

CIRCULAR DATED 31 MARCH 2014

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Chemoil Energy Limited, you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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

This Circular, the Exit Offer Letter and the Acceptance Forms (all as defined herein) shall not be construed as, may not be used for the purpose of, and do not constitute, a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstance in which such a notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or not authorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation.



CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED VOLUNTARY DELISTING OF CHEMOIL ENERGY LIMITED PURSUANT TO RULES 1307 AND 1309 OF THE SGX-ST LISTING MANUAL

Independent Financial Adviser to the Independent Directors of Chemoil Energy Limited



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200207389D)

IMPORTANT DATES, TIMES AND VENUE

Last date and time for lodgement of Proxy Form	:	13 April 2014 at 2.30 p.m.
Date and time of Extraordinary General Meeting	:	15 April 2014 at 2.30 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2.00 p.m. on the same day and at the same place)
Venue of Extraordinary General Meeting	:	The Guild, NUSS Suntec City Guild House, 3 Temasek Boulevard, (Tower Five), #02-401/402, Suntec City Mall, Singapore 038983

This page has been intentionally left blank.

CONTENT PAGE

<u>HEADING</u>	<u>PAGE</u>
DEFINITIONS.....	2
INDICATIVE TIMETABLE.....	8
1. INTRODUCTION.....	10
2. THE DELISTING PROPOSAL.....	11
3. THE EXIT OFFER.....	12
4. OPTIONS.....	15
5. IMPLICATIONS OF COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS.....	15
6. INFORMATION ON THE OFFEROR AND THE PARTIES ACTING IN CONCERT WITH IT.....	17
7. INFORMATION ON THE COMPANY AND THE GROUP.....	17
8. RATIONALE FOR THE DELISTING AND THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY AND THE GROUP.....	18
9. OVERSEAS SHAREHOLDERS.....	19
10. INFORMATION IN RESPECT OF THE DIRECTORS.....	21
11. INTERESTS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY.....	22
12. ADVICE OF PRIMEPARTNERS TO THE INDEPENDENT DIRECTORS.....	23
13. INDEPENDENT DIRECTORS' RECOMMENDATION.....	26
14. EXTRAORDINARY GENERAL MEETING.....	26
15. ACTION TO BE TAKEN BY SHAREHOLDERS.....	27
16. DIRECTORS' RESPONSIBILITY STATEMENT.....	28
17. CONSENTS.....	29
18. DOCUMENTS AVAILABLE FOR INSPECTION.....	30
19. ADDITIONAL INFORMATION.....	30
APPENDIX I LETTER FROM PRIMEPARTNERS TO THE INDEPENDENT DIRECTORS OF CHEMOIL ENERGY LIMITED IN RELATION TO THE EXIT OFFER..	31
APPENDIX II PROCEDURES FOR ACCEPTANCE OF THE EXIT OFFER.....	63
APPENDIX III ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP...	70
APPENDIX IV PROVISIONS IN THE ARTICLES RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING ..	78
NOTICE OF EXTRAORDINARY GENERAL MEETING.....	89

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

“Acceptance Forms”	:	FAA and/or FAT, as the case may be
“Articles”	:	The Articles of Association of the Company
“Board”	:	The board of Directors
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 31 March 2014 issued by the Company
“Closing Date”	:	29 April 2014, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgment of acceptances of the Exit Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	Companies Act (Chapter 50 of Singapore)
“Company”	:	Chemoil Energy Limited
“Controlling Shareholders”	:	Shareholders who: (a) hold directly or indirectly 15% or more of the total number of the issued Shares; or (b) in fact exercise control over the Company
“Convertible Securities”	:	Securities convertible or exchangeable into new shares or existing shares
“DBS”	:	DBS Bank Ltd., the financial adviser to the Offeror in connection with the Delisting and the Exit Offer
“Delisting”	:	The voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual
“Delisting Materials”	:	The Exit Offer Letter, Acceptance Forms and any related documents
“Delisting Proposal”	:	The proposal presented by the Offeror to the Board to seek the privatisation of the Company by way of a voluntary delisting from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual, which was announced in the Joint Announcement

“Delisting Resolution”	:	The resolution to be proposed at the EGM to approve the Delisting
“Derivatives”	:	Includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities
“Directors”	:	Directors of the Company as at the Latest Practicable Date
“EGM”	:	The extraordinary general meeting of the Company to be held on 15 April 2014, notice of which is set out on page 89 of this Circular, and any adjournment thereof
“Exit Offer”	:	<p>The exit offer by the Offeror to acquire:</p> <p>(a) all the Shares held by the Shareholders, other than those Shares already owned, controlled or agreed to be acquired by the Offeror; and</p> <p>(b) all new Shares unconditionally issued or to be issued pursuant to the valid exercise, prior to the close of the Exit Offer, of any Options to subscribe for new Shares under the Option Scheme,</p> <p>on the terms and subject to the conditions set out in the Joint Announcement and the Exit Offer Letter, in accordance with Section 139 of the Securities and Futures Act (Chapter 289 of Singapore) and the Code.</p>
“Exit Offer Letter”	:	The letter dated 31 March 2014 from the Offeror to the Shareholders setting out the terms and conditions of the Exit Offer, which was despatched to Shareholders concurrently with this Circular
“Exit Offer Price”	:	US\$0.40 in cash for each Offer Share
“FAA”	:	Form of Acceptance and Authorisation to be issued to Shareholders whose Shares are deposited with CDP
“FAT”	:	Form of Acceptance and Transfer to be issued to Shareholders whose Shares are not deposited with CDP
“FY”	:	Financial year ended or ending (as the case may be) on 31 December of a particular year as stated
“Glencore”	:	Glencore Xstrata plc
“Glencore Group”	:	The Glencore group of companies
“Group”	:	The Company, its subsidiaries and associated companies

“HK\$”	:	Hong Kong dollars and cents, being the lawful currency of Hong Kong
“Independent Directors”	:	The Directors who are considered to be independent for the purposes of making recommendations to Shareholders in respect of the Delisting Proposal and the Exit Offer, namely Mr. Thomas Kevin Reilly, Mr. Peter Michael Meade and Mr. Steven Barry Simpson
“Interested Person”	:	As defined in the Note on Rule 23.12 of the Code, an Interested Person, in relation to a company, is: <ul style="list-style-type: none"> (a) a director, chief executive officer, or substantial shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
“Joint Announcement”	:	Joint announcement dated 25 February 2014 by the Offeror and the Company on the Delisting Proposal and the Exit Offer
“Joint Announcement Date”	:	25 February 2014, being the date of the Joint Announcement
“Latest Practicable Date”	:	24 March 2014, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Memorandum”	:	The Memorandum of Association of the Company

“New Companies Ordinance”	:	Hong Kong Companies Ordinance, Chapter 622, Ord. No. 28 of 2012
“NTA”	:	Net tangible assets
“Offer Shares”	:	All the Shares (excluding treasury shares), including (a) all the Shares held by the Shareholders, other than those Shares already owned, controlled or agreed to be acquired by the Offeror and (b) all new Shares unconditionally issued or to be issued pursuant to the valid exercise of the Options on or prior to the close of the Exit Offer
“Offeror”	:	Singfuel Investment Pte. Ltd.
“Option Scheme”	:	The 2006 Share Option Scheme of the Company approved by way of written Shareholders’ resolutions dated 31 August 2006, particulars of which are set out in pages 108 to 115 of the prospectus of the Company dated 24 November 2006 in connection with its admission to the Official List of the SGX-ST
“Options”	:	Options to subscribe for new shares under the Option Scheme
“Overseas Shareholder”	:	Shall have the meaning ascribed to it in paragraph 9.1 of this Circular
“PrimePartners”	:	PrimePartners Corporate Finance Pte. Ltd., the independent financial adviser to advise the Independent Directors in relation to the Exit Offer
“Register”	:	The register of holders of the Shares, as maintained by the Company’s share registrar
“Relevant Directors”	:	The Directors who are exempted from the requirement to make a recommendation on the Exit Offer to the Shareholders, namely Mr. Alexander Frank Beard, Mr. Mark Jonathan Catton and Mr. Warren Michael Blount
“Restricted Jurisdiction”	:	Shall have the meaning ascribed to it in paragraph 9.3 of this Circular
“Securities Account”	:	Securities account maintained by a depositor with CDP, but does not include a securities sub-account
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the depositors who have Shares entered against their names in the Depository Register

“Shares”	:	Issued ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“US\$” and “cents”	:	United States dollars and cents, being the lawful currency of the United States of America
“VWAP”	:	Volume weighted average price
“Warrants”	:	Rights to subscribe for or purchase new Shares or existing Shares
“%” or “per cent.”	:	Per centum or percentage

Unless otherwise defined, the term “**acting in concert**” shall have the meaning ascribed to it in the Code.

The terms “**depositor**”, “**depository agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The terms “**subsidiary**” and “**related corporation**” have the meanings ascribed to them respectively in Section 5 and Section 6 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall include the other gender. References to persons shall, where applicable, include corporations.

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 New Companies Ordinance, Companies Act, the Listing Manual or the Code or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the New Companies Ordinance, Companies Act, the Listing Manual or the Code or any modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Any discrepancies in this Circular between the listed amounts and the total thereof are due to rounding. Accordingly, figures may have been adjusted to ensure that totals reflect an arithmetic aggregation of the figures that precede them.

In this Circular, the issued and paid-up share capital of the Company as at the Latest Practicable Date is HK\$16,157.65 comprising 1,292,612,000 Shares (including 4,950,441 treasury shares).

Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “potential”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the current expectations, beliefs, hopes, intentions or strategies of the party making the statements regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown

risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor the Offeror undertake any obligation to update publicly or revise any forward-looking statements.

INDICATIVE TIMETABLE

Last date and time for lodgment of proxy forms for the EGM ⁽¹⁾	:	13 April 2014 at 2.30 p.m.
Date and time of the EGM	:	15 April 2014 at 2.30 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2.00 p.m. on the same day and at the same place)
Expected last date of trading in the Shares on the SGX-ST prior to the Delisting	:	To be announced by or on behalf of the Company
Expected Closing Date of the Exit Offer	:	5.30 p.m. on 29 April 2014, or such other date(s) as may be announced from time to time by or on behalf of the Offeror
Expected date for the Delisting of the Shares	:	Approximately two (2) to three (3) weeks after the Closing Date, or such other date as may be announced from time to time by or on behalf of the Company
Expected date(s) for the payment of the Exit Offer Price, in respect of valid acceptances of the Exit Offer	:	Within 10 days: (a) after the Delisting Resolution has been passed at the EGM (where valid acceptances of the Exit Offer are tendered on or prior to the date of the Delisting Resolution being passed at the EGM); or (b) after the date of receipt of valid acceptances of the Exit Offer (where such acceptances are tendered after the Delisting Resolution has been passed at the EGM but before the close of the Exit Offer)

Shareholders should note that, save for the last date and time for lodgment of proxy forms for the EGM, the date and time of the EGM and the date(s) for the payment of the Exit Offer Price, in respect of valid acceptances of the Exit Offer, the above timetable is indicative only and may be subject to change. For the events listed above which are described as “expected”, please refer to future announcement(s) by the Company for the exact dates and times of these events.

Note:

- (1) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the registered office of the Company at 31/F, 148 Electric Road, North Point, Hong Kong S.A.R. at least 48 hours before the time fixed for holding the EGM, otherwise the person so named shall not be entitled to vote at the EGM except with the approval of the Chairman of the EGM. With regards to a Shareholder being a Depositor whose name appears in the Depository Register who wishes to attend and vote at the EGM, he must be shown to have Shares entered against his name in the Depository Register, as certified by the CDP, at least 48 hours before the time fixed for holding the EGM. If a Depositor wishes to appoint a proxy/proxies, then the Depository proxy form must be deposited with the Company’s share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, at least 48 hours before the time fixed for holding the EGM.

PLEASE NOTE THAT THE EXIT OFFER IS CONDITIONAL UPON THE DELISTING RESOLUTION BEING PASSED AT THE EGM. PURSUANT TO RULE 1307 OF THE LISTING MANUAL, THE DELISTING RESOLUTION IS CONSIDERED PASSED IF IT IS APPROVED BY A MAJORITY OF AT LEAST 75 PER CENT. OF THE TOTAL NUMBER OF SHARES (EXCLUDING TREASURY SHARES) HELD BY THE SHAREHOLDERS PRESENT AND VOTING, ON A POLL, EITHER IN PERSON OR BY PROXY AT THE EGM, AND IF THE DELISTING RESOLUTION HAS NOT BEEN VOTED AGAINST BY 10 PER CENT. OR MORE OF THE TOTAL NUMBER OF SHARES (EXCLUDING TREASURY SHARES) HELD BY THE SHAREHOLDERS PRESENT AND VOTING, ON A POLL, EITHER IN PERSON OR BY PROXY, AT THE EGM. IF THIS CONDITION IS NOT SATISFIED AT THE EGM TO BE CONVENED, THE DELISTING WILL NOT PROCEED, AND THE COMPANY WILL REMAIN LISTED ON THE SGX-ST AND THE EXIT OFFER WILL LAPSE.

PLEASE ALSO NOTE THAT APPROVING THE DELISTING RESOLUTION AT THE EGM DOES NOT AUTOMATICALLY MEAN THAT YOU HAVE ACCEPTED THE EXIT OFFER. PLEASE REFER TO APPENDIX 1 OF THE EXIT OFFER LETTER IF YOU WISH TO ACCEPT THE EXIT OFFER.

CHEMOIL ENERGY LIMITED

(Incorporated in Hong Kong S.A.R.)
(Company Registration No.: 200591)

Board of Directors:

Mr. Mark Jonathan Catton (Chairman)
Mr. Thomas Kevin Reilly (Chief Executive Officer)
Mr. Alexander Frank Beard (Non-Executive Director)
Mr. Warren Michael Blount (Non Executive Director)
Mr. Peter Michael Meade (Lead Independent Director)
Mr. Steven Barry Simpson (Independent Director)

Registered Office:

31/F 148 Electric Road
North Point
Hong Kong S.A.R.

31 March 2014

To: The Shareholders of the Company

Dear Sir/Madam

PROPOSED VOLUNTARY DELISTING OF CHEMOIL ENERGY LIMITED PURSUANT TO RULES 1307 AND 1309 OF THE LISTING MANUAL

1. INTRODUCTION

1.1 Delisting Proposal

On 25 February 2014, the Offeror and the Company jointly announced that the Offeror had presented to the Board the Delisting Proposal to seek the Delisting.

Under the Delisting Proposal, DBS, for and on behalf of the Offeror, will make an exit offer to acquire the Offer Shares at the Exit Offer Price of US\$0.40 in cash for each Offer Share. A copy of the Joint Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2 EGM

The Directors have reviewed the Delisting Proposal and resolved to seek an application to the SGX-ST for the Delisting and convene an EGM of the Company to seek the approval of Shareholders for the Delisting.

1.3 Exit Offer Letter and Circular

The Exit Offer Letter contains the formal Exit Offer by DBS, for and on behalf of the Offeror, to acquire all the Offer Shares. The Exit Offer Letter, together with the Acceptance Forms, has been despatched to the Shareholders together with this Circular.

The purpose of this Circular is to provide Shareholders with relevant information regarding the Delisting Proposal and the Exit Offer and to seek Shareholders' approval for the Delisting at the EGM to be held on 15 April 2014.

Electronic copies of the Exit Offer Letter and this Circular are also available on the website of the SGX-ST at www.sgx.com.

2. THE DELISTING PROPOSAL

Under the terms of the Delisting Proposal, the Offeror is making the Exit Offer to acquire the Offer Shares. The Delisting and Exit Offer are conditional on (a) the SGX-ST agreeing to the application by the Company to delist from the Official List of the SGX-ST; and (b) the Delisting Resolution being passed at the EGM. Pursuant to Rule 1307 of the Listing Manual, the Delisting Resolution is considered passed if it is approved by a majority of at least 75 per cent. of the total number of Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, and if the Delisting Resolution has not been voted against by 10 per cent. or more of the total number of Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy, at the EGM. The Delisting Resolution, if passed by Shareholders at the EGM, will result in the delisting of the Company from the Official List of the SGX-ST.

2.1 Rules 1307 and 1309 of the Listing Manual

Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application for the Company to delist from the Official List of the SGX-ST if:

- (a) the Company convenes the EGM to obtain Shareholders' approval for the Delisting;
- (b) the Delisting Resolution has been approved by a majority of at least 75% of the total number of issued Shares (excluding treasury shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM to be convened for the Shareholders to vote on the Delisting Resolution (the Directors and Controlling Shareholders are not required to abstain from voting on the Delisting Resolution); and
- (c) the Delisting Resolution has not been voted against by 10% or more of the total number of issued Shares (excluding treasury shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

In addition, under Rule 1309 of the Listing Manual, if the Company is seeking to delist from the SGX-ST:

- (i) a reasonable exit alternative, which should normally be in cash, should be offered to Shareholders; and
- (ii) the Company should normally appoint an independent financial adviser to advise on the Exit Offer.

