

**CHEMOIL ENERGY LIMITED**  
(Incorporated in Hong Kong)  
(Company Registration No. 200591)  
(**"Chemoil"**)

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**MANDATORY UNCONDITIONAL CASH OFFER FOR SHARES IN CHEMOIL**  
**APPOINTMENT OF ERNST & YOUNG CORPORATE FINANCE PTE LTD**  
**AS INDEPENDENT FINANCIAL ADVISER**

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**1. Introduction**

The Board of Directors of Chemoil ("**Board**") wishes to inform shareholders of Chemoil ("**Shareholders**") that further to the announcement dated 14 December 2009 ("**Pre-Conditional Offer Announcement**") made by DBS Bank Ltd. ("**DBS Bank**"), for and on behalf of Singfuel Investment Pte. Ltd. (an indirect wholly-owned subsidiary of Glencore International AG) ("**Offeror**"), DBS Bank has announced, for and on behalf of the Offeror:

- (a) that the Offeror has on 26 February 2010 completed the purchase from the Chandran Family Trust of 656,784,194 issued ordinary shares ("**Shares**"), representing approximately 50.81 per cent.<sup>1</sup> of the issued share capital of Chemoil, and that accordingly, the Pre-Condition (as defined in the Pre-Conditional Offer Announcement) has been satisfied; and
- (b) pursuant to the satisfaction of the Pre-Condition and pursuant to the requirements under the Singapore Code on Take-overs and Mergers (the "**Code**"), the Offeror's firm intention to make a mandatory unconditional cash offer ("**Offer**") for all the Shares not already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror,  
  
(the "**Offer Announcement**").

**2. Terms of the Offer**

2.1 The Offer Announcement states, *inter alia*, that subject to the terms and conditions set out in the offer document to be issued by DBS Bank for and on behalf of the Offeror ("**Offer Document**"), the Offer will be made by the Offeror on the following basis:

- (a) the Offeror will make the Offer for all issued Shares not already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror (the "**Offer Shares**", each an "**Offer Share**") in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore and the Code;

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<sup>1</sup> In the Offer Announcement, for the purposes of computation of any percentage shareholdings, the total number of issued Shares was 1,292,612,000 (excluding treasury shares) based on the unaudited financial statements of Chemoil for the nine months ended 30 September 2009.

- (b) the price for each Offer Share ("**Offer Price**") will be as follows:

**For each Offer Share: US\$0.3552 in cash;**

- (c) the Offer will be extended, on the same terms and conditions, to all new Shares unconditionally issued or to be issued pursuant to the valid exercise, on or prior to the close of the Offer, of any options (the "**Options**", each an "**Option**") to subscribe for new Shares under the 2006 Share Option Scheme of Chemoil ("**Option Scheme**").

For the purpose of the Offer, the expression "**Offer Shares**" shall include all new Shares unconditionally issued or to be issued pursuant to the valid exercise of the Options on or prior to the close of the Offer;

- (d) the Offer Shares will be acquired:

- (i) fully paid;
- (ii) free from any mortgage, assignment of receivables, debenture, lien, hypothecation, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or other similar right, right of first refusal, restriction, third-party right or interest, any other encumbrance, condition or security interest whatsoever having similar effect; and
- (iii) together with all rights, benefits and entitlements attached thereto as at the date of the Offer Announcement and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared by Chemoil on or after the date of the Offer Announcement. **If any dividend, other distribution or return of capital is declared by Chemoil on or after the date of the Offer Announcement to a shareholder of Chemoil who accepts or has accepted the Offer and the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls after the books closure date for the determination of entitlements to such dividend, other distribution or return of capital, the Offeror reserves the right to reduce the Offer Price payable to such accepting shareholder of Chemoil by the amount of such dividend, other distribution or return of capital;**

- (e) the Offer will be unconditional in all respects;

- (f) the Offeror does not intend to revise the Offer Price; and

- (g) the Offer Document, which will contain the terms and conditions of the Offer and enclose the appropriate form(s) of acceptance, will be despatched to the holders of the Offer Shares not earlier than 14 days and not later than 21 days from the date of the Offer Announcement.

A copy of the Offer Announcement is available on the website of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") at [www.sgx.com](http://www.sgx.com). Shareholders are advised to refer to the full-text of the Offer Announcement.

