

CIRCULAR DATED 13 APRIL 2011

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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.

If you have sold all your shares in the share capital of Chemoil Energy Limited (the "**Company**"), please forward this Circular, and the Notice of Extraordinary General Meeting and accompanying Proxy Form which have been sent to you together with this Circular, immediately to the purchaser or transferee or to the bank, stockbroker or agent through which you effected the sale, for onward transmission to the purchaser or transferee.

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



CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED GLENCORE IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS

*Independent Financial Advisor to the
Independent Directors of Chemoil Energy Limited*



KPMG CORPORATE FINANCE PTE LTD
(Company registration number: 198500417D)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	27 April 2011 at 2.30 p.m.
Date and time of Extraordinary General Meeting	:	29 April 2011 at 2.30 p.m. (prior to the commencement of the AGM to be held at 3.00 p.m. or at the conclusion of the EGM, on the same day and at the same place)
Place of Extraordinary General Meeting	:	The Marina Mandarin Singapore Vanda Ballroom, Level 5 6 Raffles Boulevard Marina Square Singapore 039594

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DEFINITIONS

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

<i>“AC Approval Thresholds”</i>	:	Shall have the meaning ascribed to it in paragraph 6.2(a) of this Circular
<i>“AGM”</i>	:	The annual general meeting of the Company
<i>“Articles”</i>	:	The articles of association of the Company
<i>“Audit Committee”</i>	:	The Audit Committee of the Company, comprising Steven Barry John Simpson as Chairman and Fuminobu Oda and Peter Michael Meade as members as at the date of this Circular
<i>“Bankruptcy Event”</i>	:	The occurrence, with respect to any specified Person, of (i) a general assignment for the benefit of creditors; (ii) the filing of any voluntary petition in bankruptcy or the suffering of the filing of any involuntary petition in bankruptcy that is not dismissed within 30 days of its filing; (iii) the application for or permitting the appointment of a receiver, trustee or custodian of any of its property or business; (iv) the making of an admission of its inability to pay its debts as they become due; or (v) the adjudication of such Person as bankrupt or insolvent (whether “insolvency” is defined to mean the inability to pay one’s debts as they come due or the excess of liabilities over assets), or the entering against it of an order of relief in any bankruptcy or insolvency proceeding by a court of competent jurisdiction
<i>“Board”</i>	:	The Board of Directors of the Company
<i>“Bunker Fuel”</i>	:	The bunker and marine fuels referred to in the SPS Agreement
<i>“Calculation Period”</i>	:	Each calendar quarter during the Term, provided that if the Commencement Date is not the first day of a calendar quarter, then the first Calculation Period shall begin on the Commencement Date and end on the last day of the subsequent calendar quarter
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“CEO”</i>	:	Shall have the meaning ascribed to it in paragraph 3.2(e)(ii)(F) of this Circular
<i>“Chemoil AGM”</i>	:	An annual general meeting of Shareholders
<i>“Chemoil Group”</i>	:	The Company and its Subsidiaries
<i>“Chemoil Offer”</i>	:	Shall have the meaning ascribed to it in paragraph 3.2(e)(ii)(B) of this Circular
<i>“Chemoil SPS EGM”</i>	:	An extraordinary general meeting of Shareholders to obtain Shareholders’ mandate/approval for the transactions and/or arrangements contemplated in the SPS Agreement in accordance with the procedures required for Interested Person Transactions, such extraordinary general meeting of Shareholders to be held on the same date of a relevant Chemoil AGM

<i>“Chemoil Subsidiaries”</i>	:	Subsidiaries of the Company, and each a “Chemoil Subsidiary”
<i>“Companies Act”</i>	:	The Companies Act, Chapter 50 of Singapore
<i>“Company”</i>	:	Chemoil Energy Limited
<i>“Control”</i>	:	The ownership of a majority of the equity interests in a Person or the ability or right, whether or not exercised, to direct the business policies of such Person, whether by contract or otherwise
<i>“Directors”</i>	:	The directors of the Company for the time being
<i>“EGM”</i>	:	The extraordinary general meeting of the Company, notice of which is sent to Shareholders together with this Circular
<i>“Exceptions”</i>	:	Shall have the meaning ascribed to it in paragraph 3.2(a)(i) of this Circular
<i>“First Look Basis”</i>	:	One Party providing the other Party with the first notice of an opportunity to bid on Fuel Oil supply, Bunker Fuel supply, Shipping Requirements or hedging requirements (as the case may be) under the terms of the SPS Agreement, before that notice is provided to third parties
<i>“Fuel Oil”</i>	:	Any and all grades of residual fuel products
<i>“FY”</i>	:	Financial year ended 31 December unless otherwise stated
<i>“Glencore”</i>	:	Glencore International AG
<i>“Glencore Derivatives Offer”</i>	:	Shall have the meaning ascribed to it in paragraph 3.2(f)(ii)(B) of this Circular
<i>“Glencore Group”</i>	:	Glencore and its Subsidiaries, including ST Shipping (other than members of the Chemoil Group)
<i>“Glencore Interested Persons”</i>	:	Shall have the meaning ascribed to it in paragraph 2.3 of this Circular
<i>“Glencore IPT Mandate”</i>	:	A Shareholders’ general mandate pursuant to Chapter 9 of the Listing Manual permitting members of the Chemoil Group, or any of them, to enter into the SPS Transactions with the Glencore Interested Persons, or any of them
<i>“Glencore Subsidiaries”</i>	:	Subsidiaries of Glencore, including ST Shipping (other than members of the Chemoil Group), and each a “Glencore Subsidiary”
<i>“Glencore Supply Offer”</i>	:	Shall have the meaning ascribed to it in paragraph 3.2(a)(ii)(B) of this Circular
<i>“IFA”</i>	:	Shall have the meaning ascribed to it in paragraph 6.3 of this Circular
<i>“Independent Directors”</i>	:	Directors of the Company who are independent for the purposes of the SPS Agreement and the Glencore IPT Mandate
<i>“Latest Practicable Date”</i>	:	The latest practicable date prior to the printing of this Circular, being 8 April 2011

<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>"Monthly Supply Requirements Notice"</i>	:	Shall have the meaning ascribed to it in paragraph 3.2(a)(ii)(A) of this Circular
<i>"NAV"</i>	:	Net asset value
<i>"Netback Basis"</i>	:	A supply arrangement under which the purchase prices on products purchased by the Chemoil Group from the Glencore Group is set relative to the prices for which such products are then sold by the Chemoil Group following consultation with Glencore to third parties such that the Chemoil Group earns a set profit, commission or margin
<i>"NTA"</i>	:	Net tangible assets
<i>"Parties"</i>	:	Shall have the meaning ascribed to it in paragraph 1.1 of this Circular
<i>"Period"</i>	:	Shall have the meaning ascribed to it in paragraph 6.2(a)(A) of this Circular
<i>"Person"</i>	:	Any natural person, corporation, partnership, limited liability company, business trust, estate or any other legal entity
<i>"Related Party Procedures"</i>	:	The related party procedures prescribed by the SPS Agreement, details of which have been set out in paragraphs 3.2(e)(ii) and 3.2(h) of this Circular
<i>"Securities Account"</i>	:	Securities accounts maintained by depositors with CDP, but not including securities accounts maintained with a depository agent
<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>"Shipping Requirements"</i>	:	Shall have the meaning ascribed to it in paragraph 1.1(c) of this Circular
<i>"Singfuel"</i>	:	Shall have the meaning ascribed to it in paragraph 1.3 of this Circular
<i>"SPS Agreement"</i>	:	The Sales, Purchase and Services Agreement dated 5 February 2010 entered into between Glencore, the Company and ST Shipping
<i>"SPS Transactions"</i>	:	Shall have the meaning ascribed to it in paragraph 2.3 of this Circular

“ST Shipping”	:	ST Shipping and Transport Pte. Ltd., a Glencore Subsidiary
“ST Shipping Offer”	:	Shall have the meaning ascribed to it in paragraph 3.2(d)(ii)(B) of this Circular
“Subsidiary”	:	With respect to any Person, any other Person which the first Person Controls, directly or indirectly
“Substantial Shareholder”	:	In relation to a corporation that is listed on the SGX-ST, a person who has an interest in voting shares of that corporation where the total votes attached to the said shares are not less than five (5) per cent. of the total votes attached to all the voting shares of that listed company
“Supplemental Agreement”	:	Shall have the meaning ascribed to it in paragraph 1.2 of this Circular
“Term”	:	Shall have the meaning ascribed to it in paragraph 1.2(a) of this Circular and more particularly described in paragraph 3.2(j) of this Circular
“S\$”	:	Singapore dollars
“U.S. cents”	:	United States of America cents
“US\$” or “U.S. Dollars”	:	United States of America dollars
“%” or “per cent.”	:	Percentage or per centum

The terms “depositor”, “depository agent” 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*.

Any reference in this Circular 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 Circular 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 Circular shall be a reference to Singapore time.