2.2 Application to the Securities Industry Council

As stated in the Exit Offer Letter (which was despatched concurrently with this Circular), an application was made by the Offeror to the SIC to seek certain rulings in relation to the Delisting Proposal and the Exit Offer. The SIC ruled on 7 February 2014, *inter alia*, that:

- (a) the Exit Offer is exempted from compliance with the following provisions of the Code:
 - (i) Rule 20.1 on keeping the Exit Offer open for 14 days after it is revised;
 - (ii) Rule 22 on the offer timetable;
 - (iii) Rule 28 on acceptances; and

(iv) Rule 29 on the right of acceptors to withdraw their acceptances,

subject to the following conditions:

(I) the Circular setting out:

- (a) the consolidated net tangible assets (“**NTA**”) per share of the group comprising the Company, its subsidiaries and associated companies based on the latest published accounts prior to the date of the Circular; and
- (b) particulars of all known material changes as at the latest practicable date which may affect the consolidated NTA per share referred to in paragraph 2.2(a)(I)(a) above or a statement that there are no such known material changes; and

(II) the Exit Offer remaining open for at least:

- (a) 21 days after the date of the despatch of the Exit Offer Letter, if the Exit Offer Letter is despatched after the Shareholders’ approval of the Delisting Resolution at the EGM has been obtained; or
- (b) 14 days after the date of the announcement of the Shareholders’ approval of the Delisting Resolution if the Exit Offer Letter is despatched on the same date as the Circular; and

(b) the Relevant Directors are exempted from the requirement to make a recommendation on the Exit Offer to the Shareholders as the Relevant Directors face a conflict of interests in view of them being directors of the Offeror and senior executives of the Glencore Group. Nevertheless, the Relevant Directors must still assume responsibility for the accuracy of the facts stated and opinions expressed in documents issued by, or on behalf of, the Company to the Shareholders in connection with the Exit Offer.

Please refer to paragraph 13.1 of the Exit Offer Letter for further details of the rulings of the SIC.

3. THE EXIT OFFER

3.1 The Exit Offer

As stated in the Exit Offer Letter, DBS, for and on behalf of the Offeror, has made an exit offer to acquire all the Offer Shares on the terms and subject to the conditions set out in the Exit Offer Letter (including the Acceptance Forms), subject to the Delisting Resolution being passed at the EGM. Pursuant to Rule 1307 of the Listing Manual, the Delisting Resolution is considered passed if it is approved by a majority of at least 75 per cent. of the total number of Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, and if the Delisting Resolution has not been voted against by 10 per cent. or more of the total number of Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy, at the EGM.

3.2 Information on the Offeror

As stated in paragraph 11.2 and Appendix 3 of the Exit Offer Letter, the Offeror is a company incorporated in Singapore on 30 August 2007 and is an investment holding company. The Offeror is an indirect wholly-owned subsidiary of Glencore. The names, addresses and descriptions of the directors of the Offeror as at the Latest Practicable Date are as follows:

Name	Address	Description
Mr Alexander Frank Beard	2 Pembridge Place, London, W2 4XB, United Kingdom	Director
Mr Mark Jonathan Catton	45 Faber Park, Faber Hills, Singapore 129123	Director
Mr Lodewyk Van Rooyen	83 Bukit Way, Mont Timah, Singapore 587773	Director

For more details on the Offeror, please refer to Appendix 3 of the Exit Offer Letter.

3.3 Terms of the Exit Offer

As stated in the Exit Offer Letter, for and on behalf of the Offeror, DBS has made the Exit Offer for the Offer Shares on the following basis:

For each Offer Share: US\$0.40 in cash (“Exit Offer Price”).

The aggregate Exit Offer Price payable in cash to each Shareholder for the Offer Shares held by such Shareholder will be rounded down to the nearest whole cent.

The Exit Offer will be extended to all Shares held by the Shareholders, other than those Shares already owned, controlled or agreed to be acquired by the Offeror. The Exit Offer will also be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise, prior to the close of the Exit Offer, of any Options to subscribe for new Shares under the Option Scheme. For the purposes of the Exit Offer, the expression “Offer Shares” shall include all new Shares unconditionally issued or to be issued pursuant to the valid exercise of the Options on or prior to the close of the Exit Offer.

The Offer Shares are to be acquired (a) fully paid, (b) free from any mortgage, assignment of receivables, debenture, lien, hypothecation, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal, restriction, third-party right or interest, any other encumbrance, condition or security interest whatsoever having similar effect (“**Encumbrances**”), and (c) together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions (if any) which may be declared, paid or made by the Company on or after the Joint Announcement Date. If any dividend, other distribution or return of capital is declared, made or paid by the Company on or after the Joint Announcement Date to a Shareholder who accepts or has accepted the Exit Offer, the Offeror reserves the right to reduce the Exit Offer Price payable to such accepting Shareholder by the amount of such dividend, distribution or return of capital.

Further details on the Exit Offer are set out in the Exit Offer Letter containing, *inter alia*, the terms of the Exit Offer and the relevant Acceptance Forms.

3.4 Conditions

As stated in the Exit Offer Letter, the Delisting and the Exit Offer are conditional on:

- (a) the SGX-ST agreeing to the application by the Company to delist from the Official List of the SGX-ST; and
- (b) the Delisting Resolution being passed at the EGM. Pursuant to Rule 1307 of the Listing Manual, the Delisting Resolution is considered passed if it is approved by a majority of at least 75 per cent. of the total number of Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, and if the Delisting Resolution has not been voted against by 10 per cent. or more of the total number of Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy, at the EGM.

On 5 March 2014, the Company submitted an application to the SGX-ST to delist from the Official List of the SGX-ST. On 20 March 2014, the SGX-ST responded to the Company that it has no objection to the Delisting, subject to the following:

- (a) compliance with the Listing Manual requirements; and
- (b) approval of the Delisting by Shareholders at the EGM in accordance with the requirements of Rule 1307 of the Listing Manual.

However, this is not to be taken as an indication of the merits of the Delisting.

Under Rule 1307 of the Listing Manual, all Shareholders (including the Offeror, parties acting in concert with the Offeror who hold Shares and the Directors) are entitled to vote on the Delisting Resolution.

As at the Latest Practicable Date, the Offeror and parties acting in concert with the Offeror hold in aggregate 1,152,974,594 Shares, representing approximately 89.20 per cent. of the issued share capital of the Company. **The Offeror intends to vote all of these Shares in favour of the Delisting Resolution at the EGM.**

The Shareholders may accept the Exit Offer in full or in part. **The Exit Offer is not conditional upon a minimum number of acceptances being received by the Offeror.**

Shareholders are to note that the Delisting and Exit Offer will be conditional upon the Delisting Resolution being passed at the EGM. If this condition is not fulfilled, the Delisting will not proceed and the Company will remain listed on the Official List of the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

Shareholders are to also note that approving the Delisting Resolution at the EGM does NOT automatically mean that you have accepted the Exit Offer. Please refer to Section 15 of this Letter to Shareholders entitled “Action to be taken by Shareholders” and Appendix 1 of the Exit Offer Letter entitled “Procedures for Acceptances of the Exit Offer” for further details on the actions to take if you wish to accept the Exit Offer.

3.5 Warranty

As stated in the Exit Offer Letter, acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Shareholder that each Offer Share in respect of which the Exit Offer is accepted is sold by him as, or on behalf of, the beneficial owner(s) thereof, fully paid and free from all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions (if any) which may be declared, paid or made by the Company on or after the Joint Announcement Date.

3.6 Duration

As stated in the Exit Offer Letter, the Exit Offer is open for acceptance by Shareholders from the date of despatch of the Exit Offer Letter. Shareholders may choose to accept the Exit Offer before the EGM. However, such acceptances are conditional and if the Delisting Resolution is not passed at the EGM, the condition to the Delisting and Exit Offer will not have been fulfilled and the Exit Offer will lapse, and both the Shareholders and the Offeror will cease to be bound by any prior acceptances of the Exit Offer by any Shareholder.

As stated in the Exit Offer Letter, if the Delisting Resolution is approved by the Shareholders at the EGM, the Exit Offer will be open for acceptance by the Shareholders for a period of at least 14 days after the date of the announcement of the Shareholders' approval of the Delisting Resolution at the EGM. If the Delisting Resolution is not approved at the EGM, the Exit Offer will lapse. Accordingly, if the Delisting Resolution is approved by the Shareholders at the EGM, the closing date of the Exit Offer is **5.30 p.m. on 29 April 2014** or such later date(s) as may be announced from time to time by or on behalf of the Offeror (the "**Closing Date**").

If the Exit Offer is extended, an announcement will be made of such extension and the Exit Offer will remain open for acceptance for such period as may be announced.

Further details on the duration of the Exit Offer are set out in paragraph 6 of the Exit Offer Letter.

4. **OPTIONS**

4.1 As at the Latest Practicable Date, there are 47,068,274 Options in issue to subscribe for 47,068,274 Shares which remain outstanding.

4.2 Under the rules of the Option Scheme, the Options are not transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the Options (although, for the avoidance of doubt, the Exit Offer will be extended to all new Shares issued or to be issued pursuant to the valid exercise of the Options on or prior to the close of the Exit Offer).

5. **IMPLICATIONS OF COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS**

5.1 Delisting

Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies as a result of the lack of marketability. **Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares as there is no arrangement for Shareholders to exit. If the Company is**

delisted, even if such Shareholders were able to sell their Shares, they may receive a lower price as compared to the Exit Offer Price. Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

Shareholders should also note that, under the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six (6) months of the closure of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer.

As an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements under Chapter 7 and Appendices 7.1, 7.2, 7.4.1 and 7.4.2 of the Listing Manual. Nonetheless, as a company incorporated in Hong Kong, the Company will still need to comply with the New Companies Ordinance and its Memorandum and Articles, and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the New Companies Ordinance.

If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with CDP and does not accept the Exit Offer will be entitled to one (1) share certificate representing his delisted Shares. The Company's share registrar, Boardroom Corporate Services (HK) Limited, will arrange to forward the share certificates to such Shareholders, by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping.

Shareholders who are in doubt of their position should seek independent professional advice.

5.2 Compulsory Acquisition

Pursuant to Section 693 of the New Companies Ordinance, if the Offeror (together with its associates and nominees) acquires at least 90 per cent. in number of the Offer Shares, by virtue of valid acceptances of the Exit Offer¹, the Offeror may, by giving notice to the holders of Offer Shares, compulsorily acquire all the Offer Shares which it has not so acquired on the same terms as those offered under the Exit Offer unless, upon an application being made to the Hong Kong court by a Shareholder within a specified time, the court thinks fit to order otherwise.

In the event that the Offeror becomes entitled to exercise its right under the New Companies Ordinance, the Offeror intends to exercise its rights of compulsory acquisition. In such event, the Company will become a wholly-owned subsidiary of the Offeror pursuant to such compulsory acquisition.

In addition, pursuant to Section 700 of the New Companies Ordinance, if the Offeror (together with its associates and nominees) acquires, by virtue of valid acceptances of the Exit Offer¹, some but not all of the Offer Shares and controls (as defined in Section 700 of the New Companies Ordinance) at least 90 per cent. in number of all the Shares before the Closing Date, the holder of any Offer Shares who has not accepted the Exit Offer on or before the Closing Date has the right to require the Offeror to acquire its Offer Shares on the same terms as those offered under the Exit Offer or on such other terms as may be agreed, or as the Hong Kong court, on the application of the holder of the Offer Shares or the Offeror, thinks fit to order.

Shareholders are advised to seek their own independent legal advice in relation to the compulsory acquisition provisions under the New Companies Ordinance.

¹ The term "valid acceptances" means acceptances in accordance with the New Companies Ordinance.

Please refer to paragraph 8.3 of the Exit Offer Letter for details on, *inter alia*, the rights of the Offeror and Shareholders under the New Companies Ordinance.

6. INFORMATION ON THE OFFEROR AND THE PARTIES ACTING IN CONCERT WITH IT

6.1 Glencore Group

The Glencore Group is one of the world's largest global diversified natural resource companies. As a leading integrated producer and marketer of commodities with a well-balanced portfolio of diverse industrial assets, the Glencore Group is strongly positioned to capture value at every stage of the supply chain, from sourcing materials deep underground to delivering products to an international customer base.

The Glencore Group's industrial and marketing activities are supported by a global network of more than 90 offices located in over 50 countries. The Glencore Group's diversified operations comprise over 150 mining and metallurgical sites, offshore oil production assets, farms and agricultural facilities. The Glencore Group employs approximately 190,000 people, including contractors.

Information on Glencore and the Glencore Group is also available from Glencore's website at www.glencorexstrata.com.

6.2 The Offeror

The Offeror is a company incorporated in Singapore on 30 August 2007. The principal activity is that of an investment holding company. The Offeror is an indirect wholly-owned subsidiary of Glencore.

Please refer to paragraph 11 of the Exit Offer Letter and Appendices 2 and 3 to the Exit Offer Letter for information and further disclosures on the Offeror as well as the other parties acting in concert with the Offeror.

7. INFORMATION ON THE COMPANY AND THE GROUP

The Company is a company incorporated in Hong Kong and is listed on the Mainboard of the SGX-ST. As one of the marine fuel industry's leading physical suppliers, the Company delivers energy through controlling all key stages of the marine fuel supply chain, providing exceptional value to its customers and maximising profitability by converting expenses to assets – acquiring, developing and controlling physical infrastructure within the supply chain.

Additional information on the Company is set out in **Appendix III** to this Circular and Appendix 4 of the Exit Offer Letter. Information on the Company is also available from its website at www.chemoil.com.

8. RATIONALE FOR THE DELISTING AND THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY AND THE GROUP

- 8.1 The following section on the rationale for the Exit Offer and the Offeror's intentions relating to the Company and the Group is reproduced from paragraphs 7 and 8 of the Exit Offer Letter, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

“7.1 Opportunity for Shareholders to Realise their Investment at an Attractive Valuation. The Exit Offer Price represents a premium of approximately 29 per cent. over the last transacted price per Share of US\$0.310 on the Last Full Trading Day.

When compared to the benchmark prices of the Shares up to and including the Last Full Trading Day of the Shares on the SGX-ST preceding the Trading Halt Date, the Exit Offer Price represents a premia of approximately 31 per cent., 32 per cent., and 31 per cent. over the VWAP per Share for the one-month, three-month and six-month periods, respectively.

The Exit Offer allows Shareholders to realise the value of their investments for cash at a premium over the historical traded prices of the Shares without incurring brokerage or other trading costs.

7.2 Low Free Float and Low Trading Liquidity of Shares. As at the Latest Practicable Date, the Offeror has a direct interest in 1,152,974,594 Shares, which represents approximately 89.20 per cent. of the issued share capital of Chemoil. Chemoil thus has a free float of only 134,686,965 Shares, which represents approximately 10.42 per cent. of the issued share capital of Chemoil. Under Rule 723 of the Listing Manual, at least 10 per cent. of the total number of issued Shares (excluding treasury shares) must at all times be held by the public, failing which the SGX-ST may suspend trading of the Shares.

Consequently, the trading liquidity of Shares has been low. Set out below is the average daily trading volume of Shares for the one-month, three-month and six-month periods preceding the Trading Halt Date.

Period up to and including the Trading Halt Date	1-month period	3-month period	6-month period
Average daily trading volume	62,818	52,444	49,742
Average daily trading volume as a percentage of free float (%)	0.05	0.04	0.04

As stated in **Section 7.3** below, it is unlikely that Chemoil will raise equity capital in the foreseeable future and it is therefore unlikely that the free float will increase through the issuance of new Shares.

The Exit Offer therefore represents a clean cash exit opportunity for Shareholders to realise their entire investment in the Shares at a premium over the market prices of the Shares prior to the Joint Announcement Date, an opportunity that would otherwise not be available due to the low trading liquidity and low free float of the Shares.

7.3 No Need for Access to Capital Markets. Since its initial public offering in 2006, Chemoil has not carried out any fund-raising exercise on the SGX-ST and is unlikely to require access to the Singapore capital markets to finance its operations in the foreseeable future.

7.4 Compliance Costs of Maintaining Listing. In maintaining its listed status, Chemoil incurs compliance and associated costs. The Delisting would allow Chemoil to dispense with expenses relating to the maintenance of a listed status and focus its resources on its business operations.

7.5 Greater Management Flexibility. The Delisting will provide the management of Chemoil with the flexibility to manage and develop the existing businesses of Chemoil while exploring opportunities without the attendant cost, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST.

8.2 Offeror's Future Plans for Chemoil. The Offeror intends for Chemoil to continue its existing business activities and there are no plans to (i) introduce any major changes to the business of Chemoil or the operations of any of its subsidiaries, (ii) re-deploy any of the fixed assets of Chemoil or (iii) discontinue the employment of any of the existing employees of Chemoil and/or its subsidiaries, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to Chemoil which may present themselves and which it may regard to be in the best interests of Chemoil.”

