them has further voluntarily undertaken not to act as director or chief executive officer of any public listed company in Singapore for a period of one year, in the case of Mr Jia and Mr Li, with effect from completion of restructuring, and in the case of Mdm Gu, with effect from the date hereof.

(2) RESIGNATION OF MDM GU AS DIRECTOR OF THE COMPANY

Mdm Gu has informed the Company that she has voluntarily tendered her resignation as a Director with effect from the date hereof.

(3) CONTINUITY AS HEAD OF SPECIAL TASK FORCE

To ensure continuity in the interests of the Company (including to see through the completion of the Company's restructuring plan and its rehabilitation), Mdm Gu will continue as Head of Special Task Force in charge of the restructuring and rehabilitation of the Company, as well as its day-to-day operations and management for a period of time post-restructuring. It is expected that the new Board will, as soon as practicable after completion of the restructuring plan, put in place a new management structure to be announced at the appropriate time.

(4) **SHAREHOLDERS' SCHEME MEETING AND EXTRAORDINARY GENERAL MEETING (EGM)**

The Company looks forward to the support of shareholders at the forthcoming Shareholders' Scheme Meeting and EGM on 3 March 2006.

By Order of the Board of Directors

1 March 2006