

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

This Appendix is circulated to Shareholders of Chemoil Energy Limited (the "Company") together with the Company's annual report. Its purpose is to provide information on, and to explain the rationale for, the proposed renewal of the IPT Mandate to be tabled at the Annual General Meeting to be held on 25 April 2008 at 2.30pm. at Casuarina Suite B, Level 3, Raffles Hotel Singapore, 1 Beach Road, Singapore 189673.

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

The Notice of Annual General Meeting and a Proxy Form are enclosed with the annual report.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness or accuracy of any statements or opinions made in this Appendix.



**CHEMOIL ENERGY LIMITED**

(Company Registration No. 200591)  
(Incorporated in Hong Kong)

**APPENDIX TO MEMBERS**

**IN RELATION TO**

**THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR  
INTERESTED PERSON TRANSACTIONS**

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## DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

<i>"AGM"</i>	:	The annual general meeting of the Company
<i>"Audit Committee"</i>	:	The Audit Committee of the Company, comprising Michael Lim Choo San as Chairman and Fuminobu Oda and Peter Michael Meade as members
<i>"Board"</i>	:	The Board of Directors of the Company
<i>"CDP"</i>	:	The Central Depository (Pte) Limited
<i>"Circular"</i>	:	The circular of the Company dated 4 May 2007 to Shareholders
<i>"Companies Act"</i>	:	The Companies Act, Chapter 50 of Singapore
<i>"Company"</i>	:	Chemoil Energy Limited
<i>"Directors"</i>	:	The directors of the Company for the time being
<i>"EGM"</i>	:	The extraordinary general meeting of the Company
<i>"Group"</i>	:	The Company and its subsidiaries
<i>"IPT Mandate"</i>	:	Shareholders' mandate for interested person transactions approved by Shareholders on 29 May 2007
<i>"Latest Practicable Date"</i>	:	The latest practicable date prior to the printing of this Appendix, being 18 March 2008
<i>"Listing Manual"</i>	:	The Listing Manual of the SGX-ST, as the same may be amended, varied or supplemented from time to time
<i>"SFA"</i>	:	Securities and Futures Act, Chapter 289 of Singapore
<i>"SGX-ST"</i>	:	Singapore Exchange Securities Trading Limited
<i>"Shareholders"</i>	:	Registered holders of the Shares, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares mean the depositors in the Depository Register whose securities accounts are credited with Shares. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders' securities accounts
<i>"Shares"</i>	:	Ordinary shares in the capital of the Company
<i>"subsidiaries"</i>	:	The subsidiaries of a company (as defined in section 5 of the Companies Act) and "subsidiary" shall be construed accordingly
<i>"Substantial Shareholder"</i>	:	In relation to a Singapore incorporated company that is listed on the SGX-ST, a person who has an interest of not less than 5% of the aggregate number of all the voting shares of that listed company

“S\$”	:	Singapore dollars
“US\$”	:	United States of America dollars
“% or per cent.”	:	Percentage or per centum

The terms “depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Companies Act, or any statutory modification thereof, and used in this Appendix shall have the same meaning ascribed to it under the Companies Act or statutory modification, as the case may be.

Any reference to a time of day in this Appendix shall be a reference to Singapore time.

Any discrepancies in this Appendix between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

## 1. INTRODUCTION

- 1.1 Background.** This Appendix relates to the Notice of AGM dated 2 April 2008 convening the AGM to be held on 25 April 2008 and proposed Ordinary Resolution relating to the renewal of the IPT Mandate. The IPT Mandate was last renewed at the Company's EGM held on 29 May 2007, and will expire on the date of the forthcoming AGM.
- 1.2 Appendix.** The purpose of this Appendix is to provide Shareholders with the relevant information pertaining to, and to seek Shareholders' approval for, the renewal of the IPT Mandate that will enable the Company, its subsidiaries and its associated companies to enter into transactions with its interested persons, the details of which are set out in Annexure A.