- 8.2 The Directors note that the Offeror has stated its intentions in relation to the operations and businesses of the Company as well as the employees of the Group in paragraph 8.2 of the Exit Offer Letter.

SHAREHOLDERS ARE URGED TO READ PARAGRAPHS 7 AND 8 OF THE EXIT OFFER LETTER CAREFULLY.

9. OVERSEAS SHAREHOLDERS

- 9.1 The availability of the Exit Offer to Shareholders whose addresses are outside Singapore, as shown on the Register, or as the case may be, in the records of CDP (each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable requirements in their own jurisdictions. For the avoidance of doubt, the Exit Offer is made to all Shareholders, including those to whom the Delisting Materials have not been, or will not be sent provided that the Exit Offer Letter does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Exit Offer is not being made into any jurisdiction in which the making or acceptance of the Exit Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Exit Offer to Shareholders in any such jurisdiction.
- 9.2 Shareholders (including Overseas Shareholders) may obtain copies of the Delisting Materials during normal business hours and up to the Closing Date from the Offeror through the CDP at (i) (from the Despatch Date to 11 April 2014) 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807 or (ii) (from 14 April 2014 onwards) 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, Shareholders (including Overseas Shareholders) may write in to the Offeror at Singfuel Investment Pte. Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 to request for the Delisting Materials to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk, up to five (5) Market Days prior to the Closing Date.
- 9.3 In requesting for the Delisting Materials, the Overseas Shareholder represents and warrants to the Offeror and DBS that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

Copies of the Delisting Materials are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Exit Offer would violate the law of that jurisdiction (each, a “**Restricted Jurisdiction**”) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Exit Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulations) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Exit Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

- 9.4 The Offeror and DBS each reserves the right to notify any matter, including the fact that the Exit Offer has been made, to any or all Shareholders with a registered address outside Singapore by announcement or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.
- 9.5 It is the responsibility of any Shareholder outside Singapore who wishes to accept the Exit Offer to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements. Such Overseas Shareholder shall be liable for the payment of any taxes, imposts, duties or other requisite payments payable. In accepting the Exit Offer, the Overseas Shareholder represents and warrants to the Offeror and DBS that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.
- 9.6 Where there are potential restrictions on sending the Exit Offer Letter to any overseas jurisdiction, the Offeror and DBS each reserves the right not to send such documents to the Shareholders in such overseas jurisdictions, as the case may be. For the avoidance of doubt, the Exit Offer shall be made to all Shareholders (including the Overseas Shareholders) including those to whom the Exit Offer Letter and the relevant acceptance forms will not be, or may not be, sent, provided that the Exit Offer Letter does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Exit Offer is not proposed in any jurisdiction in which the introduction or implementation of the Exit Offer would not be in compliance with the laws of such jurisdiction.

Overseas Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions.

- 9.7 Please refer to paragraph 16 of the Exit Offer Letter for the points to be noted by Overseas Shareholders in relation to the Exit Offer.

10. INFORMATION IN RESPECT OF THE DIRECTORS

10.1 Independence of Directors

The Independent Directors are independent for the purposes of the Exit Offer and are required to make a recommendation to Shareholders in relation to the Exit Offer. The SIC has ruled on 7 February 2014 that the Relevant Directors are exempted from the requirement to make a recommendation on the Exit Offer to the Shareholders as the Relevant Directors face a conflict of interests in view of them being directors of the Offeror and senior executives of the Glencore Group. Nevertheless, the Relevant Directors must still assume responsibility for the accuracy of the facts stated and opinions expressed in documents issued by, or on behalf of, the Company to the Shareholders in connection with the Exit Offer.

10.2 Directors' Interests

As at the Latest Practicable Date, the direct or deemed interest of the Directors in any (a) Shares or (b) Convertible Securities, Warrants, Options or Derivatives in respect of any Shares are as follows:

(a) Interests in Shares

None of the Directors has any direct or deemed interest in the Shares as at the Latest Practicable Date.

(b) Interests in Options

	No. of Options held under Option Scheme	%	Date of grant	Exercise Period	Exercise Price per Option (US\$)
Directors					
Peter Michael Meade	88,000	0.007	12 December 2008	12 December 2009 to 12 December 2018	0.1740
	88,000	0.007	12 December 2008	12 December 2010 to 12 December 2018	0.1740
	88,000	0.007	11 August 2009	11 August 2010 to 11 August 2019	0.4870
	88,000	0.007	11 August 2009	11 August 2011 to 11 August 2019	0.4870
	88,000	0.007	20 August 2010	20 August 2011 to 20 August 2020	0.3220
	88,000	0.007	20 August 2010	20 August 2012 to 20 August 2020	0.3220
	88,000	0.007	21 October 2011	21 October 2012 to 21 October 2021	0.2000
	88,000	0.007	21 October 2011	21 October 2013 to 21 October 2021	0.2000
	88,000	0.007	21 August 2012	21 August 2013 to 21 August 2022	0.3260
	88,000	0.007	21 August 2012	21 August 2014 to 21 August 2022	0.3260

	No. of Options held under Option Scheme	%	Date of grant	Exercise Period	Exercise Price per Option (US\$)
Directors					
	88,000	0.007	21 August 2013	21 August 2014 to 21 August 2023	0.3087
	88,000	0.007	21 August 2013	21 August 2015 to 21 August 2023	0.3087
Steven Barry Simpson	88,000	0.007	21 October 2011	21 October 2012 to 21 October 2021	0.2000
	88,000	0.007	21 October 2011	21 October 2013 to 21 October 2021	0.2000
	88,000	0.007	21 August 2012	21 August 2013 to 21 August 2022	0.3260
	88,000	0.007	21 August 2012	21 August 2014 to 21 August 2022	0.3260
	88,000	0.007	21 August 2013	21 August 2014 to 21 August 2023	0.3087
	88,000	0.007	21 August 2013	21 August 2015 to 21 August 2023	0.3087

Save as disclosed above, none of the Directors has any direct or deemed interest in the Options as at the Latest Practicable Date.

Further details of the Directors including, *inter alia*, the Directors' direct and deemed interests in shares in the Offeror as at the Latest Practicable Date are set out in **Appendix III** to this Circular.

10.3 Intentions of the Directors in respect of their Shares and Options

The Directors hold and/or control in aggregate 1,584,000 Options as at the Latest Practicable Date and have confirmed that they will exercise the Options held by each of them respectively into new Shares and accept the Exit Offer in respect of the new Shares to be transferred to them pursuant to the exercise of their Options.

11. INTERESTS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

The interests of the substantial Shareholders in the Shares of the Company as at the Latest Practicable Date and based on the disclosures made in the Exit Offer Letter are as set out below:

	Direct Interest		Deemed Interest		Total	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Substantial Shareholders						
Singfuel Investment Pte. Ltd.	1,152,974,594	89.20	–	–	1,152,974,594	89.20
Glencore Xstrata plc	–	–	1,152,974,594	89.20	1,152,974,594	89.20
Glencore International AG	–	–	1,152,974,594	89.20	1,152,974,594	89.20
Glencore Asian Holdings Pte. Ltd.	–	–	1,152,974,594	89.20	1,152,974,594	89.20

Notes:

(1) Based on 1,292,612,000 Shares in issue as at the Latest Practicable Date.

- (2) Glencore Asian Holdings Pte. Ltd., Glencore International AG and Glencore Xstrata plc, by virtue of being the immediate holding company, the intermediate holding company and the ultimate holding company of Singfuel Investment Pte. Ltd. respectively, are deemed interested in the shares owned by Singfuel Investment Pte. Ltd..

12. ADVICE OF PRIMEPARTNERS TO THE INDEPENDENT DIRECTORS

PrimePartners has been appointed as the independent financial adviser to the Independent Directors in relation to the Exit Offer. The letter from PrimePartners setting out its advice to the Independent Directors is set out in **Appendix I** to this Circular. Shareholders are advised to read and consider carefully, in its entirety, the advice of PrimePartners contained in the letter from PrimePartners to the Independent Directors. An extract of PrimePartners' advice in relation to the Exit Offer is reproduced in italics below:

"9. OPINION

In arriving at our opinion on the Exit Offer, we have taken into account the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

Factors in favor of the Exit Offer Price

- (a) The Exit Offer Price offers a premium of approximately 4.7% over the latest announced NTA per Share of US\$0.382 as at 31 December 2013, whereas the market price of the Shares have been closing at an average discount of 7.9%, 17.2%, 18.2% and 18.6% to the trailing NTA per Share of the Group over the 1-year, 6-month, 3-month and 1-month period up to and including the Last Full Trading Day respectively;*
- (b) In comparison with the Comparable Companies, the EV/EBITDA ratio of the Company of 15.6 times as implied by the Exit Offer Price is within the range of the EV/EBITDA ratios and higher than the mean and median EV/EBITDA ratios of 11.8 times and 12.8 times respectively;*
- (c) The Shares had not traded above the Exit Offer Price of US\$0.400 per share over the 1-year period up to and including the Last Full Trading Day save for 6 market days out of a total of 252 market days;*
- (d) The Exit Offer Price represents a premium of 14.6%, 31.1%, 32.5%, 31.1% and 29.0% over the 1-year, 6-month, 3-month and 1-month VWAP and the last transacted price on the Last Full Trading Day of the Shares respectively;*
- (e) The Exit Offer Price also represents a premium of 17.6% over the last transacted price of US\$0.340 on the Trading Halt Day;*
- (f) The low trading liquidity of the Shares during the 1-year period up to and including the Last Full Trading Day, given that the daily average trading volume of the Shares was only approximately 103,357 Shares representing approximately 0.08% of the Company's free float;*
- (g) The current market price and the trading volume of the Shares may have been underpinned by the Exit Offer subsequent to the Joint Announcement Date, as such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Exit Offer;*

(h) *In comparison with the Successful Privatization and Delisting Offers:*

- *The premium of approximately 29.0% implied by the Exit Offer Price over the last transacted price of the Shares on the Last Full Trading Day is within the range and higher than the mean and median premia of 20.2% and 15.4% respectively as implied by the respective offer prices paid over the last transacted market prices of the share;*
 - *The premium of approximately 31.1% implied by the Exit Offer Price over the 1-month VWAP of the Shares is within the range and higher than the mean and median premia of 22.5% and 20.7% respectively as implied by the respective offer prices over the 1-month VWAP of the shares;*
 - *The premium of approximately 32.5% implied by the Exit Offer Price over the 3-month VWAP of the Shares is within the range and higher than the mean and the median premia of 24.8% and 20.7% respectively as implied by the respective offer prices over 3-month VWAP of the shares;*
 - *The premium of approximately 31.1% implied by the Exit Offer Price over the 6-month VWAP of the Shares is within the range and higher than the mean and the median premia of 26.8% and 12.8% respectively as implied by the respective offer prices over 6-month VWAP of the shares;*
- (i) *The Company has not paid any dividends for the past 5 financial years, suggesting that Shareholders who accept the Exit Offer may potentially achieve a higher dividend income if they re-invest the proceeds from the Exit Offer in the shares of alternative investments;*

Factors against the Exit Offer Price:

- (j) *The Exit Offer Price represents a discount of approximately 11.7% to the NAV per Share of US\$0.453 as at 31 December 2013, however, we wish to highlight that the NAV of the Group comprises significant deferred tax assets the value of which is subject to the future profitability of the Group and discount factors such as time value of money, which would theoretically lower the NAV that can be realized;*
- (k) *In comparison with the Comparable Companies:*
- *The P/NAV ratio of the Company of 0.88 times as implied by the Exit Offer Price is within the range of the P/NAV ratios and lower than the mean and median P/NAV ratios of 3.29 times and 2.64 times respectively;*
 - *The P/NTA ratio of the Company of 1.05 times as implied by the Exit Offer Price is within the range of the P/NTA ratios and lower than the mean and median P/RNAV ratio of 3.16 times and 2.66 times respectively;*
 - *The LTM P/E ratio of the Company of 5.1 times as implied by the Exit Offer Price is lower than minimum LTM P/E ratio of 15.9 times, however, considering that (i) the Group's net profit after tax of US\$101 million in FY2013 was largely due to a non-recurring income tax credit of US\$60.6 million and (ii) the Group's historical net profit after tax amounted to US\$35.3 million in FY2011 and US\$33 million in FY2012 (results from the Group's core business of fuel sales excluding the restructuring of non-core and legacy assets), we note that the LTM P/E ratio of the Company would be 12.5 times based on the Group's profit before income tax of US\$41.3 million in FY2013.*

Other factors:

- (l) *The intention of the Offeror to vote all its Shares representing approximately 89.2% of the total number of issued Shares in favor of the Delisting Resolution at the EGM;*
- (m) *The Offeror has no present intention to make any major changes to the existing business of the Company;*
- (n) *The intention of the Offeror to exercise any rights of compulsory acquisition in the event that the Offeror (together with its associates and nominees) acquires not less than 90% of the total number of Offer Shares;*
- (o) *The Company has confirmed that there is no alternative or competing offer available to the Shareholders as at the Latest Practicable Date and given that the Offeror and its Concert Parties collectively hold 89.2% of the Shares, we note that unless the Offeror and its Concert Parties accept such alternative or competing offer, any offer made by any third parties would not be capable of becoming unconditional; and*
- (p) *The implications of completion of the Delisting for Shareholders who do not accept the Exit Offer.*

In summary, having considered the aforesaid points including the various factors as set out in this letter, we are of the opinion that while the Exit Offer Price does not appear to fully reflect the value of the underlying NAV of the Shares, the financial terms of the Exit Offer are on balance, fair and reasonable, and not prejudicial to the interest of the Shareholders, in view of the historical market trading price of the Shares prior to the Joint Announcement Date as well as the above average premium implied by the Exit Offer Price as compared to the Successful Privatization and Delisting Offers. Accordingly, we advise the Independent Directors to recommend that Shareholders vote in favour of the Delisting Resolution and accept the Exit Offer, unless Shareholders are able to obtain a price higher than the Exit Offer Price on the open market, taking into account all brokerage commissions or transactions costs in connection with open market transactions.

Independent Directors should also note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion on the Exit Offer does not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Exit Offer and should not be relied on by any other party. The recommendation made by them to the Shareholders in relation to the Exit Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this letter may be reproduced in the Circular and for any matter in relation to the Delisting Proposal, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PPCF in each specific case except for the purposes of the EGM in respect of the Delisting Resolution. This 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.”

13. INDEPENDENT DIRECTORS' RECOMMENDATION

Shareholders are advised by the Independent Directors to read and consider carefully the following recommendation of the Independent Directors and the advice of PrimePartners contained in the letter from PrimePartners to the Independent Directors as reproduced in **Appendix I** to this Circular in its entirety. The Independent Directors advise the Shareholders to review paragraph 7 of the Exit Offer Letter carefully. The Independent Directors also draw the attention of the Shareholders to Section 5 of this Letter to the Shareholders entitled "Implications of Compulsory Acquisition and Delisting for Shareholders".

In reaching the recommendation set out below, the Independent Directors have considered carefully, amongst other things, the terms of the Delisting Proposal including the Exit Offer and the advice given by PrimePartners.

Having taken the above matters into consideration, the Independent Directors concur with the advice of PrimePartners in relation to the Exit Offer.

Accordingly, the Independent Directors recommend that Shareholders VOTE IN FAVOUR of the Delisting Resolution and either ACCEPT the Exit Offer or sell their Shares in the open market if they are able to obtain a price higher than the Exit Offer Price (after taking into account all brokerage commissions or transaction costs in connection with open market transactions) by doing so. Shareholders should note that there is no assurance that the market prices of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date.

Shareholders should note that they should not rely on the advice of PrimePartners as the **sole** basis for deciding whether or not to accept the Exit Offer.

In rendering the above advice and giving the above recommendations, the Independent Directors have not taken into consideration nor had regard to the general or specific investment objectives, financial situation, risk profiles, tax position and/or particular or unique needs and constraints of any individual Shareholder. As different Shareholders have different investment profiles and objectives, the Independent Directors recommend that any Shareholder who may require specific advice in relation to the Exit Offer consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

14. EXTRAORDINARY GENERAL MEETING

The EGM, as convened by the notice attached to this Circular, will be held at The Guild, NUSS Suntec City Guild House, 3 Temasek Boulevard, (Tower Five), #02-401/402, Suntec City Mall, Singapore 038983 on 15 April 2014 at 2.30 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2.00 p.m. on the same day and at the same place). The purpose of the EGM is for Shareholders to consider and, if thought fit, pass, on a poll, with or without amendments, the Delisting Resolution set out in the notice of EGM on page 89 of this Circular.

15. ACTION TO BE TAKEN BY SHAREHOLDERS

15.1 Voting at the EGM

Shareholders will find enclosed with this Circular, the Notice of EGM and a proxy form. If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 or the registered office of the Company at 31/F, 148 Electric Road, North Point, Hong Kong S.A.R., as applicable, not later than 48 hours before the time of the EGM on 15 April 2014 at 2.30 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2.00 p.m. on the same day and at the same place). Completion and return of a proxy form by a Shareholder will not prevent him from attending and voting in person at the EGM if he so wishes, in place of his proxy.