The terms “interested person transaction” and “interested person” shall bear the meanings set out in Chapter 9 of the Listing Manual.

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

CHEMOIL ENERGY LIMITED

(Company Registration Number: 200591)
(Incorporated in Hong Kong)

Directors:

Clyde Michael Bandy (*Chairman*)
Thomas Kevin Reilly (*Chief Executive Officer*)
Alexander Frank Beard (*Non-Executive Director*)
Mark Jonathan Catton (*Non-Executive Director*)
Hon Kim Weng (*Non-Executive Director*)
Fuminobu Oda (*Non-Executive Director*)
Takashi Yasuda (*Non-Executive Director*)
Peter Michael Meade (*Lead Independent Director*)
Philip Calvin Anderson (*Independent Director*)
Steven Barry John Simpson (*Independent Director*)

Registered Office:

12/F, The Lee Gardens,
33 Hysan Avenue
Causeway Bay
Hong Kong S.A.R.

13 April 2011

To: The Shareholders of Chemoil Energy Limited

Dear Sir/Madam

1. INTRODUCTION

- 1.1 On 5 February 2010, the Company entered into the SPS Agreement with Glencore and ST Shipping, which is a Glencore Subsidiary (the Company, Glencore and ST Shipping collectively, the "**Parties**"), pursuant to which, *inter alia*:
- (a) the Company shall, and shall cause the Chemoil Subsidiaries to, grant Glencore and the Glencore Subsidiaries an opportunity to supply on a First Look Basis a mutually agreed volume of the Chemoil Group's aggregate requirements for Bunker Fuel and Fuel Oil at the Chemoil Group's worldwide bunkering and marine fuel facilities;
 - (b) in the event any company within the Chemoil Group wishes to sell any cargo of petroleum products to any member of the Glencore Group and such member of the Glencore Group wishes to purchase such cargo, the Parties shall negotiate in good faith the terms of a sales agreement;
 - (c) as and when the Company or the Chemoil Subsidiaries need to charter vessels, the Company shall on a First Look Basis provide ST Shipping with an opportunity to bid to arrange such charter. This shall apply to all of the Chemoil Group's worldwide shipping and transport requirements for Bunker Fuel or Fuel Oil during the Term other than for destinations in Russia, India and the Philippines ("**Shipping Requirements**"), except for (i) the Company's third-party trading business, (ii) products carried on barges, and (iii) products carried on vessels owned by an entity within the Chemoil Group;
 - (d) ST Shipping shall on a First Look Basis provide the Company with an opportunity to bid to supply Bunker Fuel to ST Shipping when a vessel owned or chartered by ST Shipping for its oil activities requires Bunker Fuel in a port that is serviced by the Company or the Chemoil Subsidiaries;
 - (e) Glencore shall use commercially reasonable efforts to assist the Company with its price risk management for the Chemoil Group's worldwide Bunker Fuel business and to share its relevant market intelligence. As and when the Company or the Chemoil Subsidiaries need to place a hedge on any over-the-counter markets in Fuel Oil worldwide, the Company shall on a First Look Basis provide Glencore with an opportunity to arrange such hedge on 100 per cent. of its hedging requirements; and

- (f) in the event that any company within the Chemoil Group wishes to lease any terminal capacity or provide other terminal services to any member of the Glencore Group and such member of the Glencore Group wishes to lease such capacity or receive such terminal services from a member of the Chemoil Group, the Parties shall negotiate in good faith the terms of a terminaling agreement.

1.2 Further to the entry of the SPS Agreement in February 2010, the Company announced on 8 March 2011 that it had entered into a supplemental agreement to the SPS Agreement (“**Supplemental Agreement**”) between the Parties pursuant to which the SPS Agreement has been supplemented and amended to provide, *inter alia*, that:

- (a) the term of the SPS Agreement (the “**Term**”) shall be renewed automatically on the date of each Chemoil SPS EGM in accordance with the Singapore regulations regarding interested person transactions (as defined in the Listing Manual) for successive periods, each ending on the date of the Chemoil AGM occurring after the date of such renewal, unless:
 - (i) the approval of shareholders required under the Singapore regulations regarding interested persons transactions (to the extent applicable to the Company) shall not have been obtained by the Company at a relevant Chemoil SPS EGM for the Company to continue the transactions and/or arrangements contemplated in the SPS Agreement, in which event the Term shall expire on the date of the Chemoil AGM (occurring on the same date as such Chemoil SPS EGM); or
 - (ii) terminated pursuant to the terms of the SPS Agreement,whichever is the earlier; and
- (b) the scope of section 4 of the SPS Agreement (which originally relates to sales of any petroleum products by any member of the Chemoil Group to any member of the Glencore Group) shall be widened to contemplate also the purchase (as opposed to only sales) of any petroleum products (but excluding the purchase of Bunker Fuel or Fuel Oil from any member of the Glencore Group which is contemplated in another section of the SPS Agreement) by any member of the Chemoil Group from any member of the Glencore Group.

The Supplemental Agreement is conditional upon Shareholders’ mandate/approval having been obtained at a general meeting of Shareholders to continue the transactions and/or arrangements contemplated in the SPS Agreement (as amended and supplemented by the Supplemental Agreement) beyond the date of the Chemoil AGM to be convened on 29 April 2011 in accordance with the Singapore regulations regarding interested person transactions under Chapter 9 of the Listing Manual, and accordingly, the Supplemental Agreement shall not become effective until the date on which such Shareholders’ mandate/approval is obtained.

All references to the SPS Agreement in this Circular hereafter shall refer to the SPS Agreement as amended and supplemented by the Supplemental Agreement.

A copy of the Company’s announcement is available on the website of the SGX-ST at www.sgx.com.

1.3 Glencore is the holding company of Singfuel Investment Pte. Ltd. (“**Singfuel**”) and is deemed to be interested in the 666,204,594 Shares, representing approximately 51.54 per cent.¹ of the issued share capital of the Company, held directly by Singfuel. Accordingly, Glencore and the Glencore Subsidiaries (including ST Shipping) are each regarded as an associate of a controlling

¹ As a percentage of the issued share capital of the Company, comprising 1,292,612,000 Shares as at the Latest Practicable Date.

shareholder of the Company (being Singfuel), and therefore an interested person (as defined in the Listing Manual) vis-a-vis the Company. Accordingly, the transactions contemplated under the SPS Agreement are conditional upon Shareholders' mandate/approval having been obtained at a general meeting of Shareholders for the same in accordance with the procedures required for interested person transactions under Chapter 9 of the Listing Manual.

- 1.4 The Directors are convening the EGM to be held immediately prior to the commencement of the forthcoming AGM on 29 April 2011, a notice of which is sent to Shareholders together with this Circular, to seek Shareholders' approval for the proposed adoption of the Glencore IPT Mandate in respect of the transactions contemplated under the SPS Agreement (as more particularly described in paragraph 3 below).
- 1.5 The purpose of this Circular is to explain the reasons for, and to provide Shareholders with information relating to the SPS Agreement and the transactions contemplated therein, the Supplemental Agreement and the Glencore IPT Mandate, and to seek their approval for the Glencore IPT Mandate.

2. THE SPS AGREEMENT AND THE PROPOSED GLENCORE IPT MANDATE

2.1 Definitions under Chapter 9

Chapter 9 of the Listing Manual applies to transactions which a corporation listed on the SGX-ST 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 corporation within the meaning of Rule 904(4) of the Listing Manual. The following definitions are contained in the Listing Manual.

An "*entity at risk*" means:

- (a) the listed company;
- (b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
- (c) 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 per cent. 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 per cent. or more.

An "*associated company*" means a company in which at least 20 per cent. but not more than 50 per cent. of its shares are held by the listed company or listed group.

A “controlling shareholder” means a person who holds (directly or indirectly) 15 per cent. or more of all shares in the company (provided that the SGX-ST may determine that a person who satisfies the foregoing is not a controlling shareholder) 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.

2.2 Chapter 9 of the Listing Manual

Chapter 9 of the Listing Manual governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company’s interested persons.

When Chapter 9 of the Listing Manual applies to a transaction with an interested person (except for any transaction which is below S\$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from the ambit of Chapter 9 of the Listing Manual) and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches (or exceeds) certain materiality thresholds (which are based on the listed group’s latest audited consolidated NTA), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for that transaction.

An immediate announcement is required where:

- (a) the value of a transaction with an interested person is equal to, or more than, 3% of the listed group’s latest audited consolidated NTA; or
- (b) the aggregate value of all transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year, amounts to 3% or more of the listed group’s latest audited consolidated NTA.