## 2. THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

- 2.1 Background.** Pursuant to Rule 920(1) of the Listing Manual, the Company may obtain a general mandate from Shareholders for the Company to enter into certain categories of interested person transactions with certain classes of interested persons. The IPT Mandate was approved by Shareholders at an EGM held on 29 May 2007, and details of the IPT Mandate were set out on pages 30 to 35 of the Circular, including the following information required by Rule 920(1)(b) of the Listing Manual:
- (i) the class of interested persons with which the entity at risk will be transacting;
  - (ii) the nature of the transactions contemplated under the mandate;
  - (iii) the rationale for, and benefit to, the entity at risk;
  - (iv) the methods or procedures for determining transaction prices;
  - (v) the independent financial adviser's opinion on whether the methods or procedures in paragraph (iv) are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders;
  - (vi) an opinion from the Audit Committee if it takes a different view to the independent financial adviser;
  - (vii) a statement from the issuer that it will obtain a fresh mandate from shareholders if the methods or procedures in (iv) become inappropriate; and
  - (viii) a statement that the interested person will abstain and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction.

The IPT Mandate enables the Company, its subsidiaries and its associated companies which are considered to be "entities at risk" within the meaning of Rule 904 of the Listing Manual, to enter into any of the transactions falling within the types of interested person transactions described in the Circular, with any person who falls within the classes of interested persons described in the Circular, provided that such transactions are made on normal commercial terms and are not prejudicial to the Company or its minority Shareholders, and are made in accordance with the review procedures for interested person transactions as set out in the Circular.

**2.2 Renewal of the IPT Mandate.** The IPT Mandate was last renewed at the Company's EGM held on 29 May 2007, such renewal being expressed to take effect until the date of the next AGM of the Company. The classes of interested persons, categories of interested person transactions, rationale for and benefits of the IPT Mandate, and guidelines and review procedures for mandated interested person transactions in respect of which the IPT Mandate is sought to be renewed remain unchanged and are set out in Annexure A to this Appendix. Accordingly, the Directors propose that the IPT Mandate be renewed at the forthcoming AGM in the terms of the ordinary resolution to be proposed at the AGM and (unless revoked or varied by the Company in general meeting) to continue in force until the next AGM of the Company. It is intended that approval from Shareholders will be sought for the renewal of the IPT Mandate at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to transactions with interested persons.

**2.3 Audit Committee's Statements.** Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee confirms that:

- (i) the methods or procedures for determining transaction prices and the review procedures for interested person transactions set out in Annexure A of this Appendix ("Review Procedures") have not changed since Shareholders approved the IPT Mandate; and
- (ii) the Review Procedures are sufficient to ensure that the said interested person transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the Review Procedures are inadequate or inappropriate to ensure that the said interested person transactions will be on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Listing Manual, it will in consultation with the Board take such action as it deems proper in respect of the Review Procedures and/or modify or implement such procedures as may be necessary and direct the Company to revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with interested persons.

**2.4 Disclosures.** Disclosure has been made in the Company's annual report of the IPT Mandate, giving details of the aggregate value of all interested person transactions conducted with interested persons pursuant to the IPT Mandate for the financial year ended 31 December 2007, and will be made in the annual reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual. The Company will also announce the aggregate value of transactions conducted pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report, in accordance with the requirements of Chapter 9 of the Listing Manual.

### **3. CHAPTER 9 OF THE LISTING MANUAL**

#### **3.1 Definitions under Chapter 9**

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries or associated companies which is considered to be an "entity at risk" within the meaning of Rule 904(2) of the Listing Manual, proposes to enter into with a counter-party who is an interested person of the listed company within the meaning of Rule 904(4) of the Listing Manual.

An “entity at risk” means:

- (i) the listed company;
- (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
- (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and its subsidiaries (the “listed group”), or the listed group and its interested person(s), has or have control over the associated company.

An “approved exchange” means a stock exchange that has rules which safeguard the interests of Shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual.

An “associate” in relation to any director, chief executive officer or controlling shareholder (being an individual) means (i) his immediate family (that is, the spouse, child, adopted child, step-child, sibling or parent), (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and, in relation to a controlling shareholder (being a company), its subsidiary or holding company or a subsidiary of such holding company or a company in which it and/or they have (directly or indirectly) an interest of 30% or more.