15.2 Available Courses of Action

The Exit Offer Letter and the Acceptance Forms have been despatched together with this Circular.

As stated in the Exit Offer Letter, the Shareholders can choose from the following two courses of action:

Action	1. Accept the Exit Offer	2. Not Accept the Exit Offer
What you need to do	<p>You should complete, sign and return the relevant FAA and/or FAT which are enclosed with the Exit Offer Letter.</p> <p>Please follow the provisions and instructions stated in the Exit Offer Letter, this Circular and the relevant FAA and/or FAT.</p> <p>The procedures for acceptance and settlement of the Exit Offer are set out in Appendix 1 to the Exit Offer Letter.</p>	<p>You do not have to take any action.</p> <p>If you hold Shares that are deposited with CDP, one share certificate representing your delisted Shares will be forwarded, by ordinary post and at your own risk, to your address as such address appears in the records of CDP for your physical safekeeping, after the Company has been delisted from the Official List of the SGX-ST.</p> <p>Please refer to Section 5.1 of this Letter to the Shareholders in the Circular.</p>
Outcome	<p>You will receive the Exit Offer Price for each Share you tender in acceptance of the Exit Offer to the Offeror without incurring brokerage or other trading costs.</p>	<p>You will remain a Shareholder.</p> <p>In the event that the Company is delisted from the Official List of the SGX-ST, you will be left holding <u>unquoted Shares</u> (with the Company becoming an <u>unlisted company</u>).</p>

Action	1. Accept the Exit Offer	2. Not Accept the Exit Offer
Duration	You can accept the Exit Offer during the period commencing from 31 March 2014 and ending at 5.30 p.m. (Singapore time) on the Closing Date.	Not relevant.

If you hold Offer Shares that are deposited with CDP, you should receive a FAA for Offer Shares together with the Exit Offer Letter. If you have not received the FAA and the Exit Offer Letter, you may obtain a copy of the FAA for Offer Shares and the Exit Offer Letter from the Offeror c/o CDP, at 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807, upon production of satisfactory evidence that you are a Shareholder.

If you hold Offer Shares that are represented by share certificate(s) and are not deposited with CDP, you should receive a FAT together with the Exit Offer Letter. If you have not received a FAT and the Exit Offer Letter, you may obtain a copy of the FAT and the Exit Offer Letter from the Offeror c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, upon production of satisfactory evidence that you are a Shareholder.

The Exit Offer may only be accepted by the relevant Shareholder to whom the Exit Offer Letter is addressed. If you wish to accept the Exit Offer, you should complete, sign and return the relevant Acceptance Form in accordance with the provisions and instructions in the Exit Offer Letter and that Acceptance Form.

Shareholders may choose to accept the Exit Offer before the EGM. However, the Exit Offer remains conditional upon the Delisting Resolution being passed at the EGM.

In the event that the above condition is not fulfilled, the Exit Offer will lapse and both the Shareholders and the Offeror will cease to be bound by any prior acceptances of the Exit Offer by any Shareholder. Those Offer Shares in respect of which acceptances have been received shall be returned to the relevant Shareholders in accordance with the procedures set out in the Exit Offer Letter and the Acceptance Forms.

The detailed procedures for acceptance and additional information on settlement of the Exit Offer are set out in (a) Appendix 1 entitled "Procedures for Acceptance of the Exit Offer" to the Exit Offer Letter and (b) Appendix II entitled "Procedures for Acceptance of the Exit Offer" to this Circular for your information.

16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including the Relevant Directors and any Director who may have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Delisting, the Company and its subsidiaries (other than those relating to the Offeror, the parties acting in concert with it, the Exit Offer, the recommendation of the Independent Directors and Appendices I and II to this Circular), and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

The Directors (including the Relevant Directors and any Director who may have delegated detailed supervision of this Circular) (a) jointly and severally accept full responsibility for the accuracy of information contained in this Circular (other than those relating to the Offeror, the parties acting in concert with it, the Exit Offer, the recommendation of the Independent Directors and Appendices I and II to this Circular), (b) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than those relating to the Offeror, the parties acting in concert with it, the Exit Offer, the recommendation of the Independent Directors and Appendices I and II to this Circular) are fair and accurate and, where appropriate, no material facts have been omitted, and (c) confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Circular (other than those relating to the Offeror, the parties acting in concert with it, the Exit Offer, the recommendation of the Independent Directors and Appendices I and II to this Circular) have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

In respect of the letter from PrimePartners to the Independent Directors (set out in Appendix I to this Circular), the responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are, to the best of their knowledge and belief, fair and accurate in all material respects.

The recommendation of the Independent Directors to Shareholders set out in Section 13 of this Letter to the Shareholders entitled “Independent Directors’ Recommendation” is the sole and full responsibility of the Independent Directors.

Where any information in this Circular (including the information contained in Appendices I and II to this Circular) has been extracted from published or otherwise publicly available sources or obtained from a named source (including the Offeror or the parties acting in concert with it), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

17. CONSENTS

- 17.1 DBS, being the financial adviser of the Offeror in connection with the Exit Offer, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, and all references thereto in the form and context in which they appear in this Circular.
- 17.2 The independent financial adviser, PrimePartners, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its advice to the Independent Director set out in Section 12 of this Letter to the Shareholders, the “Letter from PrimePartners to the Independent Directors of Chemoil Energy Limited in relation to the Exit Offer” set out in Appendix I to this Circular and all references thereto in the form and context in which they appear in this Circular.
- 17.3 The Company’s share registrar, Boardroom Corporate Services (HK) Limited, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, and all references thereto in the form and context in which they appear in this Circular.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at 1 Temasek Avenue, #36-01, Millenia Tower, Singapore 039192 during normal business hours, from the date of this Circular until the date of the EGM:

- (a) the Memorandum and Articles;
- (b) annual reports of the Company for FY2010, FY2011, FY2012 and FY2013;
- (c) letter from the Offeror to the Company dated 25 February 2014 in respect of the Delisting Proposal;
- (d) Exit Offer Letter from the Offeror to the Company dated 31 March 2014 in respect of the Delisting Proposal;
- (e) letter from PrimePartners to the Independent Directors set out in Appendix I to this Circular; and
- (f) the Joint Announcement.

19. ADDITIONAL INFORMATION

Your attention is drawn to the Appendices which form part of this Circular.

Yours faithfully
For and on behalf of the Directors

Mark Jonathan Catton
Chairman
CHEMOIL ENERGY LIMITED

**LETTER FROM PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
TO THE INDEPENDENT DIRECTORS**

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

20 Cecil Street
#21-02 Equity Plaza
Singapore 049705

31 March 2014

To: The Independent Directors of
Chemoil Energy Limited
c/o Chemoil International Pte Ltd
1 Temasek Avenue #36-01
Millenia Tower
Singapore 039192

Dear Sirs

INDEPENDENT FINANCIAL ADVICE TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE VOLUNTARY DELISTING CASH EXIT OFFER BY DBS BANK LTD. (“DBS”) FOR AND ON BEHALF OF SINGFUEL INVESTMENT PTE. LTD. (THE “OFFEROR”) TO ACQUIRE ALL THE ISSUED ORDINARY SHARES IN THE CAPITAL OF CHEMOIL ENERGY LIMITED (“CHEMOIL” OR THE “COMPANY”) OTHER THAN SHARES OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR

1. INTRODUCTION

On 25 February 2014 (the “**Joint Announcement Date**”), the Company and the Offeror jointly announced that the Offeror had presented a proposal to the board of directors of the Company (the “**Directors**”), to seek the privatization of the Company by way of a voluntary delisting (the “**Delisting**”) from the official list of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual (the “**Delisting Proposal**”).

Pursuant to the Delisting Proposal, DBS, for and on behalf of the Offeror, has made an exit offer (the “**Exit Offer**”) of US\$0.40 in cash (the “**Exit Offer Price**”) for each Offer Share which extends to (i) all the issued ordinary shares in Chemoil (the “**Shares**”) held by the shareholders of Chemoil (the “**Shareholders**”), other than those Shares already owned, controlled or agreed to be acquired by the Offeror; and (ii) all new Shares unconditionally issued or to be issued prior to the close of the Exit Offer pursuant to the valid exercise of any options (“**Options**”) to subscribe for new Shares under the 2006 Share Option Scheme of Chemoil (the “**Option Scheme**”). The Exit Offer will not be conditional upon a minimum number of acceptances being received by the Offeror.

The Directors have considered the Delisting Proposal and resolved to convene an extraordinary general meeting of Chemoil (the “**EGM**”) to seek the approval of the Shareholders in respect of the resolution for the Delisting (the “**Delisting Resolution**”).

The Offeror is a company incorporated in Singapore on 30 August 2007 and is an indirect wholly-owned subsidiary of Glencore Xstrata plc (“**Glencore**”). As at the Latest Practicable Date, the Offeror has a direct interest in 1,152,974,594 Shares, which represents

approximately 89.2% of the issued share capital of Chemoil. The Offeror does not intend to maintain or support any action taken or to be taken to maintain the present listing status of the Company and accordingly, intends to vote all of its 1,152,974,594 Shares in favor of the Delisting Resolution at the EGM.

PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) has been appointed by the Company to advise the directors who are considered to be independent for the purposes of making recommendations to the Shareholders in respect of the Delisting Proposal and the Exit Offer (the “**Independent Directors**”). This letter sets out, *inter alia*, our views and evaluation of the financial terms of the Exit Offer and our opinion thereon, and forms part of the circular dated 31 March 2014 (the “**Circular**”) and issued by the Company providing, *inter alia*, details of the Exit Offer and the recommendation of the Independent Directors.

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Exit Offer pursuant to Rule 1309(2) of the Listing Manual. We have confined our evaluation to the financial terms of the Exit Offer and have not taken into account the commercial risks and/or commercial merits of the Delisting and Exit Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long-term merits of the Delisting, Exit Offer or on the future prospects of the Company and its subsidiaries (the “**Group**”) or the method and terms by which the Exit Offer is made or any other alternative methods by which the Exit Offer may be made. Such evaluations and comments 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 as set out in this letter.

We are not authorised and we have not solicited, any indications of interest from any third party with respect to the Shares. We are therefore not addressing the relative merits of the Delisting and Exit Offer as compared to any alternative transaction that may be available to the Company (or its Shareholders), or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Exit Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on information provided and representations made, including relevant financial analyses and estimates, by the management of the Company (the “**Management**”), the Directors, the Company’s solicitors and auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors that, upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Delisting, the Exit Offer and the Group has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information

disclosed to us or the facts of or in relation to the Delisting, the Exit Offer and the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Exit Offer and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Group in connection with our opinion in this letter.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, trade and other receivables, property, plant and equipment, inventories and deferred income tax assets) of the Group, its associated companies and joint ventures and we have not been furnished with any such evaluation or appraisal.

Our analysis and opinion as set out in this letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at 24 March 2014 (the “**Latest Practicable Date**”). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Delisting and Exit Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to accept the Exit Offer.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this letter).

Our opinion in respect of the Exit Offer, as set out in section 9 of this letter, should be considered in the context of the entirety of this letter and the Circular.

3. THE OFFER

Shareholders should have by now received a copy of the Circular and the letter to Shareholders setting out the terms and conditions of the Exit Offer (the “**Exit Offer Letter**”) containing the formal offer by DBS, for and on behalf of the Offeror, and the relevant forms of acceptance. The principal terms of the Exit Offer are set out in paragraph 3.3 of the Circular. **Shareholders are advised to read the terms and conditions of the Exit Offer set out in the Circular and Exit Offer Letter carefully.**

3.1 Exit Offer Price

As stated in the Exit Offer Letter, for and on behalf of the Offeror, DBS has made the Exit Offer for the Offer Shares on the following basis:

For Each Offer Share: US\$0.40 in cash (the “Exit Offer Price”).

The aggregate Exit Offer Price payable in cash to each Shareholder for the Offer Shares held by such Shareholder will be rounded down to the nearest whole cent.

3.2 Offer Shares

The Exit Offer will be extended to all Shares held by the Shareholders, other than those Shares already owned, controlled or agreed to be acquired by the Offeror. The Exit Offer will also be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise, prior to the close of the Exit Offer, of any Options to subscribe for new Shares under the Option Scheme. For the purposes of the Exit Offer, the expression “**Offer Shares**” shall include all new Shares unconditionally issued or to be issued pursuant to the valid exercise of the Options on or prior to the close of the Exit Offer.

The Offer Shares are to be acquired (a) fully paid, (b) free from any mortgage, assignment of receivables, debenture, lien, hypothecation, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal, restriction, third-party right or interest, any other encumbrance, condition or security interest whatsoever having similar effect (“**Encumbrances**”), and (c) together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions (if any) which may be declared, paid or made by the Company on or after the Joint Announcement Date. If any dividend, other distribution or return of capital is declared, made or paid by the Company on or after the Joint Announcement Date to a Shareholder who accepts or has accepted the Exit Offer, the Offeror reserves the right to reduce the Exit Offer Price payable to such accepting Shareholder by the amount of such dividend, distribution or return of capital.

Further details on the Exit Offer are set out in the Exit Offer Letter containing, *inter alia*, the terms of the Exit Offer and the relevant Acceptance Forms.

3.3 Conditions to the Delisting and Exit Offer

As stated in the Exit Offer Letter, the Delisting and the Exit Offer are conditional on (i) the SGX-ST agreeing to the application by the Company to delist from the Official List of the SGX-ST; and (ii) the Delisting Resolution being passed at the EGM. Pursuant to Rule 1307 of the Listing Manual, the Delisting Resolution is considered passed if it is approved by a majority of at least 75% of the total number of Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, and if the Delisting Resolution has not been voted against by 10% or more of the total number of Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy, at the EGM.

On 5 March 2014, Chemoil submitted an application to the SGX-ST to delist from the Official List of the SGX-ST. On 20 March 2014, the SGX-ST responded to the Company that it has no objection to the Delisting, subject to (i) compliance with the Listing Manual requirements; and (ii) approval of the Delisting by Shareholders at the EGM in accordance with the requirements of Rule 1307 of the Listing Manual. However, this is not to be taken as an indication of the merits of the Delisting.

Under Rule 1307 of the Listing Manual, all Shareholders (including the Offeror, parties acting in concert with the Offeror who hold Shares and the Directors) are entitled to vote on the Delisting Resolution.

As at the Latest Practicable Date, the Offeror and parties acting in concert with the Offeror hold in aggregate 1,152,974,594 Shares, representing approximately 89.2% of the issued share capital of the Company. **The Offeror intends to vote all of these Shares in favour of the Delisting Resolution at the EGM.**

The Shareholders may accept the Exit Offer in full or in part. **The Exit Offer is not conditional upon a minimum number of acceptances being received by the Offeror.**

Shareholders are to note that the Delisting and Exit Offer will be conditional upon the Delisting Resolution being passed at the EGM. If this condition is not fulfilled, the Delisting will not proceed and the Company will remain listed on the Official List of the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

Shareholders are to also note that approving the Delisting Resolution at the EGM does NOT automatically mean that you have accepted the Exit Offer. Please refer to Section 15 of the Circular entitled “Action to be taken by Shareholders” and Appendix 1 of the Exit Offer Letter entitled “Procedures for Acceptances of the Exit Offer” for further details on the actions to take if you wish to accept the Exit Offer.

3.4 Warranty

As stated in the Exit Offer Letter, acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Shareholder that each Offer Share in respect of which the Exit Offer is accepted is sold by him as, or on behalf of, the beneficial owner(s) thereof, fully paid and free from all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions (if any) which may be declared, paid or made by the Company on or after the Joint Announcement Date.

3.5 Duration

As stated in the Exit Offer Letter, the Exit Offer is open for acceptance by Shareholders from the date of despatch of the Exit Offer Letter. Shareholders may choose to accept the Exit Offer before the EGM. However, such acceptances are conditional and if the Delisting Resolution is not passed at the EGM, the condition to the Delisting and Exit Offer will not have been fulfilled and the Exit Offer will lapse, and both the Shareholders and the Offeror will cease to be bound by any prior acceptances of the Exit Offer by any Shareholder.

As stated in the Exit Offer Letter, if the Delisting Resolution is approved by the Shareholders at the EGM, the Exit Offer will be open for acceptance by the Shareholders for a period of at least 14 days after the date of the announcement of the Shareholders’ approval of the Delisting Resolution at the EGM. If the Delisting Resolution is not approved at the EGM, the Exit Offer will lapse. Accordingly, if the Delisting Resolution is approved by the Shareholders at the EGM, the closing date of the Exit Offer is 5.30 p.m. on 29 April 2014 or such later date(s) as may be announced from time to time by or on behalf of the Offeror (the “**Closing Date**”).

If the Exit Offer is extended, an announcement will be made of such extension and the Exit Offer will remain open for acceptance for such period as may be announced.

