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PROPOSED BONUS ISSUE ON THE BASIS OF ONE BONUS SHARE FOR EVERY FIVE EXISTING ORDINARY SHARES

1. Introduction

The Board of Directors (the “**Directors**”) of China Aviation Oil (Singapore) Corporation Ltd (the “**Company**”) is pleased to announce that the Company is proposing a bonus issue of new ordinary shares in the capital of the Company (collectively, the “**Bonus Shares**”, and each, a “**Bonus Share**”) on the basis of one (1) new ordinary share for every five (5) existing ordinary shares held by shareholders of the Company (the “**Proposed Bonus Issue**”) as at a books closure date (the “**Books Closure Date**”) to be determined by the Directors for the purposes of determining the entitlements of shareholders of the Company. Fractional entitlements of Bonus Shares shall be disregarded.

The Bonus Shares will be issued pursuant to a general mandate (the “**Resolution**”) obtained at the annual general meeting of the Company held on 25 April 2013. Pursuant to such general mandate, the Directors have been authorised and empowered to issue shares in the capital of the Company aggregating up to 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company as at the time of passing of the Resolution on a pro rata basis to existing shareholders of the Company.

2. Details of the Proposed Bonus Issue

As at the date of this announcement, the total number of issued and paid up ordinary shares of the Company (excluding treasury shares) comprises 716,820,537 shares. On the assumption that there is no change to the number of issued ordinary shares from the date of this announcement until the Books Closure Date, up to 143,364,107 (rounded down to the nearest whole number) Bonus Shares will be issued pursuant to the Proposed Bonus Issue. The actual number of Bonus Shares to be issued will depend on the total number of issued ordinary shares (excluding treasury shares) in the Company as at the Books Closure Date.

The Bonus Shares will be issued to shareholders of the Company whose names appear in the Register of Members or who have shares entered against their names in the Depository Register as at the Books Closure Date. Notice of the Books Closure Date of the Register of Members and the Share Transfer Books of the Company will be given at a later date, after necessary approval has been obtained from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

The Bonus Shares will be allotted and issued as fully paid at nil consideration to entitled shareholders of the Company without capitalisation of the Company’s reserves. The Bonus Shares, when allotted and issued, will rank *pari passu* in all respects with the existing ordinary shares in the capital of the Company and with each other, except that the Bonus Shares will not be entitled to any dividends, rights, allotments or other distributions, the record date of which falls on a date before the date on which the Bonus Shares are allotted and issued.



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3. Rationale for the Proposed Bonus Issue

The Company is considering the Proposed Bonus Issue to reward and give due recognition to shareholders for their loyalty and continuing support for the Company. The Proposed Bonus Issue, if carried out, will also increase the accessibility of investing in the Company to more investors, thereby encouraging trading liquidity and greater participation by investors and broadening the shareholder base of the Company.

4. Approval for the Proposed Bonus Issue

The Proposed Bonus Issue is subject to the approval of the SGX-ST for the listing and quotation of the Bonus Shares on the Official List of the SGX-ST.

The Company will be submitting an application to the SGX-ST for the listing of and quotation of the Bonus Shares on the Official List of the SGX-ST and an announcement of the outcome of the application will be made in due course.

5. Adjustment to Share Options

The rules of the China Aviation Oil Share Option Scheme of the Company (the “**CAO Share Option Scheme**”) provide that if a variation in the issued share capital takes place (whether by way of a capitalisation of profits or reserves or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued shares) subdivision, consolidation or distribution or otherwise howsoever), then, at the discretion of the Remuneration Committee, certain adjustments may be made to the options granted to participants under the CAO Share Option Scheme. Details of adjustments (if any) will be communicated separately to holders of such options or their duly authorised personal representative(s).

6. Interests of Directors and Substantial Shareholders

None of the Directors and substantial shareholders of the Company have any interest, direct or indirect in the Proposed Bonus Issue other than through their respective shareholdings in the Company.

By Order of the Board

Doreen Nah
Company Secretary
Singapore, 1 November 2013