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Co. Reg. No.: 199303293Z

ANNOUNCEMENT ON LITIGATION

The Board of Directors (the “**Board**”) of China Aviation Oil (Singapore) Corporation Ltd (the “**Company**”) wishes to announce that on 28 July 2020, the Company was served with a writ of summons (the “**Writ of Summons**”) by Banque De Commerce Et De Placements SA, DIFC Branch (“**BCP**”) in relation to a claim under a documentary letter of credit no. GE-157465/AJP dated 23 January 2020 (the “**Letter of Credit**”).

In its endorsement to the claim under the Writ of Summons, BCP has alleged that, by presenting documents for payment under the Letter of Credit, the Company had fraudulently, recklessly and/or negligently misrepresented that, inter alia: (i) the Bills of Lading which was issued for the cargo in question, had been issued or endorsed to the order of BCP; (ii) the shipping documents exist and are authentic and valid; (iii) the Company was entitled to possession of the shipping documents and the cargo; and (iv) the Company had acquired good title in the cargo, which it had delivered to Zenrock in performance of its obligations under the underlying contract of sale between the Company and Zenrock Commodities Trading Pte Ltd (“**Zenrock**”). BCP has also alleged, in the alternative, a breach of the Letter of Credit by the Company’s presentation of documents under the Letter of Credit, and in the further alternative, that BCP had made payment under the Letter of Credit as a result of mistake of fact induced by fraud (collectively, the “**BCP Allegations**”).

The alleged claim pertains to an agreement concluded between the Company and Zenrock on 21 January 2020, for the sale from the Company to Zenrock of 260,000 barrels +/-5% gasoil 500 ppm (the “**Cargo**”), FOB Melaka, during 24th to 26th January 2020. That contract was concluded on a back-to-back basis with the Company’s seller on the same day.

The Company paid its seller for the Cargo. It presented confirming documents under the Letter of Credit to, and received payment from, the confirming bank of the Letter of Credit and not BCP. The Cargo was shipped on board the vessel, PETROLIMEX 18, from Melaka on 27 January 2020.

The Company has sought legal advice from and will, in consultation with its legal advisors, Rajah & Tann Singapore LLP, take such steps as may be necessary to vigorously resist and refute any and all of BCP Allegations, as well as BCP’s claim made against the Company. The Company has been advised that there are good grounds to successfully defend BCP’s claims. The Company presently takes the view the BCP Allegations are entirely unmeritorious and misconceived.



The Company had intended to issue an announcement on BCP's claim upon receipt of BCP's Statement of Claim, as the Statement of Claim would provide further details of BCP's Allegations. BCP's Statement of Claim had been due to be filed and served on the Company on 18 August 2020. Instead, well after office hours on 18 August 2020, BCP's lawyers, through the Company's lawyers, sought an 8-day extension to file BCP's Statement of Claim by 26 August 2020.

Taking into consideration the aforesaid, and following further review and assessment of the matter, the Board and Management are of the view that it would now be proper and timely for the Company to issue an announcement relating to the Writ of Summons filed by BCP notwithstanding that the Statement of Claim had yet to be received by the Company.

BCP's claim is not expected to have a material impact on the Company's earnings per share and net tangible assets per share for the current financial year ending 31 December 2020.

The Company will release further announcements on any material developments in relation to the aforesaid matters as and when appropriate.

By Order of the Board

Doreen Nah
Company Secretary
Singapore, 20 August 2020