Further details on the duration of the Exit Offer are set out in paragraph 6 of the Exit Offer Letter.

4. INFORMATION ON THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT

The information on the Offeror and its concert parties as set out below in italics has been extracted from the Circular. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Circular.

“6.1 Glencore Group

The Glencore Group is one of the world’s largest global diversified natural resource companies. As a leading integrated producer and marketer of commodities with a well-balanced portfolio of diverse industrial assets, the Glencore Group is strongly positioned to capture value at every stage of the supply chain, from sourcing materials deep underground to delivering products to an international customer base.

The Glencore Group’s industrial and marketing activities are supported by a global network of more than 90 offices located in over 50 countries. The Glencore Group’s diversified operations comprise over 150 mining and metallurgical sites, offshore oil production assets, farms and agricultural facilities. The Glencore Group employs approximately 190,000 people, including contractors.

Information on Glencore and the Glencore Group is also available from Glencore’s website at www.glencorexstrata.com.

6.2 The Offeror

The Offeror is a company incorporated in Singapore on 30 August 2007. The principal activity is that of an investment holding company. The Offeror is an indirect wholly-owned subsidiary of Glencore.”

Further information and disclosures on the Offeror as well as the other parties acting in concert with the Offeror may also be found in paragraph 11 and Appendices 2 and 3 of the Exit Offer Letter.

5. INFORMATION ON THE COMPANY

The Company is a company incorporated in Hong Kong and is listed on the Mainboard of the SGX-ST. As one of the marine fuel industry’s leading physical suppliers, the Company delivers energy through controlling all key stages of the marine fuel supply chain, providing exceptional value to its customers and maximising profitability by converting expenses to assets – acquiring, developing and controlling physical infrastructure within the supply chain.

Additional information on the Company can be found in Appendix III of the Circular and Appendix 4 of the Exit Offer Letter. Information on the Company is also available from its website at www.chemoil.com.

6. RATIONALE FOR THE DELISTING PROPOSAL AND EXIT OFFER

The full text of the rationale for the Delisting Proposal and Exit Offer has been extracted from paragraph 7 of the Exit Offer Letter and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter.

“7.1 Opportunity for Shareholders to Realise their Investment at an Attractive Valuation. *The Exit Offer Price represents a premium of approximately 29 per cent. over the last transacted price per Share of US\$0.310 on the Last Full Trading Day.*

When compared to the benchmark prices of the Shares up to and including the Last Full Trading Day of the Shares on the SGX-ST preceding the Trading Halt Date, the Exit Offer Price represents a premia of approximately 31 per cent., 32 per cent., and 31 per cent. over the VWAP per Share for the one-month, three-month and six-month periods, respectively.

The Exit Offer allows Shareholders to realise the value of their investments for cash at a premium over the historical traded prices of the Shares without incurring brokerage or other trading costs.

7.2 Low Free Float and Low Trading Liquidity of Shares. *As at the Latest Practicable Date, the Offeror has a direct interest in 1,152,974,594 Shares, which represents approximately 89.20 per cent. of the issued share capital of Chemoil. Chemoil thus has a free float of only 134,686,965 Shares, which represents approximately 10.42 per cent. of the issued share capital of Chemoil. Under Rule 723 of the Listing Manual, at least 10 per cent. of the total number of issued Shares (excluding treasury shares) must at all times be held by the public, failing which the SGX-ST may suspend trading of the Shares.*

Consequently, the trading liquidity of Shares has been low. Set out below is the average daily trading volume of Shares for the one-month, three-month and six-month periods preceding the Trading Halt Date.

<i>Period preceding the Trading Halt Date</i>	<i>1-month period</i>	<i>3-month period</i>	<i>6-month period</i>
<i>Average daily trading volume</i>	<i>62,818</i>	<i>52,444</i>	<i>49,742</i>
<i>Average daily trading volume as a percentage of free float (%)</i>	<i>0.05</i>	<i>0.04</i>	<i>0.04</i>

*As stated in **Section 7.3** below, it is unlikely that Chemoil will raise equity capital in the foreseeable future and it is therefore unlikely that the free float will increase through the issuance of new Shares.*

The Exit Offer therefore represents a clean cash exit opportunity for Shareholders to realise their entire investment in the Shares at a premium over the market prices of the Shares prior to the Joint Announcement Date, an opportunity that would otherwise not be available due to the low trading liquidity and low free float of the Shares.

7.3 No Need for Access to Capital Markets. *Since its initial public offering in 2006, Chemoil has not carried out any fund-raising exercise on the SGX-ST and is unlikely to require access to the Singapore capital markets to finance its operations in the foreseeable future.*

7.4 Compliance Costs of Maintaining Listing. *In maintaining its listed status, Chemoil incurs compliance and associated costs. The Delisting would allow Chemoil to dispense with expenses relating to the maintenance of a listed status and focus its resources on its business operations.*

7.5 Greater Management Flexibility. *The Delisting will provide the management of Chemoil with the flexibility to manage and develop the existing businesses of Chemoil while exploring opportunities without the attendant cost, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST.”*

7. ASSESSMENT OF THE FINANCIAL TERMS OF THE EXIT OFFER

In assessing the fairness and reasonableness or otherwise of the financial terms of the Exit Offer, we have considered the following factors which we consider to be pertinent and to have a significant bearing on our assessment of the Exit Offer:

- (i) Historical financial performance of the Group;
- (ii) Net asset value (“NAV”) and net tangible assets (“NTA”) of the Group;
- (iii) Valuation ratios of selected listed companies broadly comparable to the Group;
- (iv) Historical market price performance and trading activity of the Shares;
- (v) Share price performance relative to market indices;
- (vi) Precedent privatization and delisting transactions in Singapore;
- (vii) Past substantial transactions involving the Shares of the Company; and
- (viii) Dividend track record of the Company.

We have also considered other relevant considerations which have a significant bearing on our assessment as set out in paragraph 8 of this letter.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., SGX-ST and other public filings as at the Latest Practicable Date. PPCF makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

7.1 Historical financial performance of the Group

A summary of the financial results of the Group for the financial years ended 31 December (“FY”) 2011, 2012 and 2013 is set out in Exhibit 1 below. The following summary financial information should be read in conjunction with the full text of the annual reports and results announcements of the Group in respect of the relevant financial periods including the notes thereto.

Exhibit 1 – Summary audited financial information of the Group			
(US\$ million)	FY2011	FY2012	FY2013
Income Statement (from continuing operations)			
Total revenue	10,958.5	13,648.2	12,963.1
Total expenses	(10,908.6)	(13,677.8)	(12,941.6)
Share of results of associates and joint ventures	4.6	0.2	19.8
Profit/(loss) before income tax	54.6	(29.5)	41.3
Income tax (expense)/credit	(20.0)	5.5	60.6
Profit/(loss) after income tax	34.7	(24.0)	101.9
Net profit/(loss) attributable to minority interests	(0.6)	(3.1)	0.9
Net profit/(loss) attributable to Shareholders	35.3	(20.9)	101.0
<i>Basic earnings/(loss) per share (US cents)</i>	<i>2.8</i>	<i>(1.6)</i>	<i>7.9</i>
<i>Diluted earnings/(loss) per share (US cents)</i>	<i>2.7</i>	<i>(1.6)</i>	<i>7.8</i>
Financial Position			
Total Assets	1,888.5	2,184.2	2,417.7
Cash and cash equivalents	137.6	329.2	289.5
<i>Percentage of total assets</i>	<i>7.3%</i>	<i>15.1%</i>	<i>12.0%</i>
Trade and other receivables	1,077.7	1,206.6	1,357.9
<i>Percentage of total assets</i>	<i>57.1%</i>	<i>55.2%</i>	<i>56.2%</i>
Long term and short term borrowings	642.5	625.6	987.3
<i>Debt to asset ratio</i>	<i>0.34x</i>	<i>0.29x</i>	<i>0.41x</i>
Net Debt	504.9	296.3	697.8
NAV attributable to Shareholders	345.1	484.9	584.9
Cash Flow Statement			
Net cash from/(used in) operating activities	(61.7)	(4.0)	(321.1)
Net cash from/(used in) investing activities	3.6	234.1	(60.1)
Net cash from/(used in) financing activities	13.6	(67.0)	560.3
Net increase/(decrease) in cash and cash equivalents	(44.5)	163.2	179.1

Source: The Company's annual reports for the respective financial years

(a) Business segments of continuing operations

In FY2012, the Company undertook a strategic decision to dispose 100% of all issued ordinary shares in a wholly-owned subsidiary group, Chemoil Storage Limited and its subsidiary, Helios Terminal Corporation Pte Ltd. Profit from the discontinued operations of the Helios storage terminal amounted to approximately US\$174.0 million in FY2012 and US\$11.0 million in FY2011. Following the disposal of the terminal, we note that the Group's continuing operations primarily consist of fuel sales to customers such as traders, physical suppliers, resellers and end users. The gross contribution from the sales of marine and aviation fuel and related products accounted for approximately 85.3% of the total gross contribution as set out in the Group's annual report for FY2013. Other business segments of the Group's continuing operations include the lease of terminals to physical suppliers of marine fuel, provision of chartering and ship management services as well as other miscellaneous services which account for 11.0%, 3.2% and 0.5% of the total gross contribution in FY2013 respectively.

(b) Earnings trend and outlook of the continuing operations

Net profit after tax from continuing operations attributable to Shareholders decreased significantly from US\$35.3 million in FY2011 to a net loss of US\$20.9 million in FY2012. Based on the Company's annual report for FY2012, the decrease in net profit from continuing operations was largely due to the restructuring of the Group's non-core and legacy assets which involved a review of the book values of certain non-performing non-core investments, properties and vessels. It was determined that the book values of such non-core assets were in excess of their realizable value and the Group therefore wrote them down to a value believed to be recoverable. Based on the Company's annual report for FY2012, we understand that these impairments impacted the profit after tax from continuing operations attributable to equity holders for FY2012 by over US\$31 million and other one-off rationalization measures added a further US\$13 million to the non-recurring costs. The Group's profitability for FY2012 was also adversely affected by difficult economic conditions in the Eurozone, weakness in the shipping industry, narrow spreads in the fuel oil markets through 2012 and poor results of a joint venture. Excluding the financial impact from the restructuring of non-core and legacy assets, we note from the FY2012 annual report that the results from the Group's core business of fuel sales would have produced profits after tax of approximately US\$33 million in FY2012.

Further to the restructuring in FY2012, the Group recorded a significant increase in the net profit after tax attributable to Shareholders amounting to approximately US\$101.0 million in FY2013. The strong profitability in FY2013 was largely due to the increase in share of results from a joint venture and the income tax credit which rose by approximately 11 times from US\$5.5 million in FY2012 to US\$60.6 million in FY2013. The tax credits were recognized arising from a clarification issued by the U.S. Internal Revenue Service that the biodiesel excise tax credits may be excluded from taxable income, giving rise to very significant and beneficial tax losses. We note that excluding the income tax credit, the profit before tax of the Group was US\$41.3 million in FY2013.

On the whole, the volatility in the net profits from continuing operations of the Group over the past 3 financial years was largely due to the restructuring exercise undertaken by the Group in FY2012 which gave rise to significant non-recurring expenses. In addition, the net profit of the Group for FY2013 was also lifted by the income tax credit arising from the exclusion of biodiesel excise tax credits from the taxable income. We understand from the Management that the relevant tax incentive program has since discontinued with effect from 31 December 2013 and therefore, the Group will not be able to benefit from such substantial income tax credits in future years in connection

with their biodiesel business unless the relevant incentive program is reinstated. In addition, we note that the Company commented in the announcement on unaudited financial statements for FY2013 that “overall demand for marine fuel oil is sluggish and reflective of global economic uncertainty” which may affect the Group in the next reporting period and the next 12 months.

(c) Financial position of the Group

Total assets increased to US\$2.4 billion as at 31 December 2013 from US\$2.2 billion as at the end of FY2012. The increase was mainly due to the increase in receivables and deferred income tax assets. We also note that the assets of the Group primarily consist of current assets, of which, trade and other receivables constitute approximately 56.2% of the total assets as at 31 December 2013. This is in line with the Group’s restructuring measures and move to an asset light trading model towards end of FY2013. In addition, we note that the debt position of the Group, net of cash and cash equivalents, stands at a substantial amount of US\$697.8 million as at 31 December 2013, representing approximately 0.41 times of total assets. The Group increased its borrowings from US\$625.6 million to US\$987.3 million as at 31 December 2013 for the main purpose of financing its general working capital such as the payment of trade payables. The increase in reliance on borrowings for working capital financing corresponds with the negative operating cash flow of US\$321.1 million and positive financing cash flow of US\$560.3 million in FY2013.

7.2 NAV and NTA of the Group

The net asset value of a group refers to the aggregate value of all the assets in their existing condition, net of any minority interests and all liabilities of the group. The net asset value approach may provide an estimate of the value of a group assuming the hypothetical sale of all of its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of that group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of shareholders’ equity.

However, such a hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, legal fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the net asset value that can be realized.

As a basis for our assessment of the net assets of the Group, we have set out a summary of the Group’s total assets as at the end of FY2011, FY2012 and FY2013 in Exhibit 2 below.

Exhibit 2 – Breakdown of total assets of the Group			
	As at 31 December		
(US\$ million)	2011	2012	2013
Total Assets	1,888.5	2,184.2	2,417.7
Current Assets	1,550.2	1,991.2	2,188.0
<i>Percentage of total assets</i>	<i>82.1%</i>	<i>91.2%</i>	<i>90.5%</i>
Trade and other receivables	1,077.7	1,206.6	1,357.9
<i>Percentage of total assets</i>	<i>57.1%</i>	<i>55.2%</i>	<i>56.2%</i>
Inventories	300.3	396.4	401.7
<i>Percentage of total assets</i>	<i>15.9%</i>	<i>18.1%</i>	<i>16.6%</i>

Exhibit 2 – Breakdown of total assets of the Group			
(US\$ million)	As at 31 December		
	2011	2012	2013
Cash and cash equivalents	137.6	329.2	289.5
<i>Percentage of total assets</i>	<i>7.3%</i>	<i>15.1%</i>	<i>12.0%</i>
Derivative financial instruments	10.8	18.1	45.2
Other financial assets at fair value	0.9	1.1	1.2
Income tax recoverable	–	7.5	16.0
Other current assets	22.9	32.3	50.0
Assets held for sale	–	–	26.5
Non-current assets	338.3	193.0	229.6
<i>Percentage of total assets</i>	<i>17.9%</i>	<i>8.8%</i>	<i>9.5%</i>
Investments in associates and joint ventures	71.2	92.2	87.1
Deferred income tax assets	5.1	5.5	66.3
Property, plant and equipment	222.3	61.1	44.2
Intangibles	37.1	31.3	27.3
Other non-current assets	2.6	3.0	4.8
Total Liabilities	1,541.0	1,699.9	1,832.9
Non-controlling interests	2.5	(0.6)	(0.1)
NAV attributable to the Shareholders	345.1	484.9	584.9
<i>NAV per Share (US\$)</i>	<i>0.267</i>	<i>0.375</i>	<i>0.453</i>

Source: The Company's annual reports for the respective financial years

Note: Percentages of contribution to the total assets that are lower than 5% are considered negligible and therefore not shown in the table above.

(a) NAV of the Group

The audited NAV and NAV per Share of the Group as at 31 December 2013 were approximately US\$584.9 million and US\$0.453 respectively. Accordingly, the Exit Offer Price of US\$0.400 per Share represents a discount of approximately 11.7% to the audited NAV per Share as at 31 December 2013.

While the Exit Offer Price is at a discount to the audited NAV per Share as at 31 December 2013, we note that the Group's assets comprises significant deferred tax assets as well as intangibles relating to goodwill, computer software development costs, contractual customer relationships and costs of licenses.

The Group recorded intangible assets of approximately US\$27.3 million as at 31 December 2013 which represents approximately 4.7% of the NAV of the Group. We note that the intangible assets comprise mainly goodwill on acquisitions which is tested for impairment at each financial year end and carried at cost less accumulated impairment losses. The Group also recorded deferred tax assets of approximately US\$66.3 million as at 31 December 2013 representing approximately 11.3% of the NAV of the Group. The deferred income tax assets are recognized for tax losses carry-forward to the extent that the realization of the tax benefit through the future taxable profits is probable. The Group has unrecognized tax losses of US\$94,933 at the end of FY2013 which can be carried forward and used to offset against future taxable income

subject to meeting certain statutory requirements by those companies with unrecognized tax losses in their respective countries of incorporation. The deferred income tax assets can be monetized at a future point in time only if the business generates taxable profits which can then utilize the tax assets and we understand from the Management that the Group's carried-forward tax losses as at 31 December 2013 will expire mainly from 2019 to 2028. Considering the uncertainty in relation to the future profitability of the Group and if the Group is profitable in future years, the potential duration of up to 20 years for the Group to utilize the deferred income tax assets, the NAV per Share of the Group as at 31 December 2013 that can be realized could theoretically be lower taking into consideration, *inter alia*, the time value of money.

