



Announcement

- 1. CAOHC enters into civil penalty settlement on 15% share placement issue**
- 2. CAO minority shareholders to receive shares from CAOHC debt-equity conversion**

(Singapore, 19 August 2005) China Aviation Oil Corporation (Singapore) Ltd (“CAO”) would like to announce the following:

- 1. CAOHC enters into civil penalty settlement on 15% share placement issue**

CAO would like to announce that it has been informed by its parent company, CAOHC, that the latter has entered into a civil penalty settlement with MAS for contravening the insider trading provisions of the Securities and Futures Act. The details of the civil penalty settlement are set out in a press release issued by the Monetary Authority of Singapore dated 19 August 2005.

- 2. CAO minority shareholders to receive shares from CAOHC debt-equity conversion**

Previously, CAO had announced that the CAOHC shareholder loan would not participate in the benefits available under CAO’s debt restructuring plan set out in its Scheme of Arrangement, but instead will be converted into equity in CAO.

In relation to the civil penalty settlement, CAOHC has informed CAO that CAOHC has agreed to transfer to the minority shareholders of CAO all the shares (relating to the nett proceeds from the 15% share placement) which it will receive pursuant to the conversion.

The details of the conversion and how the minority shareholders will receive shares are subject to the finalisation of the Company's proposed equity restructuring. The equity restructuring plan has not yet been finalized, and is also subject to the approval of, CAOHC, the New Investor, minority shareholders of the Company, the Singapore Exchange Securities Trading Limited, State-Owned Assets Supervisory and Administration Commission and other relevant regulatory bodies in the various jurisdictions.

The Company will make further appropriate announcement of the progress of the equity restructuring in due course.

End.