In addition, shareholders’ approval is required for an interested person transaction of a value equal to, or exceeding:

- (i) 5% of the listed group’s latest audited consolidated NTA; or
- (ii) 5% of the listed group’s latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

For illustration purposes, based on the audited consolidated financial statements of the Chemoil Group for the financial year ended 31 December 2010, being the latest available audited consolidated financial statements of the Chemoil Group as at the Latest Practicable Date, the NTA of the Chemoil Group was US\$ 284.38 million. For the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the audited consolidated financial statements of the Chemoil Group for the financial year ended 31 December 2010 are published, five (5) per cent. of the latest audited NTA of the Chemoil Group would be US\$ 14.22 million, and

three (3) per cent. of the latest audited NTA of the Chemoil Group would be US\$ 8.53 million. Based on the above figures, Shareholders' approval would be required for any transaction with a value equal to or above US\$ 14.22 million or any transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, with a value equal to or above US\$ 14.22 million (unless such transaction has been approved by the Shareholders or is the subject of aggregation with another transaction that has been approved by the Shareholders).

Chapter 9 of the Listing Manual permits a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

2.3 Rationale for the Glencore IPT Mandate

The SPS Agreement contemplates certain transactions that will be entered into between entities within the Chemoil Group and entities within the Glencore Group ("**Glencore Interested Persons**") from time to time in the ordinary course of their businesses pursuant to the terms of the SPS Agreement ("**SPS Transactions**"), details of which are set out in paragraph 3.2 of this Circular.

In view of the time-sensitive nature of commercial transactions, the obtaining of the Glencore IPT Mandate pursuant to Chapter 9 of the Listing Manual will enable:

- (a) the Company; and
- (b) the Chemoil Subsidiaries,

or any of them, in the ordinary course of their businesses, to enter into the SPS Transactions with the Glencore Interested Persons without being separately subject to the obligations in Rules 905 and 906 of the Listing Manual, provided such SPS Transactions are made on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

2.4 Scope of the Glencore IPT Mandate

The Glencore IPT Mandate will cover the SPS Transactions entered into pursuant to the terms of the SPS Agreement. Further details of the SPS Transactions are set out in paragraph 3 of this Circular.

The Glencore IPT Mandate will not cover any transaction by a company in the Chemoil Group with a Glencore Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.

Transactions with interested persons (including the Glencore Interested Persons) that do not fall within the ambit of the Glencore IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

2.5 Classes of Interested Persons

The Glencore IPT Mandate will apply to the SPS Transactions that are carried out between (i) any member of the Chemoil Group, with (ii) any Glencore Interested Person.

Glencore and the Glencore Interested Persons

Glencore is the holding company of Singfuel and is deemed to be interested in the 666,204,594 Shares, representing approximately 51.54 per cent.² of the issued share capital of the Company, held directly by Singfuel.

The Glencore Group is one of the world's largest suppliers of commodities and raw materials to industrial consumers. Customers around the world, in industries such as automotive, power generation, steel production and food processing, rely upon the Glencore Group's established global network of operations as a source of metals and minerals, crude oil and oil products, coal and agricultural products. These commodities originate either from the Glencore Group's owned production assets, are secured from third parties, or benefit from the refining, processing or marketing expertise of the Glencore Group. The Glencore Group also provides financing, logistics and other supply chain services to producers and consumers of commodities.

The Glencore Group, founded in 1974, is a privately held group owned by its management and employees. Headquartered in Baar, Switzerland, the Glencore Group employs over 2,000 people in its global marketing operations in some 50 offices in over 40 countries. In its industrial operations, the Glencore Group employs over 50,000 people at 15 plants in 13 countries. Additionally, the Glencore Group has interests in various publicly listed companies including 34.5 per cent. in Xstrata, 44 per cent. economic (39 per cent. voting) in Century Aluminum, 70.6 per cent. in Minara Resources, 72.2 per cent. in Katanga Mining and 32.2 per cent. in Recylex.

Each member of the Glencore Group (being an associate of Glencore) is an interested person in the Company pursuant to Chapter 9 of the Listing Manual and any transactions entered into between the Chemoil Group and any member of the Glencore Group would constitute interested person transactions under Chapter 9 of the Listing Manual.

3. INFORMATION RELATING TO THE SPS AGREEMENT AND THE SPS TRANSACTIONS

3.1 The SPS Transactions

The SPS Transactions with the Glencore Interested Persons that will be covered by the Glencore IPT Mandate will be entered into pursuant to the terms of the SPS Agreement. A summary of the principal terms of the SPS Agreement is set out in paragraph 3.2 of this Circular below.

3.2 Principal Terms of the SPS Agreement

(a) Purchase Offer for Bunker Fuel and Fuel Oil

(i) Purchase Offer

For each Calculation Period referred to in the SPS Agreement, the Company shall, and shall cause the Chemoil Subsidiaries to, grant Glencore and the Glencore Subsidiaries an opportunity to supply on a First Look Basis a mutually agreed volume of the Chemoil Group's aggregate requirements for Bunker Fuel and Fuel Oil at the Chemoil Group's worldwide bunkering and marine fuels facilities, subject to the following exceptions (the "**Exceptions**"):

(A) Glencore and the Company anticipate that the Chemoil Group's facilities to be covered under the first look protocol under the SPS Agreement shall primarily be

² As a percentage of the issued share capital of the Company, comprising 1,292,612,000 Shares as at the Latest Practicable Date.

those located in Singapore, Fujairah, Rotterdam, the U.S. East Coast, the U.S. Gulf Coast and Panama; and

- (B) the Chemoil Group's facilities to be supplied shall not include those located in Russia, India³ or the Philippines⁴ unless and until the Parties agree otherwise.

(ii) Procedures

The procedures for Glencore to make a bid to supply Bunker Fuel and Fuel Oil are as follows:

- (A) at least 30 days prior to the beginning of each calendar month during the Term, the Company shall deliver to Glencore a written notice (the "**Monthly Supply Requirements Notice**") setting out its preliminary estimate of:
- (1) not less than 50 per cent. of the worldwide requirements (subject to the Exceptions) of the Chemoil Group for Bunker Fuel and Fuel Oil during the next calendar month broken down by volume, timing, quality and specifications, destination port, laycan and setting forth such other information as Glencore and the Company may agree to add from time to time; and
 - (2) not less than 50 per cent. of projected worldwide requirements (subject to the Exceptions) of the Chemoil Group for Bunker Fuel and Fuel Oil in the aggregate for the two (2) calendar months following the next calendar month, broken down in the same manner as set forth in paragraph 3.2(a)(ii)(A)(1) of this Circular,

such estimates being indicative only and not binding;

- (B) as and when the Company or the Chemoil Subsidiaries need to purchase Bunker Fuel and Fuel Oil covered under the Monthly Supply Requirements Notice, the Company shall on a First Look Basis provide Glencore with an opportunity to bid to supply such Bunker Fuel and Fuel Oil. The Company shall supply Glencore with a first look by delivering written notification to Glencore of its supply requirements (including information on estimated volume, quality, specification, timing, destination port and laycan) and requesting a bid from Glencore in respect of such requirements. Glencore or one of the Glencore Subsidiaries shall provide a bid (the "**Glencore Supply Offer**") within the timeframe established by the Company at such time, which timeframe will be in accordance with usual market practices;
- (C) the Company shall notify Glencore in writing whether the Company accepts each Glencore Supply Offer as promptly as practicable, but not later than 24 hours after receipt of the Glencore Supply Offer; and
- (D) in any case, before agreeing to purchase Bunker Fuel or Fuel Oil from Glencore or one of the Glencore Subsidiaries, the Chemoil Group company involved in the transaction shall follow the procedure set forth in paragraph 3.2(h) of this Circular to ensure that the transaction is done on arm's-length commercially reasonable grounds.

³ Destinations in Russia and India have been excluded as the Company is currently involved in joint venture arrangements in respect of destinations in Russia and India.

⁴ Destinations in the Philippines have been excluded as the Chemoil Group does not have any shipping business in destinations in the Philippines.

- (b) Sales of Petroleum Products to Glencore (Other than Sales of Bunker Fuel to ST Shipping) and Purchase of Petroleum Products (Other than Purchases of Bunker Fuel or Fuel Oil) from Glencore

In the event that any company within the Chemoil Group wishes to sell any petroleum products (but excluding the sales of Bunker Fuel to ST Shipping as contemplated in another section of the SPS Agreement, namely section 7) to any member of the Glencore Group and such member of the Glencore Group wishes to purchase such products, the Parties shall negotiate in good faith the terms of a sales agreement.

Furthermore, in the event that any company within the Chemoil Group wishes to purchase any petroleum products (but excluding the purchase of Bunker Fuel or Fuel Oil from any member of the Glencore Group as contemplated in other sections of the SPS Agreement, namely sections 2 and 3) from any member of the Glencore Group and such member of the Glencore Group wishes to sell such products, the Parties shall negotiate in good faith the terms of a purchase agreement.

Before finalising any sales or purchase agreement, the Chemoil Group company involved in the transaction shall follow the procedure set forth in paragraph 3.2(h) of this Circular to ensure that the transaction at issue is done on arms-length commercially reasonable grounds.

