



## CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD

*(Incorporated in the Republic of Singapore)  
Company Registration Number: 199303293Z*

### **Announcement**

#### **Report Of The Corporate Governance Assessment Committee**

Singapore, 21<sup>st</sup> December 2005 – China Aviation Oil (Singapore) Corporation Limited (“the Company”) refers to its previous announcement dated 12<sup>th</sup> December 2005, stating that the Corporate Governance Assessment Committee had completed its written report to the Board of Directors.

The Board has reviewed the report and would first like to express its heartfelt appreciation and gratitude to all the members of the Corporate Governance Assessment Committee - namely, Chairman Mr Lim Jit Poh, Dr Wang Kai Yuen, Mrs Lee Suet Fern, Mdm Gu Yanfei and Mr Meng Fanqiu. The Board of Directors fully understands that the Committee has put in a lot of hard and effective work since 30<sup>th</sup> June 2005, holding regular meetings, examining and studying large quantities of documents and records, and meeting with many parties, including related regulatory authorities, auditors, independent directors, representatives of the Securities Investors Association of Singapore, Company employees and the media. The Board of Directors would also like to thank Deloitte & Touche Financial Advisory Services Pte Ltd and Rajah & Tann for providing support to the Committee throughout their work.

The Company wishes to announce that following a review of the report, the Board of Directors affirms the recommendations of the Committee for the improvement of corporate governance, risk management and internal controls in the Company. The recommendations of the Committee have been positive, constructive and provide direction for the future. Mr Jia Changbin, CAO’s Board chairman, has written a letter to Mr Lim Jit Poh, expressing his belief that “the Report, once implemented, will surely help to enhance awareness to act in good faith, standards of corporate governance, risk control and operations and management capabilities at CAO, and will restore CAO’s image in the marketplace to ensure long-term growth.”

The scope of the report covered areas such as the Board of Directors, the various Committees, management structure and practices, financial and risk management, investor relations, internal and external audit functions and company manuals. The report recommendations adhered to the requirements of the Singapore Corporate Governance Code, and some seek to impose standards higher than that of the Code.

The Board of Directors accepts that there are lessons to be learnt from this unfortunate financial debacle. The report will therefore serve as a very important tool and reference as the Company seeks to improve its management structure, corporate governance, internal controls, risk management and other areas.

As the Company has introduced investors during the restructuring process, after the restructuring is completed, the composition of the Board will change. The Company's Special Task Force is currently working to propose suggestions on improving internal controls and systems in the Company, and will draft plans on adjusting company management structures and operation procedures with full reference to the committee report. The Company has therefore decided to refer the recommendations of the Corporate Governance Assessment Committee to the new Board to be constituted to review and implement.

The Company looks forward to the completion of its restructuring process in the coming months and its recovery from the crisis, and opening a new chapter in its history.

By Order of the Board of Directors

21 December 2005