An “associated company” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the group.

A “controlling shareholder” means a person who holds (directly or indirectly) 15% or more of all voting shares in the company or one who in fact exercises control over the company.

An “interested person” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

An “interested person transaction” means a transaction between an entity at risk and an interested person.

For the purposes of the IPT Mandate and this Appendix, “CEL Group” means all or any of the Company, its subsidiaries which are not listed on an approved exchange, and its associated companies which are not listed on an approved exchange and over which the Group and its interested persons have control.

#### 4. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS

The details of the Directors’ and Substantial Shareholders’ interest in the Shares and options to subscribe for the Shares as at the Latest Practicable Date are set out below:

Name of Director or Substantial Shareholder	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)	Total Interest (Number of Shares)	Total Interest (%) <sup>(4)</sup>
Vivian Pearl Johnston Chandran	549,360,000 <sup>(1)</sup>	107,388,194 <sup>(2)</sup>	656,748,194	50.81
Sharon Stacey Johnston Chandran	-	-	-	-
Koji Takayanagi	-	-	-	-
Fuminobu Oda	-	-	-	-

Name of Director or Substantial Shareholder	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)	Total Interest (Number of Shares)	Total Interest (%) <sup>(4)</sup>
Clyde Michael Bandy	—	—	—	—
Philip Calvin Anderson	-	200,000	200,000	0.02
Michael Lim Choo San	—	—	—	—
Peter Michael Meade	—	—	—	—
Itochu Corporation	284,729,000	200,000,000 <sup>(3)</sup>	484,729,000	37.50
Itochu Petroleum Co., (Singapore) Pte.Ltd.	200,000,000	—	200,000,000	15.47
Chandran Family Trust	—	549,360,000 <sup>(1)</sup>	549,360,000	42.50
Andorra Services Limited	107,388,194	—	107,388,194	8.31
<b>(Options to subscribe for Shares)</b>				
Clyde Michael Bandy	176,000	—	176,000	0.01
Philip Calvin Anderson	164,000	—	164,000	0.01
Michael Lim Choo San	176,000	—	176,000	0.01

**Notes:**

- (1) Upon transfer of the 549,360,000 Shares held by the late Mr Robert Chandran to Mrs Chandran as the succeeding trustee of the Chandran Family Trust, Mrs Chandran shall hold the Shares in trust for the Chandran Family Trust. It is the Company's understanding that Mrs Chandran holds a life interest in the trust. Upon the death of Mrs Chandran, the children of Mrs Chandran, namely Sharon Stacey Johnston Chandran, who is also a director of the Company, and Ashley Carolyne Johnston Chandran, shall hold equal life interests in the trust. Under Section 4 of the SFA, Mrs Chandran is presently deemed, and Sharon Stacey Johnston Chandran and Ashley Carolyne Johnston Chandran (upon succeeding Mrs Chandran) will be deemed, to be interested in the Shares held in the Chandran Family Trust.
- (2) Andorra Services Limited, a company incorporated in Hong Kong, all the shares of which were beneficially owned by the late Mr Chandran will be contributed to the Chandran Family Trust. Under Section 4 of the SFA, Mrs Chandran is deemed to be interested in 107,388,194 Shares held by Andorra Services Limited through DBSN Services Pte. Ltd.
- (3) Itochu Petroleum Co., (Singapore) Pte. Ltd. is a wholly-owned subsidiary of Itochu Petroleum Japan Ltd, which is a wholly-owned subsidiary of Itochu Corporation. Under Section 4 of the SFA, Itochu Corporation is deemed to be interested in 200,000,000 Shares held by Itochu Petroleum Co., (Singapore) Pte. Ltd.
- (4) As a percentage of the issued share capital of the Company, comprising 1,292,612,000 Shares as at the Latest Practicable Date.

Save as disclosed above, none of the Substantial Shareholders or the Directors has any interest, whether direct or indirect, in the IPT Mandate.