- (c) Singapore, Russia, the Philippines and India

- (i) The Parties shall review and discuss further whether or not the purchases of Bunker Fuel or Fuel Oil by the Chemoil Group from Glencore or the Glencore Subsidiaries for use in the Chemoil Group's Singapore facilities shall be on a Netback Basis. If either Party concludes that such arrangement is not workable then the Parties will in good faith explore other alternatives.
- (ii) The Parties shall review areas of cooperation (A) in order to maximise revenues and profits regarding Chemoil Group's supply of Bunker Fuel or Fuel Oil out of Russia and its activities in the Philippines, and (B) with respect to India on the understanding that the Company will need to consult with and reach agreement with its joint venture partner prior to making any commitments with respect to India.
- (iii) Any transactions done in Singapore, Russia, Philippines, India or any other location shall also be subject to the procedure set forth in paragraph 3.2(h) of this Circular to ensure that the transactions are done on arm's-length commercially reasonable grounds.

- (d) Shipping and Transport Services

- (i) Supply of Shipping Requirements by ST Shipping

As and when the Company or the Chemoil Subsidiaries need to charter vessels, the Company shall, on a First Look Basis provide ST Shipping with an opportunity to bid to arrange such charter. This would apply to all of the Chemoil Group's worldwide Shipping Requirements for Bunker Fuel or Fuel Oil other than for destinations in Russia, India⁵ and the Philippines⁶ during the Term, except for (A) the Company's third-party trading business, (B) products carried on barges, and (C) products carried on vessels owned by an entity within the Chemoil Group.

⁵ Destinations in Russia and India have been excluded as the Company is currently involved in joint venture arrangements in respect of destinations in Russia and India.

⁶ Destinations in the Philippines have been excluded as the Chemoil Group does not have any shipping business in destinations in the Philippines.

(ii) Procedures

The procedures for ST Shipping to make a bid to provide shipping and transport services are as follows:

- (A) the Company shall supply ST Shipping with a first look by delivering written notification to ST Shipping of its chartering requirement (including information on estimated volume, timing, destination port and laycan) and request a bid from ST Shipping in respect of such requirement;
- (B) ST Shipping shall provide a bid (the “**ST Shipping Offer**”) within the timeframe established by the Company at such time, which timeframe will be in accordance with the usual market practices;
- (C) the Company shall notify ST Shipping as to whether the Company accepts or rejects each ST Shipping Offer as promptly as practicable, but not later than 24 hours after receipt of such ST Shipping Offer; and
- (D) in any case, before agreeing to conduct any shipping transaction with ST Shipping, the Chemoil Group company involved in the transaction shall follow the procedure set forth in paragraph 3.2(h) of this Circular to ensure that the transactions are done on arm’s-length commercially reasonable grounds.

(e) Right to Supply Bunker Fuel to ST Shipping

(i) Supply of Bunker Fuel to ST Shipping

During the Term, ST Shipping shall, on a First Look Basis, provide the Company with an opportunity to bid to supply Bunker Fuel to ST Shipping when a vessel owned or chartered by ST Shipping for its oil activities requires Bunker Fuel in a port that is serviced by the Company or one of the Chemoil Subsidiaries.

(ii) Procedures⁷

The procedures for the Company to make a bid to supply Bunker Fuel to ST Shipping are as follows:

- (A) ST Shipping shall supply the Company with a first look by delivering written notification to the Company of its Bunker Fuel requirement and request a bid from the Company in respect of such requirement;
- (B) the Company or one of the Chemoil Subsidiaries shall provide a bid (the “**Chemoil Offer**”) within the timeframe established by ST Shipping at such time, which timeframe will be in accordance with usual market practices;

⁷ With reference to the procedures set out in paragraph 3.2(e)(ii) of this Circular, the Company wishes to clarify that these procedures have been prescribed for transactions relating to supplies of Bunker Fuel to ST Shipping, separately from the procedures set out in paragraph 3.2(h) of this Circular, due to the following reasons:

- (a) Industry benchmarks and data are more readily available for transactions relating to supplies of Bunker Fuel as compared to the other transactions contemplated under the SPS Agreement. Accordingly, the Parties had agreed to refer to certain agreed benchmarks for the purposes of determining transaction prices.
- (b) The Parties also recognise that the volume and frequency of the transactions relating to supplies of Bunker Fuel to ST Shipping are likely to be higher as compared to the other transactions contemplated under the SPS Agreement. Accordingly, these separate procedures were agreed with the aforesaid factor in mind.

- (C) ST Shipping shall notify the Company in writing whether ST Shipping accepts the Chemoil Offer as promptly as practicable, but not later than eight (8) hours after receipt of each Chemoil Offer;
- (D) the Chemoil Offer shall be on arm's-length commercially reasonable terms and shall be no lower than prices as offered to the Company's other customers of equal or similar status (as may vary by volume purchased and whether the Bunker Fuel is being purchased on a spot or contractual basis);
- (E) as soon as practicable after any Chemoil Offer has been accepted by ST Shipping pursuant to the above procedures (or as otherwise agreed between ST Shipping and the Company), ST Shipping and the Company shall agree upon such additional logistical terms as may be required; and
- (F) the sales prices for the Bunker Fuel sold by the Company or the Chemoil Subsidiaries to ST Shipping shall be benchmarked relative to (1) the low of the range of prices published by a recognised industry publication (such as Platt's bunker assessment) for the relevant grade and location as published for the day of or the day prior to the transaction at issue, or (2) sales prices on comparable transaction(s) done with unrelated third parties on the same day or day prior to the transaction at issue⁸. In determining the competitiveness of the quotations, the Company and the Chemoil Subsidiaries shall consider all pertinent factors, including but not limited to pricing, quality, delivery time and track record and where applicable, preferential rates, rebates or discounts will be taken into consideration. If neither of the foregoing benchmarks are available, the Company or the Chemoil Subsidiaries will only sell Bunker Fuel to ST Shipping if the transaction is approved by a senior executive or other employee authorised by the Chief Executive Officer ("**CEO**") (with no interest, direct or indirect, in the relevant transaction) after taking into consideration factors such as, but not limited to, delivery schedules, market pricing, quantity and credit terms.

(f) Risk Management Services

(i) Supply of Risk Management Services to the Company

Glencore shall use commercially reasonable efforts to assist the Company with its price risk management for the Chemoil Group's worldwide Bunker Fuel business and to share its relevant market intelligence. As and when the Company or the Chemoil Subsidiaries need to place a hedge on any over-the-counter markets in Fuel Oil worldwide, the Company shall on a First Look Basis provide Glencore with an opportunity to arrange such hedge on 100 per cent. of its hedging requirements.

⁸ With reference to the two benchmarks for sales prices set out in (1) and (2) of paragraph 3.2(e)(ii)(F) of this Circular, the Company wishes to clarify that in the event comparable transaction prices are available from both benchmarks (1) and (2), the relevant trading team within the Company will consider the relative merits of the particular proposed transaction with ST Shipping, taking into account prevailing pricing trends and resupply costs (in a volatile market, prices and order particulars may vary dramatically within even the same trading session), in order to come to a judgment on the likely direction of the market during the relevant trading session. The trading team will also generally adopt the benchmark on comparable transactions (i.e. the benchmark in (2)), assuming all market conditions are the same. The flexibility in having two possible benchmarks for reference is necessary given the dynamic and unpredictable nature of the market. The Company further wishes to state that no transaction will be carried out by the trading team unless it has been determined that the transaction is commercially justifiable based on the aforementioned.

(ii) Procedures

The procedures for Glencore to make a bid to supply risk management services to the Company are as follows:

- (A) the Company shall supply Glencore with a first look by delivering written or verbal notification to Glencore of its hedging requirements (including information on volume, timing, desired hedge instrument and desired hedge price structure) and request a bid from Glencore in respect of such requirement;
- (B) Glencore or one of the Glencore Subsidiaries shall provide a bid (the “**Glencore Derivatives Offer**”) within the timeframe established by the Company at such time, which timeframe will be in accordance with usual market practices; and
- (C) in any case, before agreeing to any hedging transaction with Glencore or one of the Glencore Subsidiaries, the Chemoil Group company involved in the transaction shall follow the procedure set forth in paragraph 3.2(h) of this Circular to ensure that the transaction is done on arm’s-length commercially reasonable grounds.

(g) Terminal Leases

In the event that any company within the Chemoil Group wishes to lease any terminal capacity or provide other terminal services to any member of the Glencore Group and such member of the Glencore Group wishes to lease such capacity or receive such terminal services from a member of the Chemoil Group, the Parties shall negotiate in good faith the terms of a terminaling agreement.

Before finalising such terminaling agreement, the Chemoil Group company involved in the transaction shall follow the procedure set forth in paragraph 3.2(h) of this Circular to ensure that the transaction at issue is done on arm’s-length commercially reasonable grounds.