Given the non-physical nature of such assets, the assessment of the value that can be derived from these deferred tax assets and intangible assets generally involves a higher level of uncertainty. Therefore, the NTA, which excludes deferred tax assets and intangibles, is considered to provide a more substantive support than NAV for the value of shareholders' equity in the event of a hypothetical sale of all of the Group's assets over a reasonable period of time.

(b) NTA of the Group

As at 31 December 2013	US\$' million
NAV attributable the Shareholders	584.9
(-) Intangibles	27.3
(-) Deferred income tax assets	66.3
(+) Deferred income tax liabilities	2.2
NTA attributable to Shareholders	493.5
Number of issued shares in the Company ('000)	1,292,612
NTA per Share (US\$)	0.382

The audited NTA and NTA per Share of the Group as at 31 December 2013 were approximately US\$493.5 million and US\$0.382 respectively. Accordingly, the Exit Offer Price of US\$0.400 per Share represents a premium of approximately 4.7% to the audited NTA per Share as at 31 December 2013.

Based on the Company's latest audited consolidated financial statements as at 31 December 2013, the Group's tangible assets consist of primarily current assets (90.5% of the total assets) which comprise mainly trade and other receivables (56.2%), inventories (16.6%) and cash and cash equivalents (12.0%). We note that the current assets of the Group, namely the trade receivables, inventories and financial instruments are stated at fair value less any amortized cost and/or allowance for impairment where applicable.

We have also considered whether there are any other assets which should be valued at an amount that is materially different from that recorded on the audited balance sheet of the Group as at 31 December 2013. In this respect, the Directors and Management have confirmed that, to the best of their knowledge and belief, there are no assets whose value should be materially different from that recorded on the audited balance sheet of the Group as at 31 December 2013 and there are no other contingent liabilities which would have a material impact on the NAV and NTA of the Company as at the Latest Practicable Date other than that already provided for in the Company's audited consolidated financial statements for FY2013.

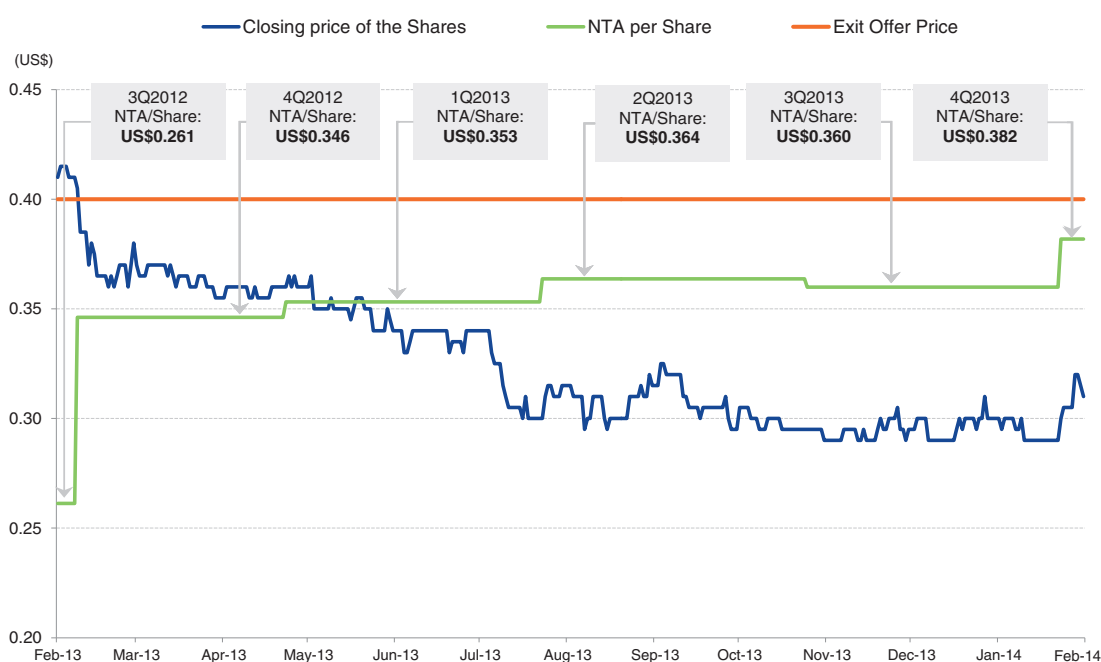
The Directors have also confirmed that save as publicly disclosed and in the ordinary course of business, there have been no material acquisitions and disposals of assets by the Company since 31 December 2013 up to the Latest Practicable Date. We further

understand from the Management that the Group does not have any plans for an impending material disposal and/or conversion of the use of the Group's assets and/or material change in the nature of the Group's business as at the Latest Practicable Date. We also note from the Exit Offer Letter that the Offeror has no present intention to (a) introduce any major changes to the business and operations of the Group; (b) redeploy any fixed assets; or (c) discontinue the employment of the existing employees of the Group other than in the ordinary course of business.

(c) Historical market price and trailing NTA per Share of the Group

We have also compared the historical market price of the Shares and the Exit Offer Price against the trailing NTA per Share (based on the Group's trailing announced NTA per Share for the applicable periods) for the 1-year period from 21 February 2013 up to and including 20 February 2014 (the "Last Full Trading Day"), being the last full trading day prior to the Joint Announcement Date.

Exhibit 3 – Historical trailing NTA per Share of the Group



Source: Bloomberg L.P., Company's results announcements and PPCF analysis

The average, maximum and minimum premium or discount of the market price of the Shares to the corresponding publicly available NTA per Share for the various periods during the 1-year period up to and including the Last Full Trading Day is set out below:

Exhibit 4 – Premium/(Discount) of historical market price to trailing NTA per Share

Periods up to and including the Last Full Trading Day	Premium/(Discount) to Trailing NTA per Share (%)		
	Average	Maximum	Minimum
1-year	(7.9)	58.8	(21.4)
6-month	(17.2)	(10.6)	(21.4)
3-month	(18.2)	(13.9)	(21.4)
1-month	(18.6)	(16.2)	(21.4)

Source: Bloomberg L.P., Company's results announcements and PPCF analysis

From the above, we note that the Shares had on average been trading at a discount of approximately 7.9%, 17.2%, 18.2% and 18.6% to the trailing NTA per Share over the 1-year, 6-month, 3-month and 1-month period up to and including the Last Full Trading Day respectively. We further note that the NTA per Share of the Group has been on a rising trend over the year while the closing prices of the Shares have been trending downwards, leading to the steepening of the market price discount to NTA per Share. In contrast, we note that the Exit Offer Price represents a premium of approximately 4.7% to the latest announced NTA per Share of US\$0.382 as at 31 December 2013.

Shareholders should note that the above analysis on the NAV and NTA of the Group provides an estimate of the value of the Group assuming the hypothetical sale of the assets of the Group as at the Latest Practicable Date. However, such a hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, professional fees, liquidation costs, contractual obligations, any other regulatory requirements and availability of potential buyers, which would theoretically lower the net asset value that can be realized.

7.3 Valuation ratios of selected listed companies broadly comparable to the Group

We understand that the Company's primary business is in the sale of marine and aviation fuel and related products to customers such as traders, physical suppliers, resellers and end users. For the purpose of evaluating the financial terms of the Exit Offer, we have made reference to the valuation ratios of global energy trading companies listed on various exchanges, which we consider to be broadly comparable to the Company in terms of having a core business in the supply, distribution and trading of physical marine fuel and related products ("**Comparable Companies**"), to get an indication of the current global market expectations with regard to the perceived valuation of the Company.

In evaluating these companies, we have applied and used the following valuation ratios:

Valuation ratios	General descriptions
EV/EBITDA	"EV" or " enterprise value " is the sum of the company's market capitalization, preferred equity, minority interests, short and long term debt less its cash and cash equivalents. " EBITDA " stands for the historical earnings before interest, tax, depreciation and amortization expense, inclusive of the share of associates' and joint ventures' income and excluding exceptional items. The EV/EBITDA ratio illustrates the market value of a company's business relative to its historical pre-tax operating cash flow performance, without regard to the company's capital structure.
P/E	"P/E" or " price-to-earnings " multiple illustrates the market price of a company's shares relative to its earnings per share. The P/E multiple is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.

Valuation ratios	General descriptions
P/NTA	“ NTA ” or “ net tangible asset ” is defined to exclude, where applicable, minority interests, intangibles and deferred tax assets. “ P/NTA ” or “ price-to-NTA ” ratio illustrates the ratio of the market price of a company’s shares relative to its historical NTA per share as recorded in its financial statements. The NTA figure provides an estimate of the value of a company assuming the sale of all its tangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NTAs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.
P/NAV	“ P/NAV ” or “ price-to-NAV ” multiple illustrates the comparison between a company’s stock price or market value versus the book value of the company’s total shareholders’ common equity as indicated on its balance sheet.
Debt to Assets	“ Debt-to-assets ” illustrates the ratio of a company’s total short-term and long-term debt relative to its asset book value as recorded in its financial statements.

Brief descriptions of the Comparable Companies are set out below:

Exhibit 5 – Summary of Comparable Companies		
Name	Market capitalisation (US\$’ million) ⁽¹⁾	Business description
World Fuel Services Corp (“ World Fuel ”)	3,228	World Fuel markets aviation and marine fuel services. The company provides aviation fuel and flight plans, weather reports, and other aviation related services to passenger, cargo, and charter airlines, as well as markets marine fuel and fuel management services to shipping companies and the US military.
Aegean Marine Petroleum Network Inc (“ Aegean Marine ”)	485	Aegean Marine supplies and markets refined marine fuel and lubricants to ships in port and at sea. The company also owns and operates a fleet of bunkering tankers in multiple jurisdictions.
San-Ai Oil Co Ltd (“ San-Ai Oil ”)	438	San-Ai Oil primarily wholesales petroleum and LP gas nationwide. The company also supplies fuels for aircrafts at Haneda Airport. San-Ai Oil has business divisions including industry energy, gas, chemical and research, and business development.

Exhibit 5 – Summary of Comparable Companies

Name	Market capitalisation (US\$' million)⁽¹⁾	Business description
Shanghai Lonyer Fuels Co L-A (“ Shanghai Lonyer ”)	420	Shanghai Lonyer procures, transports, stores, blends, processes and sells marine fuel oil. The company’s main products include blending fuel oil, and non-blending fuel oil.
Vivo Energy Mauritius Ltd (“ Vivo Energy ”)	146	Vivo Energy markets and distributes petroleum products. The company sells aviation and marine fuels, LPG, and lubricants.
Sea Oil PCL (“ Sea Oil ”)	58	Sea Oil supplies marine bunker fuels and lubricant products and food services to all kinds of ships at all major ports in Thailand and in the South East Asian region.

Source: Bloomberg L.P.

Note:

- (1) Market capitalisation of the Comparable Companies is based on their respective last transacted prices as at the Latest Practicable Date.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the SGX-ST or elsewhere which we may consider to be identical to the Company in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Independent Directors should note that any comparison made with respect to the Comparable Companies merely serve to provide an illustrative perceived market valuation of the Company as at the Latest Practicable Date.

We set out in Exhibit 6 below the valuation statistics for the Comparable Companies based on their last transacted share prices as at the Latest Practicable Date.

Exhibit 6 – Valuation ratios of the Comparable Companies

Comparable Companies	Market Cap. (US\$'m)	Enterprise value (US\$'m)	LTM	LTM	P/NTA ⁽²⁾ (times)	P/NAV ⁽³⁾ (times)	Debt to asset (times)
			P/E (times)	EV/EBITDA (times)			
World Fuel	3,228	3,404	15.9	11.0	1.84	1.93	0.10
Aegean Marine	485	1,065	17.9	12.8	1.09	0.97	0.46
San-ai Oil	438	297	19.3	2.4	0.70	0.65	0.13
Shanghai Lonyer	420	467	N.A. ⁽⁴⁾	N.A. ⁽⁴⁾	3.49	3.35	0.28
Vivo Energy	146	143	34.3	15.6	7.75	8.86	0.02
Sea Oil	58	55	23.5	17.5	4.06	4.01	0.00
		Maximum	34.3	17.5	7.75	8.86	0.46
		Minimum	15.9	2.4	0.70	0.65	0.00
		Mean	22.2	11.8	3.16	3.29	0.16
		Median	19.3	12.8	2.66	2.64	0.11
Chemoil (based on the Exit Offer Price)	517	1,215	5.1	15.6	1.05	0.88	0.41

Source: Bloomberg L.P., the financial statements of the Comparable Companies and the Company

Notes:

- (1) LTM means latest twelve months and N.A. means not applicable.
- (2) Based on the book Net Asset Value per share obtained from Bloomberg L.P. based on the most recent announced financial statements of the respective companies and subsequently adjusted to exclude intangible assets, deferred tax assets/liabilities and minority interest.
- (3) Based on the latest book value of the total common equity attributable to shareholders of the respective companies based on their most recent announced financial statements.
- (4) Not applicable as LTM EBITDA and LTM earnings of Shanghai Lonyer are negative.

For illustration purposes only, we note that based on the Exit Offer Price:

- (a) The P/NTA ratio of the Company of 1.05 times is within the range of the P/NAV ratios of the Comparable Companies, however it is lower than both the mean and median P/NTA ratios of 3.16 times and 2.66 times respectively in respect of the Comparable Companies;
- (b) The P/NAV ratio of the Company of 0.88 times is within the range of the P/NAV ratios of the Comparable Companies, however it is lower than the mean and median P/NAV ratios of 3.29 times and 2.64 times respectively in respect of the Comparable Companies;
- (c) The LTM P/E ratio of the Company of 5.1 times is lower than the minimum LTM P/E of 15.9 times in respect of the Comparable Companies;
- (d) However, taking into consideration that (i) the net profit after tax from continuing operations of the Group of US\$101 million in FY2013 was largely due to a non-recurring income tax credit of US\$60.6 million as the relevant tax credit incentive had discontinued with effect from 31 December 2013, and (ii) the historical net profit after tax from continuing operations amounted to US\$35.3 million in FY2011 and US\$33 million in FY2012 (results from the Group's core business of fuel sales excluding the non-recurring financial impact from the restructuring of non-core and legacy assets), we have also considered the LTM P/E ratio of the Company based on the Group's profit

before income tax of US\$41.3 million in FY2013. We note that the LTM P/E ratio of the Company would be 12.5 times based on the Exit Offer Price and the Group's profit before income tax of US\$41.3 million in FY2013; and

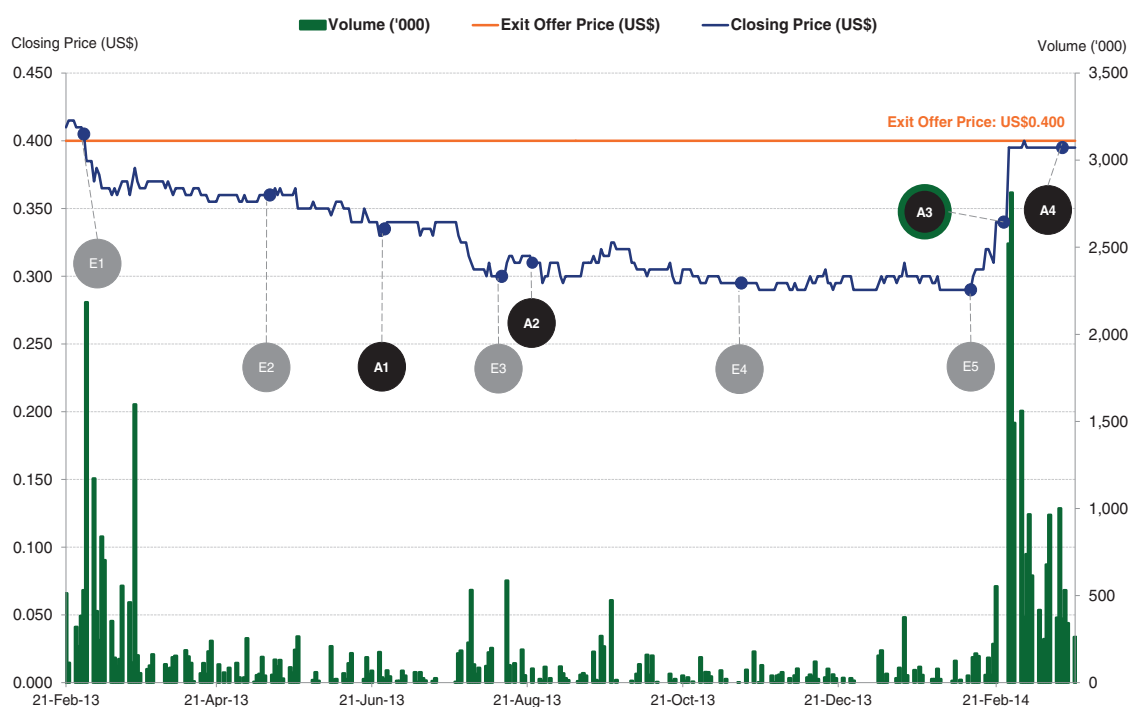
- (e) Given that the Company is more geared than most of the Comparable Companies, we have considered it appropriate to compare the companies using EV/EBITDA which normalizes for differences in capital structure, taxation and fixed asset accounting policies. The LTM EV/EBITDA ratio of the Company of 15.6 times is within the range of the LTM EV/EBITDA ratio of the Comparable Companies, and is higher than both the mean and median LTM EV/EBITDA ratios of 11.8 times and 12.8 times respectively in respect of the Comparable Companies.