## 2.2 Options and Options Proposal

The Offer Announcement also states that:

- (a) as at the date of the Offer Announcement, based on the latest information available to the Offeror, there are outstanding Options granted under the Option Scheme. Under the rules of the Option Scheme, the Options are not transferable by the holders thereof. In view of this restriction, DBS Bank, for and on behalf of the Offeror, will not make an offer to acquire the Options (although, for the avoidance of doubt, the Offer will be extended to all new Shares issued or to be issued pursuant to the valid exercise of the Options on or prior to the close of the Offer); and
- (b) in addition to extending the Offer to all new Shares issued or to be issued pursuant to the valid exercise of the Options on or prior to the close of the Offer, the Offeror intends to make a proposal (the "**Options Proposal**") to the holders of the Options. The terms of the Options Proposal are set out in **Appendix 1** to the Offer Announcement.

### 2.3 Listing Status of Chemoil and Compulsory Acquisition

#### (a) *Listing Status of Chemoil*

Under Rule 1105 of the SGX-ST Listing Manual (the "**Listing Manual**"), in the event that the Offeror and parties acting in concert with the Offeror should, as a result of the Offer or otherwise, own or control more than 90 per cent. of the Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public.

In addition, under Rule 724 of the Listing Manual, if the percentage of the Shares held in public hands falls below 10 per cent., Chemoil must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Pursuant to Rule 725 of the Listing Manual, the SGX-ST may allow Chemoil a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares held by members of the public to at least 10 per cent., failing which Chemoil may be de-listed from the SGX-ST.

It is the current intention of the Offeror to maintain the listing status of Chemoil on the SGX-ST following completion of the Offer. However, in the event Chemoil does not meet the minimum public float required under the Listing Manual at the close of the Offer, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) under the ninth schedule of the Hong Kong Companies Ordinance, Chapter 32 (the "**Companies Ordinance**") as described in paragraph 2.3(b) below, depending, *inter alia*, on the ultimate level of acceptances received by the Offeror and the prevailing market conditions at the relevant time.

#### (b) *Compulsory Acquisition*

Pursuant to section 168 of and part 1 of the ninth schedule to the Companies Ordinance, if the Offeror (together with its group companies and their respective nominees) acquires not less than 90 per cent. of the Offer Shares during the period of four months from the date of despatch of the Offer Document, either by virtue of valid acceptances of the Offer or otherwise, the Offeror would be entitled to exercise the right to compulsorily acquire all the

Offer Shares which it has not so acquired on the same terms as those offered under the Offer unless, upon an application being made to the Hong Kong court by a shareholder of Chemoil within a specified time, the court thinks fit to order otherwise. In the event the Offeror is entitled to exercise its right under part 1 of the ninth schedule to the Companies Ordinance, the Offeror reserves its right to compulsorily acquire all the Offer Shares which it has not so acquired, subject to the considerations highlighted in paragraph 2.3(a) above.

In addition, pursuant to section 168 of and part 2 of the ninth schedule to the Companies Ordinance, if the Offeror (together with its group companies and their respective nominees) acquires such number of Shares during the period ending on the closing date of the Offer (the "**Closing Date**") which, together with the Shares already held by it, its group companies and their respective nominees, comprises not less than 90 per cent. of all the Shares, the holder of any Offer Shares who has not accepted the Offer on or before the Closing Date has the right to require the Offeror to acquire its Offer Shares on the same terms as those offered under the Offer, or on such other terms as may be agreed or as the Hong Kong court, on the application of the holder of the Offer Shares or the Offeror, thinks fit to order, within a specified time period. Shareholders of Chemoil who wish to exercise this right are advised to seek their own independent legal advice.

### **3. Appointment of Independent Financial Adviser**

The Board also wishes to inform Shareholders that it has appointed Ernst & Young Corporate Finance Pte Ltd ("**EYCF**") as the independent financial adviser to the Directors of Chemoil who are considered independent ("**Independent Directors**") for the purposes of the Offer.

A circular containing, *inter alia*, the advice of EYCF and the recommendations of the Independent Directors ("**Circular**") will be sent to Shareholders within 14 days of the despatch of the Offer Document.

**In the meantime, Shareholders are advised to exercise caution when dealing in their Shares or otherwise taking any action in relation to their Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations of the Independent Directors as well as the advice of EYCF set out in the Circular to be issued in due course.**

### **4. Directors' Responsibility Statement**

The Directors of Chemoil (including those who have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and the opinions expressed in this announcement are fair and accurate and no material facts have been omitted from this announcement.

Where information has been extracted from published or otherwise publicly available sources (including, without limitation, the Offer Announcement), the sole responsibility of the Directors of Chemoil has been to ensure that such information has been correctly and accurately extracted from these sources, or as the case may be, accurately reflected or reproduced in this announcement.

The Directors of Chemoil jointly and severally accept full responsibility accordingly.

By Order of the Board  
**Chemoil Energy Limited**

Clyde Michael Bandy  
Chief Executive Officer and Chairman

26 February 2010