



CHEMOIL ENERGY LIMITED
(Incorporated in Hong Kong on 9 October 1987)
Company Registration Number: 200591

ESTABLISHMENT OF SUBSIDIARY: CHEMOIL LOGISTICS INC

The Board of Directors of Chemoil Energy Limited (the "Company" or "CEL") wishes to announce that the Company has established a wholly-owned subsidiary, Chemoil Logistics Inc, in the British Virgin Islands on 8 January 2007.

The main activity of Chemoil Logistic Inc. ("CLI") will be that of an Investment Holding Company. CLI was incorporated with an issued capital of 50,000 shares, which was fully subscribed by CEL for a consideration of US\$50,000/-. The investment in CLI was funded through internal resources.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the above-mentioned transaction.

The formation of the new subsidiary is not expected to have a material impact on the net tangible assets per share or earnings per share of the Company and its subsidiaries for the financial year ending 31 December 2007.

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

By Order of the Board

Robert Viswanathan Chandran
Executive Chairman and Chief Executive Officer
5 February 2007