

CHEMOIL ENERGY LIMITED
(Incorporated in Hong Kong on 9 October 1987)
(Company Registration No. 200591)

INCREASE IN SHAREHOLDING OF ASSOCIATED COMPANY

Further to the announcement made on 5 November 2007, the Board of Directors of Chemoil Energy Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has, through its wholly owned subsidiary, Kemoil Limited ("**Kemoil**"), acquired an additional 18.34% of the issued share capital of California Software Company Limited ("**Calsoft**") following the close of the open offer to the public shareholders of Calsoft (the "**Calsoft Acquisition**") The Calsoft Acquisition raises Kemoil's aggregate shareholding from 47.7% to 66.04%, resulting in Calsoft becoming a subsidiary of the Company.

The Group, through its subsidiaries, Kemoil and California Advanced Management Services Private Limited, collectively owns 67.69% of the issued share capital of Calsoft.

The consideration of Rs. 226,724,500 or approximately US\$5.3 million was arrived at based on a price of RS 100 per share pursuant to and in compliance with Regulations 11(1) and Regulation 12 of Chapter III of The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.

Based on Calsoft's audited financial statements as at 31 March 2007, the net asset value and net tangible asset value attributable to the additional 18.34% shares acquired in Calsoft amounted to approximately US\$2.73 million and US\$2.57 million respectively.

The Calsoft Acquisition was funded by internal resources and is not expected to have any material impact on the Company's consolidated earnings and net tangible assets per share in the current financial year.

By Order of the Board

Clyde Michael Bandy
Chairman and Chief Executive Officer
20 June 2008

The initial public offering of the shares of Chemoil was sponsored by J.P. Morgan (S.E.A.) Limited and UBS AG, acting through its business group, UBS Investment Bank.