7.4 Historical market price performance and trading activity of the Shares

We have compared the Exit Offer Price to the historical share price performance of the Shares over different observation periods prior to the Joint Announcement Date, and from the Joint Announcement Date up to the Latest Practicable Date.

We set out below in Exhibit 7 the daily closing price and daily trading volume of the Shares from 21 February 2013 (being the 1-year period up to and including the Last Full Trading Day) up to the Latest Practicable Date.

Exhibit 7 – Daily closing price and daily trading volume of the Shares



Source: Bloomberg L.P. and Company's announcements

Selected Announcements:

- E1. 28 Feb 2013.** Announced profit after tax attributable to equity holders of US\$133.7 million for the fourth quarter, and US\$153.2 million for the full year of 2012. The increase in profit is attributable mainly to the gain in the sale of its terminal assets in Singapore at the end of 2012.
- E2. 13 May 2013.** Profit after tax attributable to equity holders for the first quarter of 2013 was US\$7.7 million (US\$8.8 million for 1Q2012). The business level in 1Q2013 decreased mainly due to the reduction in retail sales volumes and lower average sales values.

- A1. 27 June 2013.** Wholly owned subsidiary Chemoil International Pte Ltd signed its inaugural US\$300 million 364-Day Committed Revolving Credit Facility and US\$500 million 364-Day Uncommitted Secured Receivables Borrowing Base Facility (collectively, the “Facilities”). The Facilities were oversubscribed and proceeds will be used to finance the general corporate and working capital requirements.
- E3. 12 Aug 2013.** Profit after tax attributable to equity holders for the second quarter of 2013 increased to US\$11.7 million (US\$2.9 million for 2Q2012) as a result of improved profitability.
- A2. 21 Aug 2013.** Grant of 4,902,000 share options pursuant to the Option Scheme. The exercise price of US\$0.3087 was at a discount to the market price (last transacted price) of the Shares of US\$0.326.
- E4. 14 Nov 2013.** Profit after tax attributable to equity holders for the third quarter of 2013 was US\$2.3 million (US\$7.7 million for 3Q2012). While the Group showed a positive third quarter, profits were severely impacted by poor performance in Europe. Performance in core marine fuel businesses in America, as well as biofuels, continues to be strong.
- E5. 12 Feb 2014.** Recorded profit after tax of US\$79.7 million in the fourth quarter and US\$101.9 million for the full year of 2013. Profitability was driven by strong fuel operations in North America and by the global biodiesel business. Full year profit before tax was US\$41.3 million. In the fourth quarter, a favourable opinion by the US tax authorities on the appropriate tax treatment of bio-fuels excise tax credits allowed the recognition of a tax benefit of US\$60.6 million, bringing the full year profit after tax to US\$101.9 million. The excise tax credits result directly from the biodiesel trading activities and the tax benefits are expected to reduce the future tax liabilities across all of the Company’s U.S. businesses.
- A3. 25 Feb 2014.** The Company requested for trading halt at about 4.18 p.m. on 21 February 2014 (the “**Trading Halt Day**”). On 25 February 2014, the Company released a joint announcement with the Offeror in relation to the Delisting Proposal and the Exit Offer and requested for the lifting of trading halt at about 7.11 p.m. on same day.
- A4. 20 March 2014.** Approval-in-principle for the Delisting was granted by the SGX-ST.

Based on Exhibit 7 above, we note that over the last 1 year period up to the Last Full Trading Day, the Shares have consistently traded at closing prices below the Exit Offer Price of US\$0.400 per Share save for 6 market days between 21 February 2013 to 28 February 2013 (dates inclusive) out of a total of 252 market days.

We have also set out below in Exhibit 8 the premium implied by the Exit Offer Price over the historical volume weighted average price (“**VWAP**”) and historical trading volume of the Shares from 21 February 2013 (being the 1-year period up to and including the Last Full Trading Day) to the Latest Practicable Date.

Exhibit 8 – Premium implied by the Exit Offer Price over VWAP⁽¹⁾

	Price (US\$)	Premium of Exit Offer Price over price (%)	Highest transacted price (US\$)	Lowest transacted price (US\$)	Average daily trading volume ⁽²⁾	Average daily trading volume as a percentage of free float ⁽²⁾⁽³⁾ (%)
Periods up to and including the Last Full Trading Day						
1-year VWAP	0.349	14.6	0.420	0.290	103,357	0.08
6-month VWAP	0.305	31.1	0.335	0.290	49,742	0.04
3-month VWAP	0.302	32.5	0.320	0.290	52,444	0.04
1-month VWAP	0.305	31.1	0.320	0.290	62,818	0.05
Last transacted price on the Last Full Trading Day	0.310	29.0	0.315 ⁽⁴⁾	0.305 ⁽⁴⁾	222,000	0.16
Last transacted price on the Trading Halt Day	0.340	17.6	0.340 ⁽⁵⁾	0.315 ⁽⁵⁾	553,000	0.41
Periods after the Joint Announcement Date						
VWAP between Joint Announcement Date and the Latest Practicable Date	0.395	1.3	0.400	0.395	860,000	0.64

Exhibit 8 – Premium implied by the Exit Offer Price over VWAP⁽¹⁾

	Price (US\$)	Premium of Exit Offer Price over price (%)	Highest transacted price (US\$)	Lowest transacted price (US\$)	Average daily trading volume ⁽²⁾	Average daily trading volume as a percentage of free float ⁽²⁾⁽³⁾ (%)
Last transacted price on the Latest Practicable Date	0.395	1.3	0.395 ⁽⁶⁾	0.395 ⁽⁶⁾	262,000	0.19

Source: Bloomberg L.P.

Notes:

- (1) VWAP is calculated as the total traded value divided by the total traded volume for the relevant period.
- (2) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of Market Days over the same period.
- (3) Free float refers to approximately 134.7 million Shares or approximately 10.42% of the issued share capital of the Company held by the public (as defined in the SGX-ST Listing Manual) as at the Latest Practicable Date.
- (4) On 20 February 2014 (being the Last Full Trading Day), the highest intra day traded price was US\$0.315 and lowest intra day traded price was US\$0.305.
- (5) On 21 February 2014 (being the Trading Halt Day), the highest intra day traded price was US\$0.340 and lowest intra day traded price was US\$0.315.
- (6) On 24 March 2014 (being the Latest Practicable Date), the highest and lowest intra day traded price was US\$0.395.

Based on the above, we note the following:

- (i) The Exit Offer Price represents a premium of approximately 14.6%, 31.1%, 32.5% and 31.1% over the 1-year, 6-month, 3-month and 1-month VWAP of the Shares respectively;
- (ii) The Exit Offer Price represents a premium of approximately 29.0% over the last transacted price of US\$0.310 on the Last Full Trading Day prior to the Joint Announcement Date;
- (iii) We note that a trading halt was issued at around 4.18 p.m. on the Trading Halt Day and the last transacted price of the Shares had increased by approximately 9.7% from US\$0.310 on the Last Full Trading Day to US\$0.340 on the Trading Halt Day;
- (iv) The Exit Offer Price represents a premium of approximately 17.6% over the last transacted price of US\$0.340 on the Trading Halt Day. We also note that the volume of Shares traded on the Trading Halt Day was 553,000 Shares which represents approximately 11 times the average daily volume traded for the 6 months up to the Last Full Trading Day;
- (v) Between the Joint Announcement Date and the Latest Practicable Date, the Exit Offer Price represents a premium of about 1.3% over the VWAP of the Shares of approximately US\$0.395. The Exit Offer Price also represents a premium of about 1.3% over the last transacted price of US\$0.395 on the Latest Practicable Date;
- (vi) During the 1-year period up to and including the Last Full Trading Day, the Shares have traded thinly at an average daily trading volume of 103,357 Shares representing approximately 0.08% of the Company's free float. While there appears to be a ready

market for the Shares as indicated by the regular frequency of transactions, the absolute trading volume of the Shares is nevertheless very thin which renders the Shares illiquid for investors who wish to transact larger quantum of Shares; and

- (vii) Between the Joint Announcement Date and the Latest Practicable Date, trading liquidity of the Shares rose significantly to an average daily trading volume of approximately 860,000 Shares, representing approximately 0.64% of the Company's free float, as compared to the average daily trading volume of approximately 103,357 Shares over the 1-year period up to and including the Last Full Trading Day.

Shareholders are advised that the past trading performance of the Shares should not, in any way, be relied upon as an indication or a promise of its future trading performance.

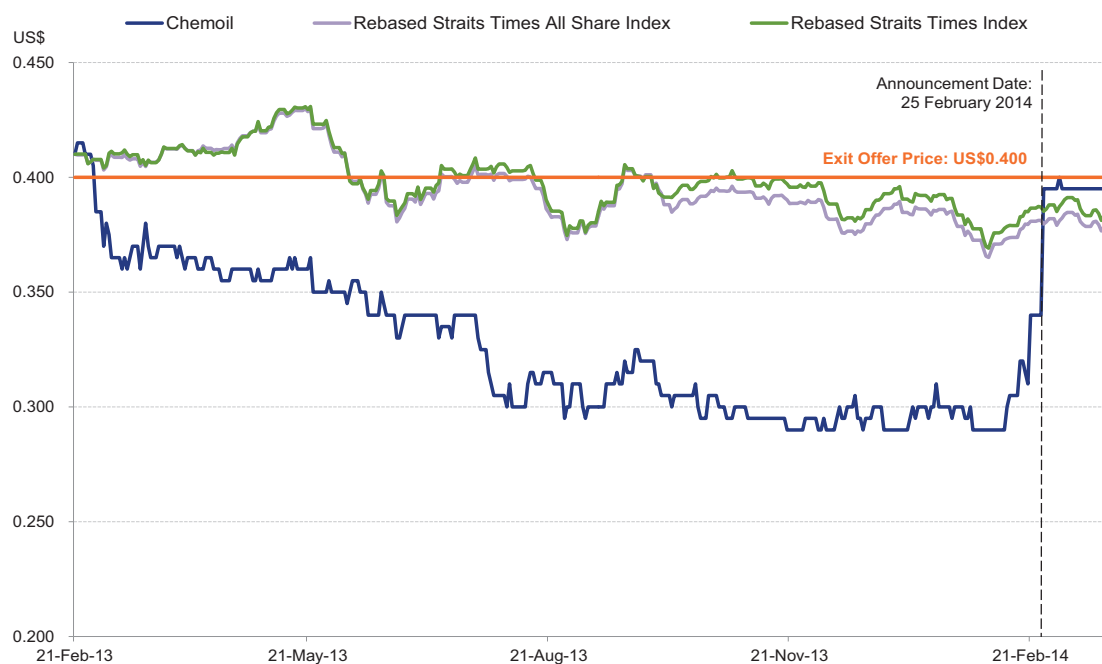
7.5 Share price performance relative to market indices

To gauge the market price performance of the Shares relative to the general share price performance of the Singapore equity market, we have compared the market price movement of the Shares against the following indices:

- (i) The FTSE Straits Times Index (the "FSSTI"), which is a market capitalisation weighted index based on stocks of 30 representative companies listed on the Mainboard of the SGX-ST; and
- (ii) The FTSE Strait Times All Share Index (the "FSTAS"), which is a market capitalisation weighted index that measures the performance of all companies within the top 98% by full market capitalisation of the Mainboard that pass the relevant investability screens.

The market price performance of the Shares relative to the rebased FSSTI and the rebased FSTAS for the period from 21 February 2013 (being the 1-year period up to and including the Last Full Trading Day) up to and including the Latest Practicable Date, is illustrated below in Exhibit 9.

Exhibit 9 – Share price performance against the rebased market indices



Source: Bloomberg L.P.

We have also set out in the table below the movements in the last transacted prices of the Shares, the rebased FSSTI and the rebased FSTAS between the Last Full Trading Day and the Latest Practicable Date:

	As at the Last Full Trading Day	As at the Latest Practicable Date	Percentage Change (%)
Chemoil Shares (US\$)	0.310	0.395	27.4
Rebased FSSTI	0.385	0.388	0.8
Rebased FSTAS	0.379	0.382	0.8

Source: Bloomberg L.P.

Based on the above, we note the following:

- (i) During the 1-year period up to and including the Last Full Trading Day, the Shares had generally under-performed the rebased FSSTI and the rebased FSTAS; and
- (ii) Between the Last Full Trading Day and the Latest Practicable Date, the Shares significantly outperformed the rebased FSSTI and the rebased FSTAS, having increased by approximately 27.4% as compared to the increase of approximately 0.8% for both the rebased FSSTI and FSTAS over the same period.

Based on the above observations, it appears likely that the market price and the trading volume of the Shares have been supported by the Exit Offer subsequent to the Joint Announcement Date. As such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Exit Offer.

7.6 Precedent privatization and delisting transactions in Singapore

We note that it is the intention of the Offeror to privatise and delist the Company from the Official List of the SGX-ST. In assessing the Exit Offer Price, we have compared the valuation statistics implied by the Exit Offer Price *vis-à-vis* those in recent successful privatisation and delisting of companies listed on the SGX-ST.

The successful takeovers of companies listed on the SGX-ST generally falls into the categories of (i) privatisation transactions whether by way of scheme of arrangement under Section 210 of the Act or general offer under the Code (“VGO”), where the offeror succeeded in acquiring the entire share capital of the target company, leading to the eventual delisting of the target company from the Official List of the SGX-ST; and (ii) delisting offers under Rule 1307 of the Listing Manual (“VDL”) where the primary intention of the offeror is to delist the target company from the Official List of the SGX-ST regardless of whether the Offeror succeeds in acquiring the entire issued share capital of the target.

We set out below in Exhibit 10 statistics on successful VGOs and VDLs relating to companies listed on the SGX-ST and where the offeror owns or controls 75% or more of the offeree as at the date of the announcement (“**Successful Privatization and Delisting Offers**”) during the 3-year period up to and including the Latest Practicable Date.

Exhibit 10 – Successful Privatization and Delisting Offers

Date	Target	Type	Offeror's stake ⁽²⁾ (%)	Premium to share price ⁽¹⁾				
				Last transacted price ⁽³⁾ (%)	VWAP			
					1-Month (%)	3-month (%)	6-month (%)	
12-Aug-11	Centraland Limited	VDL	81.2	11.1	n.a.	11.1	9.0	
01-Aug-12	Cerebos Pacific Limited	VDL	82.6	22.7	22.9	23.9	21.0	
28-Aug-12	Luye Pharma Group Ltd	VGO	92.6	16.1	20.4	21.5	39.8	
23-Sep-12	GUL Technologies Singapore Ltd.	VDL	86.4	38.5	57.3	72.3	76.1	
03-Dec-12	China Farm Equipment Limited	VGO	87.7	7.7	3.7	4.9	8.5	
14-Dec-12	Kinergy Ltd	VGO	82.9	38.9	37.7	34.6	44.6	
08-Feb-13	Hup Soon Global Corporation Limited ⁽⁴⁾	VDL	94.8	0.0	(3.0)	1.0	(3.8)	
10-May-13	Pan Pacific Hotels Group Limited	VDL	81.6	9.0	8.2	6.1	8.1	
08-Jul-13	Pertama Holdings Limited	VDL	83.2	25.0	33.4	20.7	0.2	
21-Aug-13	Berger International Limited	VGO	75.8	78.6	67.8	85.2	95.3	
06-Sep-13	Superior Multi-Packaging Limited ⁽⁵⁾	VDL	90.7	0.0	0.5	10.8	12.8	
11-Oct-13	Medi-Flex Limited	VDL	79.8	15.4	21.0	27.1	30.4	
19-Nov-13	WBL Corporation Limited ⁽⁶⁾	VDL	97.4	0.0	0.3	2.9	5.9	
				High	78.6	67.8	85.2	95.3
				Low	0.0	(3.0)	1.0	(3.8)
				Mean	20.2	22.5	24.8	26.8
				Median	15.4	20.7	20.7	12.8
25-Feb-14	Chemoil (implied by Exit Offer Price)		89.2	29.0	31.1	32.5	31.1	

Source: Bloomberg L.P. and the respective target companies' shareholders' circular and announcement.