(h) Related Party Procedures

(i) Related Party Procedures

Prior to agreeing to (A) the purchase from or sale of Bunker Fuel or Fuel Oil or other petroleum product to Glencore or the Glencore Subsidiaries, (B) placing a hedge with Glencore or the Glencore Subsidiaries, (C) entering into any transaction relating to the supply of Shipping Requirements by ST Shipping or (D) entering into a terminal capacity lease or providing other terminal services to any member of the Glencore Group, the relevant member of the Chemoil Group shall follow certain Related Party Procedures as set out in this paragraph 3.2(h) of this Circular.

(ii) Procedures

Prior to agreeing to (A) the purchase from or sale of Bunker Fuel or Fuel Oil or other petroleum product to Glencore or the Glencore Subsidiaries, (B) placing a hedge with Glencore or the Glencore Subsidiaries, (C) entering into any transaction relating to the supply of Shipping Requirements by ST Shipping or (D) entering into a terminal capacity lease or providing other terminal services to any member of the Glencore Group:

- (A) a senior executive or other employee (with no interest, direct or indirect, in the relevant transactions) of the Company or the Chemoil Subsidiaries as authorised by the CEO shall compare the terms offered by Glencore or the Glencore

Subsidiaries against the terms of quotation(s) obtained from unrelated third parties of similar quantities and/or quality of products or derivative financial instruments or shipping deal (as the case may be), as a basis for comparison to determine whether the price and terms offered by Glencore or the Glencore Subsidiaries are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of products, derivative financial instruments or shipping transactions;

- (B) the Company and the Chemoil Subsidiaries shall only (1) transact the purchase from or sale of Bunker Fuel or Fuel Oil or other petroleum product to Glencore or the Glencore Subsidiaries, (2) place a hedge with Glencore or the Glencore Subsidiaries, (3) enter into a shipping transaction with Glencore or the Glencore Subsidiaries or (4) provide other terminal services, if the terms offered by Glencore or the Glencore Subsidiaries are comparable to the terms of the most competitive quotation(s) by unrelated third parties;
- (C) in determining the competitiveness of the quotations (including against those from Glencore), the Company and the Chemoil Subsidiaries shall consider all pertinent factors, including but not limited to pricing, quality, delivery time and track record and where applicable, preferential rates, rebates or discounts will be taken into consideration; and
- (D) in the event that no quotation from an unrelated third party in respect of Bunker Fuels or Fuel Oil or petroleum product, or derivative financial instruments or shipping arrangement or other terminal services is available for comparison, the Company and the Chemoil Subsidiaries will only sell to, purchase from or enter into the transaction at issue with Glencore or the Glencore Subsidiaries if the terms offered by Glencore or the Glencore Subsidiaries are comparable to recent actual transactions of similar nature published in a recognised industry publication. In the event that such published data are not available, the Company and the Chemoil Subsidiaries shall only proceed with the transaction if the terms of the transaction are reviewed and approved by two senior executives or other employees as authorised by the CEO (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.

(i) Payment

- (i) All payments for products and services purchased by the Company or the Chemoil Subsidiaries from Glencore or the Glencore Subsidiaries (including ST Shipping) pursuant to the SPS Agreement shall be made at such times as such Persons may agree from time to time by wire transfer in immediately available U.S. Dollars to such account(s) as the relevant Glencore Group company (including ST Shipping) shall designate from time to time.
- (ii) All payments for products and services purchased by Glencore or other Glencore Subsidiaries (including ST Shipping) from the Company or the Chemoil Subsidiaries pursuant to the SPS Agreement shall be made at such times as such Persons may agree from time to time by wire transfer in immediately available U.S. Dollars to such account(s) as the Company or the Chemoil Subsidiaries shall designate from time to time.

(j) Term and Termination

(i) Commencement of Term

The Term shall begin, and the SPS Agreement shall not become effective until the later of (A) the date on which the SPS Agreement is approved by Shareholders and (B) completion of the Share Purchase Agreement dated 14 December 2009 entered into between the Chandran Family Trust and Singfuel⁹.

(ii) Expiry of Term

As amended by the Supplemental Agreement, the Term shall expire on the date in 2011 of the Chemoil AGM, and be renewed automatically on the date of each Chemoil SPS EGM following the commencement date of the SPS Agreement for successive periods, each ending on the date of the next Chemoil AGM occurring after the date of such renewal, unless:

- (A) the approval of Shareholders required under the Singapore regulations regarding interested persons transactions (to the extent applicable to the Company) shall not have been obtained by the Company at a relevant Chemoil SPS EGM for the Company to continue the transactions and/or arrangements contemplated in the SPS Agreement, in which event the Term shall expire on the date of the Chemoil AGM (occurring on the same date as such Chemoil SPS EGM);
- (B) terminated pursuant to the terms of the SPS Agreement (in particular, as described in paragraph 3.2(j)(iii) of this Circular below),

whichever is the earlier.

For the avoidance of doubt, the Parties acknowledge and agree, *inter alia*, that Singapore regulations regarding interested person transactions need to be complied with (to the extent applicable to the Company) and that any renewals of the Term are contingent upon and not binding until the receipt of the necessary Shareholders' approvals by the Company under such regulations.

(iii) Termination

The SPS Agreement may be terminated upon the occurrence of any of the following events:

- (A) by either Party immediately if the other Party has failed to make any payment within 10 days after the date such payment is due under the SPS Agreement;
- (B) by either Party immediately if the other Party is in breach of any obligation thereunder in any material respect (other than those specifically set out in this sub-paragraph 3.2(j)(iii)) and such breach is not cured within 30 days after notice thereof by the non-breaching Party to the breaching Party;
- (C) by the Company immediately if a Bankruptcy Event shall have occurred with respect to Glencore or ST Shipping; or
- (D) by Glencore immediately if a Bankruptcy Event shall have occurred with respect to the Company.

⁹ The Term of the SPS Agreement had commenced on 23 April 2010.

4. RATIONALE FOR THE SPS AGREEMENT AND THE GLENCORE IPT MANDATE AND BENEFITS TO SHAREHOLDERS

4.1 Rationale for the SPS Agreement and the Glencore IPT Mandate

- (a) The Company is one of the marine fuel industry's leading physical suppliers and it delivers energy through controlling all key stages of the marine fuel supply chain. It purchases fuel oil, diesel oil and blend components from national oil companies, refineries, major oil producers and other sources. It transports, stores and blends marine fuel, which it sells and delivers to a broad base of customers. These customers include a diverse group of ocean-going ship operators, international container and tanker fleets, time charter operators, marine fuel traders and other customers.

The Company has integrated operations in Los Angeles, New York, Houston, Singapore, Panama, United Arab Emirates and the ARA (Antwerp, Rotterdam and Amsterdam) region. In relation to supply chain integration, the Company exerts firm control over the key stages of the marine fuel supply chain from sourcing, shipping, storage, blending to delivery. By acquiring, developing and controlling the physical infrastructure, the Company converts operational expenses into strategic assets to maximise profitability while optimising the quality and agility of its operations.

- (b) As mentioned above in paragraph 2.5 of this Circular, the Glencore Group is one of the world's largest suppliers of commodities and raw materials to industrial consumers, and customers around the world, in industries such as automotive, power generation, steel production and food processing, rely upon the Glencore Group's established global network of operations as a source of metals and minerals, crude oil and oil products, coal and agricultural products. These commodities originate either from the Glencore Group's owned production assets, are secured from third parties, or benefit from the refining, processing or marketing expertise of the Glencore Group. The Glencore Group also provides financing, logistics and other supply chain services to producers and consumers of commodities.
- (c) The SPS Agreement has, since the commencement of the Term, brought about certain synergies between the Chemoil Group and the Glencore Group which have benefited the Company's business strategy, including but not limited to the following:
- (i) the framework in the SPS Agreement has enabled members of the Chemoil Group to supply Bunker Fuel and Fuel Oil to new retail markets for Bunker Fuel and Fuel Oil (where members of the Glencore Group operate, and where previously the Chemoil Group has not operated), and accordingly, has facilitated the entry of the Chemoil Group into these new retail markets;
 - (ii) the Chemoil Group has been able to offer and provide new products and services to its customers, such as price risk management solutions (e.g. fixed forward price contracts), facilitated by the Chemoil Group's ability to enter into swap transactions with the Glencore Group and additional market information obtained while transacting with the Glencore Group in relation to price risk management for the Bunker Fuel business;
 - (iii) the Chemoil Group has been able to secure new leases of its terminal storage facilities from the Glencore Group;
 - (iv) the Chemoil Group has benefitted from a significant trade credit facility extended by the Glencore Group to the Chemoil Group; and
 - (v) since the commencement of the Term of the SPS Agreement, the Chemoil Group has seen an overall increase in its turnover and revenue figures, and increased sales of Bunker Fuel to ST Shipping.