## 5. DIRECTORS' RECOMMENDATION

**5.1 Proposed Renewal of IPT Mandate.** The Directors (other than Koji Takayanagi and Fuminobu Oda) who are executives of the interested persons or their related corporations or affiliates under the IPT Mandate and who abstain from making any recommendation for Shareholders to vote in favour of the ordinary resolution relating to the proposed renewal of the IPT Mandate) are of the opinion that the proposed IPT Mandate is in the best interests of the Company. Accordingly, the Directors (other than Koji Takayanagi and Fuminobu Oda) recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed IPT Mandate as set out in the Notice of AGM.

**6. SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING**

Each of the interested persons under the IPT Mandate and their associates should abstain from voting on the ordinary resolution relating to the proposed renewal of the IPT Mandate to be proposed at the AGM. Interested persons and their associates should not accept proxy nominations unless specific instructions on how to vote are given.

**7. ANNUAL GENERAL MEETING**

The AGM will be held at Casuarina Suite B, Level 3, Raffles Hotel Singapore, 1 Beach Road, Singapore 189673 on 25 April 2008 at 2.30 p.m. for the purpose of considering and, if thought fit, passing with or without any modification, the resolution relating to the renewal of the IPT Mandate as an ordinary resolution at the AGM.

**8. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the AGM and who wish to appoint a proxy to attend and vote on their behalf will find attached to the Notice of AGM a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the AGM. Completion and return of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes.

**9. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, the facts stated and opinions expressed in this Appendix are fair and accurate in all material respects as at the Latest Practicable Date and that there are no material facts the omission of which would make any statement in this Appendix misleading.

## SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

### 1. IPT MANDATE

#### 1.1 Rationale for and Benefits of the IPT Mandate

The transactions with Interested Persons are entered into or to be entered into by the CEL Group in the ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time. The IPT Mandate is intended to facilitate these transactions, provided that they are carried out on normal commercial terms and are not prejudicial to the Company and its minority Shareholders.

The Directors believe that the CEL Group will be able to benefit from such transactions with Interested Persons.

In view of the time-sensitive nature of commercial transactions, it would be advantageous to the CEL Group to obtain and renew a shareholders' mandate to enter into certain interested person transactions in its normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the Company and its minority Shareholders. The IPT Mandate and the renewal of the IPT Mandate on an annual basis will eliminate, among others, the need to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions with Interested Persons arise. This will reduce substantially the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the CEL Group.

Pursuant to Rules 907 and 920(1) of the Listing Manual, the Company will:

- (a) announce the aggregate value of interested person transactions entered into with interested persons pursuant to the IPT Mandate, for the quarterly financial periods which it is required to report on pursuant to Rule 705 of the Listing Manual, and within the time required for the announcement of such report; and
- (b) disclose the IPT Mandate in the annual report of the Company, giving details of the aggregate value of interested person transactions entered into during the financial year under review in the annual report.

The name of the interested person and the corresponding aggregate value of the interested person transactions entered into with the same interested person will be presented in the following format:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions entered into pursuant to the IPT Mandate)	Aggregate value of interested person transactions entered into under the IPT Mandate during the financial year under review (excluding transactions of value less than S\$100,000)

## 1.2 Scope of the IPT Mandate

The IPT Mandate will cover a wide range of transactions arising in the ordinary course of business operations of the CEL Group.

Rules 905 and 906 of the Listing Manual do not apply to any transaction which has a value below S\$100,000 with an Interested Person and therefore transactions below S\$100,000 need not be covered under the IPT Mandate.

Transactions with Interested Persons which do not fall within the ambit of the proposed IPT Mandate shall be subject to the relevant provisions of Chapter 9 and/or any other applicable provisions of the Listing Manual.

## 2. CLASSES OF INTERESTED PERSONS

The IPT Mandate will apply to certain transactions (as described in the following section "Categories of Interested Person Transactions") which are carried out with Itochu Corporation and/or its associates (the "Itochu Group").

