

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

DISPOSAL OF VESSEL – MT. ANAND SEA

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, Anand Sea Shipping Limited, disposed of MT. Anand Sea to Glory Town Investments Ltd ("**Glory Town**") for a consideration of US\$26,500,000.

In view of the earlier than scheduled commencement of the land based storage terminal, the fuel oil market being backwardated until the end of this year and anticipated decline in the second hand tonnage market, the Group considered it commercially prudent to dispose the floating storage facility given the attractive purchase offer.

The Directors are of the view that the disposal is in the best interests of the Group as the disposal price is favourable compared the current market price of ships of equivalent size and age.

At the Group level, the disposal of MT. Anand Sea will result in a net gain for the current financial year with a corresponding increase in the net tangible assets.

None of the Directors or the controlling shareholder of the Company are related to Glory Town, and none of the Directors or the controlling shareholder of the Company have any interest in the disposal of MT Anand Sea.

By Order of the Board

Robert Viswanathan Chandran
Executive Chairman and Chief Executive Officer
21 September 2007

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.