The Company believes that the further synergies that can be derived from subsequent renewals of the Term of the SPS Agreement will provide support for the execution of the Company's three-pronged strategy that forms the core fundamentals of its business, offering — (a) market expansion, (b) supply chain integration, and (c) development of the Company's product portfolio.

4.2 Benefits to Shareholders

The Glencore IPT Mandate for the SPS Transactions with the Glencore Interested Persons, if approved at the EGM, will enhance the ability of entities in the Chemoil Group to pursue the SPS Transactions which are time-sensitive in nature and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant entity in the Chemoil Group into such SPS Transactions. As such SPS Transactions are also carried out by the Chemoil Group in its ordinary course of business and/or which are necessary for its day-to-day operations (but not in respect of the purchase or sale of assets, undertakings or businesses), the Glencore IPT Mandate will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficiency considerably, and allow manpower resources and time to be channeled towards attaining other corporate objectives without compromising existing corporate objectives and adversely affecting the business opportunities available to the Company owing to the time-sensitive nature of commercial transactions.

The Glencore IPT Mandate is intended to facilitate the SPS Transactions in the day-to-day operations of the Chemoil Group that may be transacted from time to time with the Glencore Interested Persons pursuant to the SPS Agreement, provided that they are carried out on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders. The Chemoil Group will benefit from having access to competitive quotes from, or transactions with, the Glencore Interested Persons in addition to obtaining quotes from, or transactions with non-Glencore Interested Persons, as well as having more business opportunities through the cross-supply of goods and services. The Glencore IPT Mandate will also enhance the ability of the Chemoil Group to utilise the resources owned by the Glencore Interested Persons which will improve operational efficiency in a cost-effective manner to the Chemoil Group.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

5.1 The details of the Directors' and Substantial Shareholders' interest in the Shares as at the Latest Practicable Date are set out below:

Name of Director	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)	Total Interest (Number of Shares)	Total Interest (%) ⁽¹⁾
Clyde Michael Bandy	—	—	—	—
Thomas Kevin Reilly	—	—	—	—
Alexander Frank Beard	—	—	—	—
Mark Jonathan Catton	—	—	—	—
Hon Kim Weng	—	—	—	—
Peter Michael Meade	—	—	—	—
Fuminobu Oda	—	—	—	—
Steven Barry John Simpson	—	—	—	—
Takashi Yasuda	—	—	—	—
Philip Calvin Anderson	—	200,000	200,000	0.02
Options to subscribe for Shares				
Clyde Michael Bandy	9,781,945	—	—	0.76
Philip Calvin Anderson	692,000	—	—	0.05
Peter Michael Meade	528,000	—	—	0.04

Name of Substantial Shareholder	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)	Total Interest (Number of Shares)	Total Interest (%)⁽¹⁾
Itochu Corporation	484,729,000	—	484,729,000	37.50
Singfuel Investment Pte. Ltd.	666,204,594	—	666,204,594	51.54
Glencore International AG	—	666,204,594 ⁽²⁾	666,204,594	51.54
Glencore Asian Holdings Pte. Ltd.	—	666,204,594 ⁽³⁾	666,204,594	51.54

Notes:

- (1) As a percentage of the issued share capital of the Company, comprising 1,292,612,000 Shares as at the Latest Practicable Date.
- (2) Glencore International AG (being the ultimate parent company of Singfuel Investment Pte. Ltd.) is deemed interested in the 666,204,594 Shares held by Singfuel Investment Pte. Ltd.
- (3) Glencore Asian Holdings Pte. Ltd. (being the immediate holding company of Singfuel Investment Pte. Ltd. and a wholly-owned subsidiary of Glencore International AG) is deemed interested in the 666,204,594 Shares held by Singfuel Investment Pte. Ltd.

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

6. REVIEW PROCEDURES, OPINION OF THE INDEPENDENT FINANCIAL ADVISOR AND AUDIT COMMITTEE'S STATEMENT

6.1 Related Party Procedures under the SPS Agreement

The Related Party Procedures prescribed by the SPS Agreement are intended to ensure that the SPS 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. Please refer to paragraphs 3.2(e)(ii) and 3.2(h) of this Circular for more details on the Related Party Procedures.

6.2 Audit Committee Review Procedures

- (a) The Audit Committee will review all of the Chemoil Group's interested person transactions, including the SPS Transactions, on a quarterly basis. In addition, SPS Transactions relating to:
 - (i) the purchase or sale by any member of the Chemoil Group to or from the Glencore Group of any petroleum products (including Bunker Fuel, Fuel Oil or blend components) of a quantity equal to or exceeding 100,000 metric tons per transaction;
 - (ii) the supply of the Chemoil Group's Shipping Requirements by ST Shipping of a value equal to or exceeding US\$10 million per transaction;
 - (iii) the placement of any hedge by any company of the Chemoil Group with Glencore and/or the Glencore Subsidiaries on any over-the-counter markets in Fuel Oil worldwide of a quantity equal to or exceeding 100,000 metric tons per transaction; and
 - (iv) the lease of any terminal capacity from any member of the Chemoil Group to any member of the Glencore Group, or the provision of other terminal services by any member of the Chemoil Group to any member of the Glencore Group for a term equal to or exceeding five (5) years,

(collectively, the “**AC Approval Thresholds**”) will be reviewed and approved by the Audit Committee prior to the entry into such transactions. The Audit Committee 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.

(A) In relation to the AC Approval Threshold set out in paragraph 6.2(a)(i) of the Circular above

By way of illustration, based on transactions that have been conducted pursuant to the SPS Agreement since the commencement of the Term up to 31 December 2010 (the “**Period**”), approximately 0.5% (three (3) transactions out of 576 transactions) of all purchases or sales by any member of the Chemoil Group to or from the Glencore Group of any petroleum products (including Bunker Fuel, Fuel Oil or blend components) were equal to or exceeded 100,000 metric tons (being the AC Approval Threshold set out in paragraph 6.2(a)(i) of the Circular above).

In view of the historical data above, and the Company’s expectation that the number and volume of transactions relating to purchases or sales by any member of the Chemoil Group to or from the Glencore Group of any petroleum products (including Bunker Fuel, Fuel Oil or blend components) would increase following the first Term of the SPS Agreement, the Company is of the view that the AC Approval Threshold represents a realistic and reasonable threshold which seeks to protect the interests of minority Shareholders without unduly curtailing the Chemoil Group’s ability to respond to fast-changing market conditions on a timely basis.

(B) In relation to the AC Approval Threshold set out in paragraph 6.2(a)(ii) of the Circular above

The AC Approval Threshold set out in paragraph 6.2(a)(ii) of the Circular above was arrived at based on the various commercial considerations taken into account by the Company.

The shipping industry is experiencing rather volatile conditions, and charter rates may chalk up a significant amount in terms of value, depending on the size of the vessel and the tenor of the charter. By way of illustration, a one-year charter of an extremely large vessel, such as a Very Large Crude Carrier, alone could result in a transaction exceeding US\$10 million (which would exceed the AC Approval Threshold in paragraph 6.2(a)(ii) of the Circular above).

In arriving at the AC Approval Threshold of US\$10 million, it was considered that in the past, the Chemoil Group has entered into long-term charters of ships close to or exceeding a value of US\$10 million with parties (other than members of the Glencore Group). Further, current charter rates have the potential to increase in line with a future recovery of the shipping market. In view of the above factors, the Company is of the view that the AC Approval Threshold of US\$10 million represents a realistic and reasonable threshold which seeks to protect the interests of minority Shareholders without unduly curtailing the Chemoil Group’s ability to respond to fast-changing market conditions on a timely basis.

(C) In relation to the AC Approval Threshold set out in paragraph 6.2(a)(iii) of the Circular above

The Chemoil Group requires an AC Approval Threshold which matches the AC Approval Threshold in paragraph 6.2(a)(i) of the Circular above, so as to enable the Chemoil Group to pro-actively risk-manage its physical trading transactions of Bunker Fuel or Fuel Oil. To illustrate, a member of the Chemoil Group may after entering into a transaction for the physical purchase of Bunker Fuel or Fuel Oil from a member of the Glencore Group, concurrently place a corresponding hedge with a member of the Glencore Group in order to manage the fuel price risk exposure. The ability to place such hedges is a vital tool and the Chemoil Group must have the flexibility of being able to arrange such hedges concurrently with the physical purchase or sales transactions so as not to curtail its ability to manage the risk exposures. Accordingly, it is only appropriate to adopt a similar AC Approval Threshold for the hedging transaction.

(D) In relation to the AC Approval Threshold set out in paragraph 6.2(a) (iv) of the Circular above

In arriving at the AC Approval Threshold set out in paragraph 6.2(a)(iv) of the Circular above, the Company was guided by the current threshold in place since the commencement of the Term for the SPS Transactions relating to leases of terminal capacity or other terminal services (which is similar to the AC Approval Threshold set out in paragraph 6.2(a)(iv) of the Circular above, and which was previously approved by Shareholders in April 2010).