## 3. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The categories of ongoing transactions which will be covered by the IPT Mandate are as follows (collectively, the "Mandated Interested Person Transactions"):

(a) *Procurement or sale of fuel oil, diesel oil and blend components for a commission*

From time to time, the CEL Group may request the Itochu Group to purchase or sell fuel oil, diesel oil and blend components on its behalf. A commission, based on volume per metric ton or per barrel based on delivered volume being a percentage of the invoiced amount, will be payable to the Itochu Group for the provision of such procurement and sales services and such commission rate will be agreed between the parties at the beginning of the financial year. The CEL Group will enter into such transactions when, among other factors, the Itochu Group, and not the CEL Group, is registered with the potential supplier or purchaser and/or has been invited for a tender by the potential supplier or purchaser. Accordingly, this arrangement is beneficial to the CEL Group as it will be able to supply to or purchase from suppliers or purchasers, as the case may be, that it is not registered with or in transactions for which it has not been invited to tender.

From time to time, the Itochu Group may request the CEL Group to purchase or sell fuel oil, diesel oil and blend components on their behalf. A commission, based on volume per metric ton or per barrel based on delivered volume being a percentage of the invoiced amount, will be payable to the CEL Group by the Itochu Group for the provision of such procurement and sales services and such commission rate will be agreed between the parties at the beginning of the financial year. The CEL Group will enter into such transactions when, among other factors, the CEL Group, and not the Itochu Group, are registered with the potential supplier or purchaser and/or have been invited for a tender by the potential supplier or purchaser. This arrangement is beneficial to the CEL Group as it will be able to earn commission by providing such procurement and sales services to the Itochu Group.

(b) *Sales and purchases of petroleum products and derivative financial instruments to and from the Itochu Group*

From time to time, the CEL Group may purchase petroleum products (which include fuel oil, diesel oil and blend components) and derivative financial instruments from the

Itochu Group and on-sell these petroleum products to its customers. The CEL Group may also, from time to time, sell petroleum products and derivative financial instruments to the Itochu Group. The consideration for these transactions will be based on the market price of the petroleum products and the derivative financial instruments at the time of transaction.

Future transactions falling within the categories described above and entered into with the classes of interested persons described above will also be covered by the IPT Mandate.

#### **4. GUIDELINES AND REVIEW PROCEDURES FOR MANDATED INTERESTED PERSON TRANSACTIONS**

4.1 To ensure that the Mandated Interested Person Transactions are undertaken on normal commercial terms and on an arm's length basis which will not be prejudicial to the Company's interests and the interests of minority Shareholders, the following procedures have been implemented for the renewal and approval of interested person transactions under the IPT Mandate:

*(a) Procurement or sale of fuel oil, diesel oil and blend components for a commission*

The procurement or sales commission rate to be paid to the Itochu Group in each financial year for the provision of procurement or sales services will be agreed between the CEL Group and the Itochu Group at the beginning of the financial year. The commission rate payable to the Itochu Group shall be the most competitive commission rate (which shall take into account factors such as quality, delivery schedule, pricing and volume) of transactions of similar nature by the CEL Group with unrelated third party brokers or agents ("**Similar Broker Transactions**") within the last two weeks of the date of determination of the commission rate ("**Itochu Commission Determination Date**"). In the event there were no Similar Broker Transactions for the determination of commission rate within the last two weeks of the Itochu Commission Determination Date, the commission rate shall be the most competitive commission rate of Similar Broker Transactions during the period between the last two weeks and one month of the Itochu Commission Determination Date. The commission rate will be reviewed every quarter against the commission rates of Similar Broker Transactions within the last two weeks of the date of review ("**Itochu Commission Review Date**"). In the event there were no Similar Broker Transactions for the review of commission rate within the last two weeks of the Itochu Commission Review Date, the commission rate shall be reviewed against the commission rates of Similar Broker Transactions during the period between the last two weeks and one month of the Itochu Commission Review Date. The Company's chief executive officer or chief financial officer (with no interest, direct or indirect, in the relevant transactions) will approve the commission rate to be paid to the Itochu Group and any subsequent changes to the commission rate during the financial year. The CEL Group will enter into such transactions when, among other factors, the Itochu Group, and not the CEL Group, is registered with the potential supplier or purchaser and/or has been invited for a tender by the potential supplier or purchaser. The amount the CEL Group pays to the Itochu Group for its provision of procurement or sales services includes the commission payable to the Itochu Group and the value of the fuel oil, diesel oil and blend component. The CEL Group maintains a register of its transactions with the Itochu Group (including the invoices of the fuel oil, diesel oil and blend component from the suppliers or purchasers, as the case may be, as evidence that the CEL Group is paying only commission at the agreed rate to the Itochu Group).

