



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

("Company")

(Incorporated in the Republic of Singapore)

Company Registration Number: 199303293Z

ANNOUNCEMENT

(1) **RECEIPT OF CONDITIONAL IN-PRINCIPLE APPROVAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") TO THE LISTING AND QUOTATION OF SHARES AND THE LIFTING OF SUSPENSION IN TRADING OF SHARES**

Reference is made to the Company's announcement of 5 December 2005 ("**Announcement**") in relation to its Restructuring Plan. Capitalised terms used in this announcement shall have the same meaning as defined in the Announcement.

The Company is pleased to announce that it has today received the conditional in-principle approval of the SGX-ST to:

- (a) the listing and quotation of 193,535,998 shares of the Company (after the Share Consolidation, if approved by shareholders at the EGM to be convened to vote on the Restructuring Plan) subject to:
 - (i) compliance with the SGX-ST's listing requirements and/or such other requirements which the SGX-ST may impose from time to time; and
 - (ii) shareholders' approval being obtained for the Share Consolidation; and
- (b) the listing and quotation of an aggregate 529,284,539 new shares of the Company ("**New Shares**") to be issued pursuant to the Restructuring Plan, and the lifting of suspension in trading of the Company's shares, subject to:
 - (i) compliance with the SGX-ST's listing requirements and/or other requirements which it may impose from time to time;
 - (ii) all necessary approvals having been obtained for the issue and allotment of the New Shares;
 - (iii) the completion of the Share Consolidation;
 - (iv) minority shareholders' approval being obtained for the issue and allotment of the CAOHC Investment Shares and CAOHC Conversion Shares;
 - (v) submission of the following to the SGX-ST:
 - (aa) written confirmation from the Company and Deloitte & Touche Corporate Finance Pte Ltd (being the financial adviser to the Company in relation to the equity issuance under the Restructuring Plan) ("**Financial Adviser**")

that, upon completion of the issue and allotment of the New Shares pursuant to the Restructuring Plan, based on the financial information for the year ended 31 December 2005, the Company and its subsidiaries (collectively the "**Group**"):

- (1) will be able to continue as a going concern;
 - (2) has positive cashflow from operations and sufficient working capital for its operations; and
 - (3) has resolved its debt and liabilities issues with the creditors under the Creditors' Scheme;
- (bb) written confirmation from the Company and the Financial Adviser that all material internal controls and procedures have been put in place by the Company that are effective and adequate for the Company's current business activities;
- (cc) written confirmation from and an announcement by the Company (not later than 15 May 2006) that material recommendations of the Corporate Governance Assessment Committee have been adopted, and to the extent such recommendations have not been adopted and not fully implemented, such recommendation will be implemented as soon as practicable, but not later than 15 May 2006;
- (vi) written separate undertakings by CAOHC and BP to the Company that each will not sell, dispose or transfer any part of the CAOHC Investment Shares, CAOHC Conversion Shares arising from the conversion of outstanding declared and unpaid dividend owing by the Company to CAOHC ("**CAOHC Dividend Conversion Shares**") and BP Investment Shares (as the case may be) for a period of 6 months from the Completion Date, and for the next 6 months thereafter, to retain not less than 50% of the CAOHC Investment Shares, CAOHC Dividend Conversion Shares and BP Investment Shares (as the case may be); and
- (vii) written confirmation from the Company and the Financial Adviser that the Company has complied with Rule 723 of the Listing Manual and that the allotment and allocation of the New Shares are not expected to result in a disorderly market when trading begins in the Company's shares.

Shareholders should note that in-principle approval by the SGX-ST is not to be taken as an indication of the merits of the Share Consolidation, New Shares, Restructuring Plan, the Company or its subsidiaries and/or securities.

The Company will as soon as practicable despatch its circular to shareholders ("**Shareholders' Circular**") to convene the EGM to vote on the Restructuring Plan.

(2) RECORD DATE IN RELATION TO SHAREHOLDERS' SCHEME

As mentioned in the Announcement of 5 December 2005, as part of the Restructuring Plan, the Company proposes to implement a scheme of arrangement with its shareholders ("**Shareholders' Scheme**") under Section 210 of the Companies Act (Cap. 50) ("**Act**"), whereby:

- (a) the Company and CAOHC shall each perform such actions, covenants and undertakings as may be required of them under the Investment Agreement and the Subscription Agreement (as the case may be) for the purpose of satisfying and/or fulfilling the

conditions precedent to completion under the Investment Agreement and the Subscription Agreement (as the case may be);

- (b) the Company and CAOHC shall execute all documents and do all acts and things necessary to implement the Restructuring Plan; and
- (c) CAOHC shall direct the Company to issue and allot the shares arising from the conversion of its balance of shareholder's loan (after waiver) on an *ex-gratia* basis and *pro-rata* to the shareholders of the Company (other than CAOHC) as at a books closure date to be stated in the Shareholders' Circular,

and in consideration of the foregoing, the shareholders shall, on and from the Completion Date, unconditionally and irrevocably waive all actions, claims and potential claims (including any subsisting actions or claims, or any appeals therefrom), whether statutory, contractual, tortious or otherwise, and including any right to claim, in Singapore or elsewhere against the Company, CAOHC and/or their respective directors, officers and employees (past or present) arising from any prior acts, omissions or events in connection with the circumstances giving rise to the financial conditions and difficulties of the Company and necessitating the Restructuring Plan (including the losses suffered by the Company from its speculative oil derivatives trading activities).

The Company will be applying to the High Court of Singapore pursuant to Section 210 of the Act to convene a meeting of its shareholders, which is to be scheduled on the same day as, and immediately prior to, the EGM, to consider the Shareholders' Scheme ("**Shareholders' Scheme Meeting**").

NOTICE IS HEREBY GIVEN THAT, the Register of Members and Transfer Books of the Company will be closed at **5:00 P.M. ON 3 FEBRUARY 2006** ("**Record Date**") up to and including 4 February 2006, to determine the shareholders of the Company to whom the Company will despatch the Shareholders' Scheme documents (and the notice of Shareholders' Scheme Meeting) ("**Shareholders' Scheme Documents**"). The Shareholders' Circular will also be despatched to shareholders on record as at the Record Date.

Details of the Restructuring Plan and the Shareholders' Scheme will be set out in the Shareholders' Circular and Shareholders' Scheme Documents, respectively.

By Order of the Board of Directors

27 January 2006