

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

**SUBSCRIPTION OF ADDITIONAL SHARES IN AN ASSOCIATED COMPANY AND
ACQUISITION OF SHARES IN AN ASSOCIATED COMPANY FROM AN INTERESTED
PERSON**

The Board of Directors of Chemoil Energy Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has, through its wholly owned subsidiary, Kemoil Limited ("**Kemoil**"), acquired additional shares ("**Calsoft Shares**") in California Software Company Limited ("**Calsoft**") resulting in the Company's indirect shareholding interest in Calsoft increasing to approximately 49.4%. The additional Calsoft Shares were acquired by Kemoil in the following manner (the "**Transactions**"):

1. acquisition of 125,000 Calsoft Shares and 8,325,000 fully convertible debentures of Calsoft ("**FCD**") at a price of Rs 90 per Calsoft Share and Rs 10 per FCD from Andorra Services Limited ("**Andorra**") pursuant to a Securities Purchase Agreement dated 28 July 2007 for a total consideration of Rs 11,250,000 and Rs 83,250,000, respectively, or approximately US\$2.35 million in aggregate (based on a conversion of US\$1 = Rs 40.535 as at 28 July 2007); and
2. subscription to 2,200,000 Calsoft Shares issued by Calsoft on 17 August 2007 pursuant to a Securities Purchase Agreement dated 18 July 2008 preferentially allotting to Kemoil at a price of Rs 100 per Calsoft Share ("**Subscription Price**") for an aggregate consideration of Rs 220,000,000, or approximately US\$5.47 million (based on a conversion of US\$1 = Rs 40.745 as at 17 August 2007).

Andorra is fully and beneficially owned by the Company's Chairman and CEO, Robert V. Chandran. The aggregate consideration of the Transactions taken as a whole amounts to approximately US\$7.80 million, which exceeds 3% of the Group's latest audited net tangible assets as at 31 December 2006 (being the sum of US\$7.04 million). The Transactions taken together constitute interested person transactions pursuant to Chapter 9 of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX**") requiring announcement pursuant to rule 905.

Calsoft is a company incorporated under the Companies Act 1956 of India and is engaged in the provision of software products and solutions. Calsoft currently provides software products and solutions to various customers including the Group. The shares of Calsoft are listed on the Bombay Stock Exchange Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**").

Prior to the Transactions, Kemoil owned 2,648,963 Calsoft Shares and Chemoil Advanced Management Services Private Limited ("**CAMS**"), a 99.1%-owned subsidiary of the Company, owned 517,026 Calsoft Shares. On 13 August 2007, CAMS sold 313,024 Calsoft Shares (the "**Share Sale**") to a third party at a price of Rs 100 per Calsoft Share.

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

As a result of the Transactions, and upon the conversion of 8,325,000 FCDs by Kemoil into 925,000 Calsoft Shares issued by Calsoft on 17 August 2007, Kemoil and CAMS collectively own 6,102,965 Calsoft Shares representing approximately 49.4% of its issued share capital.

Calsoft's net asset value was approximately Rs 645.2 million, or approximately US\$14.9 million, and its net tangible asset value was approximately Rs 610.1 million, or approximately US\$14.0 million, based on its latest audited financial statements as at 31 March 2007 (based on a conversion of US\$1 = Rs 43.441 as at 31 March 2007). The Company's 49.4% share of Calsoft's net asset value and net tangible asset value is approximately US\$7.44 million and US\$7.00 million, respectively. The closing prices of the shares of Calsoft on BSE and NSE on 17 August 2007 were Rs 74.00 and Rs 72.15, respectively.

The acquisition prices of the Calsoft Shares and FCDs from Andorra were arrived at on a "willing buyer, willing seller" basis. The Subscription Price was arrived at on a "willing buyer, willing seller" basis between Calsoft and the Company.

The rationale for the Transactions and benefit to the Group is as follows:

Calsoft provides software products and solutions to the Group including the Group's electronic systems for monitoring and managing the buying and selling of marine fuel oil, the Group's main commercial activity. The Board and Management of the Company are of the view that acquiring a controlling stake in Calsoft will help to ensure that the commercial activities of the Group reliant on such software products and solutions will continue with minimal disruption.

The Audit Committee of the Company is of the view that the Transactions are on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

The current total of all transactions with Andorra and the current total of all interested person transactions for the current financial year (FY2007) are as follows:

	In US\$ Thousands
Total transactions with the interested person approved during the Company's EGM (29 May 2007)	63,444
Total other transactions with the interested person ¹	10,325
Total transactions with the interested person	73,769
Total transactions with other interested persons ²	49,614
Total interested person transactions during the current financial year	123,384

Notes:

1. Includes the total consideration for the share subscription under the preferential allotment (Transaction 2 above) but excludes the total consideration for the purchase of shares and FCDs held by Andorra (Transaction 1 above)
2. Consists mainly of interested person transactions with Itochu Corporation and its associates under the shareholders' mandate for interested person transactions

As a result of the Transactions, Kemoil is required to make a general offer to the public shareholders of Calsoft to acquire 2,473,002 shares at Rs 100 per share pursuant to and in compliance with Regulations 11 (1) and Regulation 12 of Chapter III of The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto. The maximum consideration

that Kemoil will have to make pursuant to this obligation, and assuming all shareholders of the 2,473,002 shares to whom the general offer is being made by Kemoil accept such offer, is Rs 247,300,200 or approximately US\$6.27 million (based on a conversion of US\$1 = Rs 39.460 as at 2 November 2007) and will be satisfied by cash from the Company's internal resources.

By Order of the Board

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