The procurement or sales commission rate to be paid to the CEL Group by the Itochu Group in each financial year for the provision of procurement or sales services by it will be agreed between the CEL Group and the Itochu Group at the beginning of the financial year. The commission rate payable by the Itochu Group shall be the most competitive commission rate (which shall take into account factors such as quality, delivery, schedule, pricing and volume) of transactions of similar nature by the CEL Group with unrelated third parties ("**Similar Third Party Transactions**") within the last two weeks of the date of determination of the commission rate ("**Chemoil Commission Determination Date**"). In the event there were no Similar Third Party Transactions for the determination of commission rate within the last two weeks of the Chemoil Commission Determination Date, the commission rate shall be the most competitive commission rate of Similar Third Party Transactions during the period between the last two weeks and one month of the Chemoil Commission Determination Date. The commission rate will be reviewed every quarter against the commission rates of Similar Third Party Transactions within the last two weeks of the date of review ("**Chemoil Commission Review Date**"). In the event there were no Similar Third Party Transactions for the review of commission rate within the last two weeks of the Chemoil Commission Review Date, the commission rate shall be reviewed against the commission rates of Similar Third Party Broker Transactions during the period between the last two weeks and one month of the Chemoil Commission Review Date. The Company's chief executive officer or chief financial officer (with no interest, direct or indirect, in the relevant transactions) will approve the commission rate to be charged by the CEL Group and any subsequent changes to the commission rate during the financial year. The CEL Group will enter into such transactions when, among other factors, the CEL Group, and not the Itochu Group, are registered with the potential supplier or buyer and/or have been invited for a tender by the potential supplier or purchasers. The amount the CEL Group receives from the Itochu Group for its provision of procurement or sales services includes the commission payable to the CEL Group and the value of the fuel oil, diesel oil and blend component. The CEL Group maintains a register of its transactions with the Itochu Group (including its invoices and the invoices of the fuel oil, diesel oil and blend component from the suppliers or purchasers, as the case may be, as records of the commissions the CEL Group receives from the Itochu Group).

(b) *Sales and purchases of petroleum products and derivative financial instruments to and from the Itochu Group*

When selling and purchasing petroleum products (which include fuel oil, diesel oil and blend components) and derivative financial instruments to and from the Itochu Group, a senior executive (with no interest, direct or indirect, in the relevant transactions) of the CEL Group shall compare the terms offered by the Itochu Group against the terms of at least two quotations obtained from unrelated third parties of similar quantities and/or quality of products or derivative financial instrument, prior to the entering into of the contract or transaction with the Itochu Group, as a basis for comparison to determine whether the price and terms offered by the Itochu Group are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of products or derivative financial instrument. The senior executives of the CEL Group (with no interest, direct or indirect, in the relevant transactions) for this purpose include the Company's chief executive officer, chief financial officer, vice president supply & distribution, vice president sales and marketing and the managing director for that geographical location ("**Senior Executives**").

The CEL Group will only sell to or purchase petroleum products and derivative financial instruments from the Itochu Group if the terms offered by the Itochu Group are comparable to the terms of the two of the most competitive quotations by unrelated third parties. In determining the competitiveness of the quotations (including against

those from the Itochu Group), all pertinent factors, including but not limited to pricing, quality, delivery time and track record, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will be taken into consideration.

