



CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

("Company")

(Incorporated in the Republic of Singapore)

Company Registration Number: 199303293Z

ANNOUNCEMENT

(1) **ADOPTION OF CERTAIN RECOMMENDATIONS OF THE CORPORATE GOVERNANCE ASSESSMENT COMMITTEE ("CGAC") FOR IMPLEMENTATION**

The Directors of the Company wish to announce the Company's adoption of the following CGAC recommendations for implementation:

- (a) Board Constitution. To reorganise the Board constitution as follows:
- (i) at least 3 independent Directors sit on the Board;
 - (ii) independent Directors comprise at least one-third of the Board;
 - (iii) at least two independent Directors are resident in Singapore; and
 - (iv) the Chairman and CEO are separate persons from two different and unrelated organisations.

As stated in the Company's circular to shareholders dated 8 February 2006 in relation to its restructuring plan ("**Restructuring Plan**"), upon and with effect from completion of the Restructuring Plan, the new Board will be re-constituted to comprise 9 Directors, 3 of whom are independent Directors (namely, Mr Lim Jit Poh, Mrs Lee Suet Fern and Mr Liu Fuchun).

- (b) Training. To introduce an appropriate training structure for:
- (i) all new Board members when they are first appointed;
 - (ii) Directors appointed to the Board who have never sat on the Board of a listed company, or are unfamiliar with the Singapore environment;
 - (iii) each of the Committees; and
 - (iv) all key employees.
- (c) Whistleblowing. To implement a suitable procedure for whistleblowing.
- (d) Chairman. To appoint a Chairman of the Board who is independent and satisfies certain other relevant criteria.

- (e) Formal Reporting Lines. To establish formal reporting obligations as follows:
 - (i) Risk Management Division of the Company, in addition to reporting to the CEO, also reports directly to the Risk Management Committee and the Board; and
 - (ii) third party independent internal auditor reports directly to the Audit Committee.
- (f) Individual Personnel Skill Sets. To review skill sets of key employees to ensure each of them has sufficient experience and qualifications to discharge their duties.
- (g) Preparation of Annual Internal Audit Plan. To ensure new (outsourced) annual internal audit prepares a comprehensive internal audit plan.
- (h) Audit Committee. To review the appointment of the Audit Committee.

In view that the composition of the Board is expected to change post-Restructuring Plan, the present Directors will refer the remaining recommendations of the CGAC to the new Board to be constituted post-Restructuring Plan for their review and implementation as appropriate.

(2) CREDITORS' APPROVAL OF AMENDMENT TO LONG-STOP DATE UNDER THE CREDITORS' SCHEME

The Directors of the Company also wish to announce that the Company has obtained the requisite approval of creditors under the Creditors' Scheme for the amendment of the long-stop date under the Creditors' Scheme from 8 March 2006 to 31 March 2006.

(3) APPOINTMENT OF RAJAH & TANN AS COMPLIANCE ADVISER

The Directors of the Company further wish to announce that the Company has today appointed Rajah & Tann, a Singapore law firm, to advise the Company on its compliance with the laws, rules and regulations of Singapore. Rajah & Tann has been the Company's legal advisers to its Restructuring Plan since the announcement of its financial difficulties in November 2004.

By Order of the Board of Directors

28 February 2006