In addition, based generally on the relevant market conditions relating to leases of terminal capacity or other terminal services, leases of duration exceeding five (5) years are generally considered long-term in nature. Accordingly, the Company is of the view that the AC Approval Threshold of five (5) years (as set out in paragraph 6.2(a)(iv) of the Circular above) represents a realistic and reasonable threshold which seeks to protect the interests of minority Shareholders without unduly curtailing the Chemoil Group's ability to respond to fast-changing market conditions on a timely basis, as the Audit Committee should not be involved in reviewing proposed leases which would be considered short term in nature and would in any case fall within the ordinary course of business of the Chemoil Group.

Accordingly, it is proposed that the AC Approval Threshold be retained at the same level.

- (b) The Chemoil Group has also implemented the following procedures for the identification of interested persons and the recording of all of the Chemoil Group's interested person transactions:
- (i) the Chemoil Group will maintain a register of all transactions carried out with interested persons, whether mandated or non-mandated. The Chemoil Group's internal audit plan will incorporate a review of all interested person transactions whether mandated or non-mandated; and
 - (ii) on a quarterly basis, the Chemoil 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 Chemoil Group.
- (c) The Audit Committee will review all of the Chemoil Group's interested person transactions, whether the SPS Transactions or otherwise, on a quarterly basis and will include the review of all interested person transactions as part of its standard procedures while examining the adequacy of the Chemoil Group's internal controls.

In the event that 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 the SPS Transactions.

- (d) 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 SPS Transactions are entered into on normal commercial terms.

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.

- (e) If during a review by the Audit Committee, the Audit Committee is of the view that the guidelines and procedures (including the AC Approval Thresholds) established for transactions with the Glencore Interested Persons have become inappropriate or are unable to ensure that the SPS Transactions will be entered into on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, it will take such actions as it deems appropriate and/or institute additional procedures as necessary to ensure that future transactions of a similar nature are on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, and the Company will revert to the Shareholders for a fresh mandate based on new review procedures for the SPS Transactions.
- (f) Pursuant to Rules 907 and 920(1) of the Listing Manual, the Company will:
- (i) announce the aggregate value of SPS Transactions entered into with Glencore Interested Persons pursuant to the Glencore 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
 - (ii) disclose the Glencore 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 entered into during the financial year under review (excluding transactions of value less than S\$100,000 and transactions entered into pursuant to the IPT Mandate)	Aggregate value of all interested person transactions entered into under the IPT Mandate during the financial year under review (excluding transactions of value less than S\$100,000)	Aggregate value of all interested person transactions entered into with Glencore International AG and its subsidiaries (other than the Chemoil Group) during the financial year under review (excluding transactions of value less than S\$100,000)
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6.3 IFA's advice to the Independent Directors

Pursuant to Chapter 9 of the Listing Manual, KPMG Corporate Finance Pte Ltd ("**IFA**") has been appointed as an independent financial adviser to the Independent Directors to advise them on whether the terms of the SPS Agreement and the review procedures as set out in paragraph 6 of this Circular (including the Related Party Procedures, details of which are set out in paragraphs 3.2(e)(ii) and 3.2(h) of this Circular), are sufficient to ensure that the SPS Transactions are entered into on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. A copy of its letter of advice to the Independent Directors dated 13 April 2011 is reproduced in the Appendix to this Circular. **Shareholders are advised to read the IFA's letter of advice carefully.**

Based on the analysis undertaken and subject to the qualifications and assumptions made in the IFA's letter of advice, the IFA is of the opinion that the current methods and procedures for determining the transaction prices of the Interested Person Transactions as set out in paragraph 6 of this Circular (including the Related Party Procedures, details of which are set out in paragraphs 3.2(e)(ii) and 3.2(h) of this Circular), if applied strictly, are sufficient to ensure that the SPS Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

6.4 Audit Committee's Statement

The Audit Committee of the Company comprises Steven Barry John Simpson as Chairman and Fuminobu Oda and Peter Michael Meade as members as at the date of this Circular. The Audit Committee has reviewed the terms, rationale and benefit of the SPS Agreement and the proposed Glencore IPT Mandate and the opinion of the IFA, and is of the view that the current methods and procedures for determining the transaction prices of the Interested Person Transactions as set out in paragraph 6 of this Circular (including the Related Party Procedures, details of which are set out in paragraphs 3.2(e)(ii) and 3.2(h) of this Circular), if applied strictly, are sufficient to ensure that the SPS Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

7. VALIDITY PERIOD OF THE GLENCORE IPT MANDATE

If approved by Shareholders at the EGM, the Glencore IPT Mandate will take effect from the passing of the ordinary resolutions relating thereto at the EGM, and will (unless revoked or varied by the Company in a general meeting) continue in force until the date of the next AGM (subsequent to the AGM to be held on 29 April 2011). Approval from Shareholders will be sought for the renewal of the Glencore IPT Mandate at the next AGM (subsequent to the AGM to be held on 29 April 2011) and at each subsequent AGM of the Company, subject to the satisfactory review by the Audit Committee of its continued application to the SPS Transactions.

8. DIRECTORS' RECOMMENDATION

Shareholders should read and consider carefully the recommendation of the Directors and the advice of the IFA in its entirety before casting their vote on the Ordinary Resolution relating to the Glencore IPT Mandate. Shareholders are also urged to read carefully the principal terms and conditions of the SPS Agreement, the rationale for the SPS Agreement and the Glencore IPT Mandate and the benefits to Shareholders, as respectively set out in paragraphs 3.2 and 4 of this Circular.

As Alexander Frank Beard, Mark Jonathan Catton and Hon Kim Weng are each a nominee director of Singfuel, each of them will abstain from making any recommendation on the Glencore IPT Mandate, at the forthcoming EGM to be held on 29 April 2011 to consider and approve the proposed adoption of the Glencore IPT Mandate.

Alexander Frank Beard, Mark Jonathan Catton and Hon Kim Weng shall also not accept nominations to act as proxy, corporate representative or attorney for any Shareholder in relation to the Ordinary Resolution relating to the Glencore IPT Mandate, unless the Shareholder appointing them indicates clearly how his vote is to be cast in respect of such Ordinary Resolution.

The Directors (other than Alexander Frank Beard, Mark Jonathan Catton and Hon Kim Weng who have abstained from making any recommendation to Shareholders on the proposed Glencore IPT Mandate, for the same reason in the preceding paragraph) have considered carefully the advice of the IFA given in its letter set out in the Appendix to this Circular, and concur with the advice of the IFA that the current methods and procedures for determining the transaction prices of the Interested Person Transactions as set out in paragraph 6 of the Circular (including the Related Party Procedures, details of which are set out in paragraphs 3.2(e)(ii) and 3.2(h) of this Circular), if applied strictly, are sufficient to ensure that the SPS Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Accordingly, the Directors (other than Alexander Frank Beard, Mark Jonathan Catton and Hon Kim Weng) recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Glencore IPT Mandate to be proposed at the EGM, as set out in the Notice of EGM sent to Shareholders together with this Circular.

9. SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING

Singfuel will abstain, and will procure that each of its associates (as defined in paragraph 2.1 of this Circular) will abstain, from voting in respect of each of their shareholdings in the Company on the Ordinary Resolution relating to the Glencore IPT Mandate to be proposed at the EGM.

10. EXTRAORDINARY GENERAL MEETING

The EGM is to be held at the Marina Mandarin Singapore, Vanda Ballroom, Level 5, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Friday, 29 April 2011 at 2.30 p.m. (prior to the commencement of the AGM to be held at 3.00 p.m. or at the conclusion of the EGM, on the same day and at the same place) for the purpose of *inter alia*, considering and, if thought fit, passing with or without any modification, the Ordinary Resolution relating to the Glencore IPT Mandate to be proposed at the EGM.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote on their behalf will find sent to Shareholders together with this Circular 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 EGM. Completion and return of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.

12. 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 Circular 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 Circular misleading.

13. DOCUMENTS FOR INSPECTION

A copy of each of the SPS Agreement and the Supplemental Agreement is available for inspection at 1 Temasek Avenue, #36-01 Millenia Tower, Singapore 039192 during normal business hours from the date of this Circular to the date of the EGM.

Yours faithfully

Thomas Kevin Reilly
Chief Executive Officer
Chemoil Energy Limited

APPENDIX

Opinion Letter from IFA

Independent Directors
Chemoil Energy Limited
1 Temasek Avenue
#36-01 Millenia Tower
Singapore 039192

13 April 2011

Dear Sirs

Proposed Shareholders' Mandate for Interested Person Transactions

1. INTRODUCTION

Chemoil Energy Limited ("**Chemoil**" or the "**Company**") is proposing to adopt the shareholders' mandate (the "**Shareholders' Mandate**") to enable the entering into certain categories of transactions with the specified classes of interested persons, details of which are set out in the circular to the shareholders of the Company (the "**Shareholders**") dated 13 April 2011 (the "**Circular**"). This letter has been prepared for the use of the directors of the Company who as at the date of the Circular are considered independent for the purposes of the proposed adoption of the Shareholders' Mandate (the "**Independent Directors**") to be incorporated into the Circular to be issued for the purposes of their consideration of the proposed adoption of the Shareholders' Mandate. Unless otherwise defined, all terms in the Circular shall have the same meaning in this letter.