In the event that no quotation from unrelated third party suppliers or purchasers in respect of petroleum products and derivative financial instruments is available for comparison, the CEL Group will only sell to or purchase from the Itochu Group if the terms offered by the Itochu Group are comparable to recent actual transactions of similar nature published in recognised industry publications.

In relation to the sales and purchases of petroleum products to and from the Itochu Group, in the event that no quotation from unrelated third party suppliers or purchasers is available for comparison and that published rates of recent actual transactions of similar nature were not available, applicable or comparable in recognised industry publications, the transaction will be reviewed and approved by two Senior Executives (with no interest, direct or indirect, in the relevant transactions) after taking into consideration factors such as, but not limited to, delivery schedules, market pricing, quantity and credit terms.

The CEL Group maintains a register of its transactions with the Itochu Group (including the quotations obtained from unrelated third parties, when quotations from third parties are available, or the relevant factors for consideration at the time of transaction, when quotations from third parties are not available).

- 4.2 The Audit Committee will review all of the CEL Group's interested person transactions, including the Mandated Interested Person Transactions, on a quarterly basis. Transactions relating to (a) the procurement or sale of fuel oil, diesel oil and blend components for a commission, and the sales and purchases of petroleum products to and from the Itochu Group, of a value equal to or exceeding US\$20 million each, and (b) the sales and purchases of derivative financial instruments to and from the Itochu Group of a value equal to or exceeding US\$5 million each, will be reviewed and approved by the Audit Committee and the Board prior to the entry of such transactions. The Audit Committee and the Board may, as they deem fit, request for additional information pertaining to the transaction from independent sources or advisers, including the obtaining of valuations from professional valuers. For the purpose of determining whether the above threshold has been exceeded, the value of the transaction relating to the procurement or sale of fuel oil, diesel oil and blend components for a commission shall be the aggregate of the value of the fuel oil, diesel oil and/or blend components and the commission payable to or receivable from the Itochu Group.
- 4.3 The CEL Group has also implemented the following procedures for the identification of Interested Persons and the recording of all of the CEL Group's interested person transactions:
- (a) the CEL Group will maintain a register of all transactions carried out with Interested Persons, whether mandated or non-mandated. The CEL Group's internal audit plan will incorporate a review of all interested person transactions whether mandated or non-mandated; and
  - (b) on a quarterly basis, the CEL Group's internal auditors will submit a report to its Audit Committee of all recorded interested person transactions, and the basis of such transactions, entered into by the CEL Group.

- 4.4 The Audit Committee will review all the CEL Group's interested person transactions, whether mandated or non-mandated, on a quarterly basis and will include the review of these interested person transactions as part of its standard procedures while examining the adequacy of the CEL Group's internal controls.

In the event that a member of the Board, a member of the Audit Committee or an authorised reviewing officer, where applicable, has a conflict of interests in relation to any interested person transaction, he will abstain from reviewing and approving that particular transaction. The Board will also ensure that all disclosure requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into pursuant to the IPT Mandate.

- 4.5 The Audit Committee shall review the internal audit reports to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, the Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that the Mandated Interested Person Transactions are conducted on normal commercial terms. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that these interested person transactions will be on normal commercial terms and will not be prejudicial to the Company and its minority Shareholders, the Company will, pursuant to Rules 920(1)(b)(iv) and (vii) of the Listing Manual, revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons.

The Board shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate.

## **5. REVIEW OF NON-MANDATED INTERESTED PERSON TRANSACTIONS AND REVIEW BY THE AUDIT COMMITTEE**

All other existing and future interested person transactions not subject to the IPT Mandate will be reviewed and approved in accordance with the threshold limits set out above and where applicable, in accordance with the limits set out under Chapter 9 of the Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to the Company's interests and the interests of minority Shareholders. In the event that such interested person transactions require the approval of the Board and the Audit Committee, relevant information will be submitted to the Board or the Audit Committee for review. In the event that such interested person transactions require the approval of Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

The Audit Committee will also review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with. The Company will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

## **6. EXPIRY AND RENEWAL OF THE IPT MANDATE**

The IPT Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in general meeting) continue in force until the next Annual General Meeting of the Company.