To comply with requirements of Chapter 9 of the Listing Manual, KPMG Corporate Finance Pte Ltd ("**KPMG Corporate Finance**") has been appointed as the independent financial adviser to provide an opinion on whether the terms of the Sales, Purchase and Services Agreement dated 5 February 2010 entered into between Glencore International AG ("**Glencore**"), the Company, and ST Shipping and Transport Pte. Ltd., a Glencore Subsidiary ("**ST Shipping**"), (collectively the "**SPS Agreement**"), and the review procedures as set out in paragraph 6 of the Circular including the Related Party Procedures, details of which are set out in paragraphs 3.2(e)(ii) and 3.2(h) of the Circular, are sufficient to ensure that the SPS Transactions as defined in paragraph 2.3 of the Circular ("**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.

2. TERMS OF REFERENCE

The objective of this letter is to provide an independent opinion, for the purposes of Chapter 9 of the Listing Manual, on whether the methods and procedures set out in the Shareholders' Mandate for determining the transacting prices of the Interested Person Transactions 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 Company and its minority shareholders.

The views of KPMG Corporate Finance as set forth in this letter are based on prevailing market and economic conditions, and our analysis of the information provided in the Circular, as well as information provided to us by the Company, as at the Latest Practicable Date. Accordingly, this opinion does not take into account any events or conditions occurring after this date.

It is not within our terms of reference to evaluate or comment on the merits and/or associated risk, whether commercial, financial or otherwise of any Interested Person Transactions entered into or about to be entered into, and as such, we do not express an opinion thereon. Such evaluations or comments are and remain the sole responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion.

In the course of our evaluation of the methods or procedures adopted for determining transaction prices in connection with the Shareholders' Mandate, we have held discussions with members of the senior management team of the Company (the "**Senior Management**"). We have also relied on the information contained in the Circular. We have not independently verified such information furnished by the Senior Management or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. Nevertheless, the Senior Management have confirmed to us that, to the best of their knowledge and belief, the information provided to us (whether written or verbal) as well as the information contained in the Circular constitutes a full and true disclosure, in all material respects, of all material facts relating to the Shareholders' Mandate and there is no material information the omission of which would make any of the information contained herein or in the Circular inaccurate, incomplete or misleading in any material respect.

We have also made reasonable enquiries and used our judgement in assessing such information and have found no reason to doubt the reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry.

Our opinion is delivered solely for the use and benefit of the Independent Directors for their deliberation on the Shareholders' Mandate, and the recommendations made by the Independent Directors shall remain the responsibility of the Independent Directors. Our opinion should not be relied on as a recommendation to any Shareholders as to how they should vote on the Shareholders' Mandate or any matter related thereto. Each Shareholder may have different investment objectives and considerations and should seek professional advice.

We are not required to conduct and have not conducted any review of the historical or current Interested Person Transactions carried out by the Company. Accordingly, we do not express any opinion on whether such Interested Person Transactions were or are in compliance with the review procedures set out under the Shareholders' Mandate. The implementation of such review procedures is the responsibility of the Directors.

We are not required or authorised to obtain, and we have not obtained, any quotations or transaction prices from third parties for products or services similar to those which are to be covered by the Shareholders' Mandate, and therefore are not able to, and did not, compare the Interested Person Transactions with similar transactions with third parties.

The Directors have collectively and individually accepted responsibility for the accuracy of the information contained in the Circular, and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated in the Circular are fair and accurate as at the date of the Circular and there are no material facts the omission of which would make any statement in the Circular misleading.

Our opinion in relation to the Shareholders' Mandate should be considered in the context of the entirety of this letter and the Circular.

3. SHAREHOLDERS' MANDATE

(a) Background

Glencore is the holding company of Singfuel Investment Pte. Ltd. ("**Singfuel**") and is deemed to be interested in the 666,204,594 Shares, representing approximately 51.54 per cent. of the issued share capital of the Company, held directly by Singfuel. Accordingly, Glencore, ST Shipping and subsidiaries of Glencore ("**Subsidiaries**") are each regarded as an associate of a controlling shareholder of the Company (being Singfuel), and therefore an interested person (as defined in the Listing Manual) ("**Interested Person**") vis-a-vis the Company.

The SPS Agreement contemplates certain transactions that will be entered into between entities within the Chemoil Group and entities within the Glencore Group ("**Glencore Interested Persons**") from time to time in the ordinary course of their businesses ("**SPS Transactions**") pursuant to the terms of the SPS Agreement, details of which are set out in paragraph 3.2 of the Circular.

In view of the time-sensitive nature of commercial transactions, the obtaining of the Shareholders' Mandate pursuant to Chapter 9 of the Listing Manual will enable the Company and the Chemoil Subsidiaries, or any of them, in the ordinary course of their businesses, to enter into the SPS Transactions with the Glencore Interested Persons without being separately subject to the obligations in Rules 905 and 906 of the Listing Manual.

The Shareholders' Mandate does not cover any Interested Person Transactions which has a value of less than S\$100,000 as the threshold and aggregation requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

(b) Interested Person Transactions

Salient information on the Interested Person Transactions including:

- (i) Interested Persons;
- (ii) Interested Person Transactions;
- (iii) the rationale for and the benefits of the Shareholders' Mandate; and
- (iv) the review procedures for Interested Person Transactions,

are set out in Sections 2, 3, 4, and 6 of the Circular.

(c) Validity Period of the Shareholders' Mandate

If approved by Shareholders at the EGM, the Shareholders' Mandate will take effect from the passing of the ordinary resolutions relating thereto at the EGM, and will (unless revoked or varied by the Company in a general meeting) continue in force until the date of the next AGM. Approval from Shareholders will be sought for the renewal of the Shareholders' Mandate at the next AGM and at each subsequent AGM of the Company, subject to the satisfactory review by the Audit Committee of its continued application to the SPS Transactions.

(d) Disclosure

In accordance with the requirements of Chapter 9 of the Listing Manual, disclosure is required to be made in the Company's annual report ("**Annual Report**") of the aggregate value of all Interested Person Transactions conducted with Interested Person pursuant to the Shareholders' Mandate during the current financial year, and in the Annual Reports for subsequent financial years that the Shareholders' Mandate continues in force. The Company will also announce the aggregate value of all Interested Person Transactions conducted with Interested Person pursuant to the Shareholders' Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual within the time required for the announcement of such report.

(e) Other Transactions with Interested Persons

The Independent Directors should note that any transaction with Interested Persons which does not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

Such transactions will, unless specifically excluded from the ambit of Chapter 9 of the Listing Manual, require an immediate announcement where:

- (i) the transaction is of a value equal to, or more than, 3% of the Group's latest audited consolidated net tangible assets; or
- (ii) the aggregate value of all transactions entered into with the same Interested Person during the same financial year amounts to 3% or more of the Group's latest audited consolidated net tangible assets.

Shareholders' approval (in addition to an immediate announcement) is required where:

- (i) the transaction is of a value equal to, or more than, 5% of the Group's latest audited consolidated net tangible assets; or
- (ii) the transaction, when aggregated with other transactions entered into with the same Interested Person during the same financial year, is of a value equal to, or more than, 5% of the Group's latest audited consolidated net tangible assets.

4. CONCLUSION

In arriving at our opinion on whether the methods and procedures for determining transaction prices of Interested Person Transactions as set out in Section 6 of the Circular including the Related Party Procedures, details of which are set out in paragraphs 3.2(e)(ii) and 3.2(h) of the Circular, are sufficient to ensure that the 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, we have considered the following:

- (i) the classes of Interested Persons;
- (ii) the categories of Interested Person Transactions;
- (iii) the rationale for and the benefits of the Shareholders' Mandate; and
- (iv) the review procedures for Interested Person Transactions.

Based on the analysis undertaken and subject to the qualifications and assumptions made herein, KPMG Corporate Finance is of the opinion that the current methods and procedures for determining the transaction prices of the Interested Person Transactions as set out in Section 6 of the Circular including Related Party Procedures, details of which are set out in paragraphs 3.2(e)(ii) and 3.2(h) of the Circular, if applied strictly, 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 Company and its minority shareholders.

We have prepared this letter solely for the use of the Independent Directors of the Company in connection with and for the purpose of their consideration of the Shareholders' Mandate and for inclusion in the Circular. This letter may only be reproduced, disseminated or quoted in the form and in the context in which it appears in the Circular or with the prior written consent of KPMG Corporate Finance.

The opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
KPMG Corporate Finance Pte Ltd

Vishal Sharma
Executive Director

Wong Kok Min
Manager

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