Notes:

- (1) Market premia calculated relative to the closing price of the respective target companies one (1) day prior to the respective announcement dates and VWAP of the 1-month, 3-month and 6-month period prior to the respective announcement dates.
- (2) Offeror's shareholding in the target as at the announcement date.
- (3) Closing share price on the last trading market day prior to the announcement date.
- (4) On 26 July 2012, Spei Holdings Private Limited announced a mandatory unconditional cash offer for Hup Soon Global Corporation Limited ("**Hup Soon**") at S\$0.10 per share and subsequently made various off-market purchases of shares in Hup Soon. As a result, on 28 September 2012, trading of the issued ordinary shares in the capital of Hup Soon on the SGX-ST were suspended as the number of shares held in public hands had fallen below 10%. Subsequently on 8 February 2013, a delisting exit offer was announced. The market price premia in the table above, as extracted from the relevant circular, were computed based on prices prior to the date of suspension of Hup Soon's shares on 28 September 2012.
- (5) On 15 August 2012, CROWN Speciality Packaging Investment Pte. Ltd. announced a voluntary conditional cash offer for Superior Multi-Packaging Limited ("**SMPL**") at S\$0.14 per share and subsequently made various off-market purchases of shares in SMPL. As a result, on 5 July 2013, trading of the issued ordinary shares in the capital of SMPL on the SGX-ST were suspended as the number of shares held in public hands had fallen below 10%. On 6 September 2013, a delisting exit offer was made for SMPL. The market price premia in the table above, as extracted from the relevant circular, were computed based on prices prior to the date of suspension of SMPL's shares on 5 July 2013.
- (6) On 27 March 2013, UE Centennial Venture Pte. Ltd., which is a wholly-owned subsidiary of United Engineers Limited, made mandatory conditional cash offers for all the issued stock units in the capital of WBL Corporation Limited ("**WBL**") and all outstanding convertible bonds issued by WBL. Pursuant to this, on 30 May 2013, trading of the stock units and convertible bonds on the SGX-ST were suspended as the number of shares held in public hands had fallen below 10%. On 19 November 2013, a delisting exit offer was made for WBL. The market price premia in the table above, as extracted from the relevant circular, were computed based on prices prior to the date of suspension of WBL's shares on 30 May 2013.

Based on the above analysis, we note the following:

- (a) The premium of approximately 29.0% implied by the Exit Offer Price over the last transacted price of the Shares on the Last Full Trading Day is within the range and higher than the mean and median premia of 20.2% and 15.4% implied by the respective offer prices paid over the last transacted market prices of the shares on their respective last trading day with respect to the Successful Privatization and Delisting Offers;
- (b) The premium of approximately 31.1% implied by the Exit Offer Price over the 1-month VWAP of the Shares up to and including the Last Full Trading Day is within the range and higher than the mean and median premia of 22.5% and 20.7% respectively as implied by the respective offer price over the 1-month VWAP of the shares with respect to the Successful Privatization and Delisting Offers;
- (c) The premium of approximately 32.5% implied by the Exit Offer Price over the 3-month VWAP of the Shares up to and including the Last Full Trading Day is within the range and higher than the mean and the median premia of 24.8% and 20.7% respectively as implied by the respective offer price over the 3-month VWAP of the shares in respect of the Successful Privatization and Delisting Offers; and
- (d) The premium of approximately 31.1% implied by the Exit Offer Price over the 6-month VWAP of the Shares up to and including the Last Full Trading Day is within the range and higher than the mean and median premia of 26.8% and 12.8% as implied by the respective offer price over the 6-month VWAP of the shares in respect of the Successful Privatization and Delisting Offers.

The Independent Directors should note that the level of premium (if any) an acquirer would normally pay for acquiring and/or privatizing a listed company (as the case may be) varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations. Consequently, each Successful Privatization and Delisting Offer has to be judged on its own merits (or otherwise).

The list of Successful Privatization and Delisting Offers indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Successful Privatization and Delisting Offers over the aforesaid periods and does not highlight bases other than the aforesaid in determining an appropriate premium/discount for the recent Successful Privatization and Delisting Offers. It should be noted that the comparison is made without taking into account the total amount of the offer value of each respective Successful Privatization and Delisting Offers or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to compulsory acquisition.

We wish to highlight that the Company is not in the same industry and does not conduct the same businesses as the other companies in the list of Successful Privatization and Delisting Offers and would not, therefore, be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation

methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, the Independent Directors should note that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Successful Privatization and Delisting Offers. Therefore, any comparison of the Exit Offer with the Successful Privatization and Delisting Offers is for illustration purposes only. Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Company.

7.7 Past substantial transactions involving the Shares of the Company

We have identified two previous substantial transactions in respect of the Shares which involved the Offeror and have reviewed publicly available information on the aforesaid precedent transactions as summarised below;

(a) Acquisition of controlling equity stake

On 14 December 2009, the Offeror announced that it had entered into a share purchase agreement to purchase 656,748,194 Shares, representing approximately 50.81% of the issued share capital of Chemoil (the “**Acquisition**”) for an aggregate consideration of US\$233,276,958.51 or US\$0.3552 per Share; and pursuant to the requirements of the Code, the Offeror intended to make a mandatory unconditional cash offer for all the Shares, other than those Shares already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror, subject to the satisfaction of the completion of the Acquisition.

On 26 February 2010, the Offeror announced that the Acquisition was completed and that accordingly, pursuant to the requirements under the Code, the Offeror made a mandatory unconditional cash offer for all the issued ordinary shares in the capital of the Company at US\$0.3552 per share (“**Offer Price**”). We note that the independent financial adviser appointed in respect of the mandatory offer advised, *inter alia*, “*that the Offer Price and the Options Proposal are, on balance, not attractive and there are generally insufficient compelling reasons to recommend the acceptance of the Offer and the Options Proposal. Accordingly, we advise the Independent Directors to recommend that Shareholders reject the offer and that Optionholders reject the options proposal*”. On 16 April 2010, the Offeror announced that it had received valid acceptances representing approximately 0.73% of the issued shares in the Company and therefore held an approximate 51.54% of the issued ordinary shares in the capital of the Company as at the closing date of the mandatory unconditional cash offer on 16 April 2010.

(b) Acquisition of substantial equity stake

On 7 February 2012, the Company announced a notice of change in percentage level of a substantial shareholder’s interest stating that on 3 February 2012, the Offeror had entered into a share purchase agreement to acquire 484,729,000 issued ordinary shares in the capital of Chemoil, representing approximately 37.5% of the issued share capital of Chemoil. Financial details of the transaction were not disclosed by the Company, however, we note that the last transacted price of the Shares increased from US\$0.255 on 7 February 2012 (prior to the notice announcement) to US\$0.310 on 8 February 2012 (pursuant to the notice announcement).

While we note that the Exit Offer Price is higher than the Offer Price, the Independent Directors should note that certain circumstances and terms relating to the previous offers made for the Company are unique and might not be identical to the Exit Offer and is largely dependent on the market sentiments prevailing at the time of the precedent transactions. Consequently, the Independent Directors should note that the above summary is merely for illustrative purposes and serves as a general guide only.

7.8 The dividend track record of the Company

For the purpose of assessing the Exit Offer, we have considered the historical dividend record of the Shares prior to the Joint Announcement Date. We note that the last dividends payout by the Company was declared in May 2009. Accordingly, the Company has not paid out any dividends for the past 5 financial years and we note that the retained earnings of the Group stood at approximately US\$500.7 million as at 31 December 2013 based on its latest audited financial statements for FY2013.

Therefore, Shareholders who accept the Exit Offer may re-invest the proceeds from the Exit Offer in alternative equity investments that adopt dividend policies or have a historical track record of paying out dividends and achieve a potential increase in dividend income.

However, Shareholders should note that an investment in alternative securities provides a different risk-return profile as compared to an investment in the Shares. Furthermore, it should also be noted that any capital gain or capital loss arising from the investment in the Shares due to market fluctuations should also be taken into account. In addition, no views are being expressed with regard to the future dividend policy of the Company and the Company does not have a fixed and formal dividend policy. As such, the quantum of dividends paid by the Company in any period would depend on various factors including but not limited to the financial performance of the Company, its working capital and capital expenditure needs as well as other considerations.

8. OTHER CONSIDERATIONS

8.1 Offeror's intention to vote on the Delisting Resolution

As stated in the Exit Offer Letter, the Offeror does not intend to maintain or support any action taken or to be taken to maintain the present listing status of the Company. Accordingly, the Offeror intends to vote all of the 1,152,974,594 Shares, representing 89.2% of the issued Shares, held by it in favour of the Delisting Resolution at the EGM.

Pursuant to Rule 1307 of the Listing Manual, the Delisting Resolution is considered passed if it is approved by a majority of at least 75% and has not been voted against by 10% or more of the total number of shares (excluding treasury shares) held by shareholders present and voting, on a poll, either in person or by proxy at the EGM.

Shareholders should note that in the event the conditions to the Exit Offer are satisfied, the Company will be delisted from the Official List of the SGX-ST on or after the close of the Exit Offer, irrespective of the number of acceptances received by the Offeror in respect of the Exit Offer.

If the Company is delisted from the Official List of the SGX-ST, Chemoil (as a Hong Kong-incorporated company) will be subject to the provisions of the New Companies Ordinance and will no longer be subject to the provisions of the Listing Manual. Shareholders of Chemoil at such time may wish to seek their own independent legal advice to familiarise themselves with their rights as a shareholder of a Hong Kong-incorporated company under the New Companies Ordinance.

8.2 Offeror's future plans for the Group

The Offeror intends for Chemoil to continue its existing business activities and there are no plans to (i) introduce any major changes to the business of Chemoil or the operations of any of its subsidiaries, (ii) re-deploy any of the fixed assets of Chemoil or (iii) discontinue the employment of any of the existing employees of Chemoil and/or its subsidiaries, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to Chemoil which may present themselves and which it may regard to be in the best interests of Chemoil.

8.3 Compulsory Acquisition

As stated in the Circular, pursuant to Section 693 of the Hong Kong Companies Ordinance, Chapter 622, Ord. No. 28 of 2012 ("**New Companies Ordinance**"), if the Offeror (together with its associates and nominees) acquires at least 90% in number of the Offer Shares, by virtue of valid acceptances of the Exit Offer, the Offeror may, by giving notice to the holders of Offer Shares, compulsorily acquire all the Offer Shares which it has not so acquired on the same terms as those offered under the Exit Offer unless, upon an application being made to the Hong Kong court by a Shareholder within a specified time, the court thinks fit to order otherwise.

In the event that the Offeror becomes entitled to exercise its right under the New Companies Ordinance, the Offeror intends to exercise its rights of compulsory acquisition. In such event, the Company will become a wholly-owned subsidiary of the Offeror pursuant to such compulsory acquisition.

8.4 The Exit Offer is the only unconditional offer available to the Shareholders

Pursuant to Rule 15.1 of the Code, when an offeror makes a voluntary offer when the offeror has not incurred an obligation to make a general offer for the company under Rule 14.1, the voluntary offer must be conditional upon the offeror receiving acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the offer, will result in the offeror and person acting in concert with it holding more than 50% of the voting rights.

The Company has confirmed that there is no alternative or competing offer available to the Shareholders as at the Latest Practicable Date and given that the Offeror and its Concert Parties collectively hold 89.2% of the Shares, we note that unless the Offeror and its Concert Parties accept such alternative or competing offer, any offer made by any third parties would not be capable of becoming unconditional.

8.5 Implications of delisting for Shareholders

Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies as a result of the lack of marketability. **Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares as there is no arrangement for Shareholders to exit. If the Company is delisted, even if**

such Shareholders were able to sell their Shares, they may receive a lower price as compared to the Exit Offer Price. Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

Shareholders should also note that, under the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six (6) months of the closure of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer.

As an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements under Chapter 7 and Appendices 7.1, 7.2, 7.4.1 and 7.4.2 of the Listing Manual. Nonetheless, as a company incorporated in Hong Kong, the Company will still need to comply with the New Companies Ordinance and its Memorandum and Articles, and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the New Companies Ordinance.

9. OPINION

In arriving at our opinion on the Exit Offer, we have taken into account the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

Factors in favor of the Exit Offer Price

- (a) The Exit Offer Price offers a premium of approximately 4.7% over the latest announced NTA per Share of US\$0.382 as at 31 December 2013, whereas the market price of the Shares have been closing at an average discount of 7.9%, 17.2%, 18.2% and 18.6% to the trailing NTA per Share of the Group over the 1-year, 6-month, 3-month and 1-month period up to and including the Last Full Trading Day respectively;
- (b) In comparison with the Comparable Companies, the EV/EBITDA ratio of the Company of 15.6 times as implied by the Exit Offer Price is within the range of the EV/EBITDA ratios and higher than the mean and median EV/EBITDA ratios of 11.8 times and 12.8 times respectively;
- (c) The Shares had not traded above the Exit Offer Price of US\$0.400 per share over the 1-year period up to and including the Last Full Trading Day save for 6 market days out of a total of 252 market days;
- (d) The Exit Offer Price represents a premium of 14.6%, 31.1%, 32.5%, 31.1% and 29.0% over the 1-year, 6-month, 3-month and 1-month VWAP and the last transacted price on the Last Full Trading Day of the Shares respectively;
- (e) The Exit Offer Price also represents a premium of 17.6% over the last transacted price of US\$0.340 on the Trading Halt Day;
- (f) The low trading liquidity of the Shares during the 1-year period up to and including the Last Full Trading Day, given that the daily average trading volume of the Shares was only approximately 103,357 Shares representing approximately 0.08% of the Company's free float;

- (g) The current market price and the trading volume of the Shares may have been underpinned by the Exit Offer subsequent to the Joint Announcement Date, as such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Exit Offer;
- (h) In comparison with the Successful Privatization and Delisting Offers:
- The premium of approximately 29.0% implied by the Exit Offer Price over the last transacted price of the Shares on the Last Full Trading Day is within the range and higher than the mean and median premia of 20.2% and 15.4% respectively as implied by the respective offer prices paid over the last transacted market prices of the share;
 - The premium of approximately 31.1% implied by the Exit Offer Price over the 1-month VWAP of the Shares is within the range and higher than the mean and median premia of 22.5% and 20.7% respectively as implied by the respective offer prices over the 1-month VWAP of the shares;
 - The premium of approximately 32.5% implied by the Exit Offer Price over the 3-month VWAP of the Shares is within the range and higher than the mean and the median premia of 24.8% and 20.7% respectively as implied by the respective offer prices over 3-month VWAP of the shares;
 - The premium of approximately 31.1% implied by the Exit Offer Price over the 6-month VWAP of the Shares is within the range and higher than the mean and the median premia of 26.8% and 12.8% respectively as implied by the respective offer prices over 6-month VWAP of the shares;
- (i) The Company has not paid any dividends for the past 5 financial years, suggesting that Shareholders who accept the Exit Offer may potentially achieve a higher dividend income if they re-invest the proceeds from the Exit Offer in the shares of alternative investments;

Factors against the Exit Offer Price:

- (j) The Exit Offer Price represents a discount of approximately 11.7% to the NAV per Share of US\$0.453 as at 31 December 2013, however, we wish to highlight that the NAV of the Group comprises significant deferred tax assets the value of which is subject to the future profitability of the Group and discount factors such as time value of money, which would theoretically lower the NAV that can be realized;
- (k) In comparison with the Comparable Companies:
- The P/NAV ratio of the Company of 0.88 times as implied by the Exit Offer Price is within the range of the P/NAV ratios and lower than the mean and median P/NAV ratios of 3.29 times and 2.64 times respectively;
 - The P/NTA ratio of the Company of 1.05 times as implied by the Exit Offer Price is within the range of the P/NTA ratios and lower than the mean and median P/RNAV ratio of 3.16 times and 2.66 times respectively;

- The LTM P/E ratio of the Company of 5.1 times as implied by the Exit Offer Price is lower than minimum LTM P/E ratio of 15.9 times, however, considering that (i) the Group's net profit after tax of US\$101 million in FY2013 was largely due to a non-recurring income tax credit of US\$60.6 million and (ii) the Group's historical net profit after tax amounted to US\$35.3 million in FY2011 and US\$33 million in FY2012 (results from the Group's core business of fuel sales excluding the restructuring of non-core and legacy assets), we note that the LTM P/E ratio of the Company would be 12.5 times based on the Group's profit before income tax of US\$41.3 million in FY2013.

Other factors:

- (l) The intention of the Offeror to vote all its Shares representing approximately 89.2% of the total number of issued Shares in favor of the Delisting Resolution at the EGM;
- (m) The Offeror has no present intention to make any major changes to the existing business of the Company;
- (n) The intention of the Offeror to exercise any rights of compulsory acquisition in the event that the Offeror (together with its associates and nominees) acquires not less than 90% of the total number of Offer Shares;
- (o) The Company has confirmed that there is no alternative or competing offer available to the Shareholders as at the Latest Practicable Date and given that the Offeror and its Concert Parties collectively hold 89.2% of the Shares, we note that unless the Offeror and its Concert Parties accept such alternative or competing offer, any offer made by any third parties would not be capable of becoming unconditional; and
- (p) The implications of completion of the Delisting for Shareholders who do not accept the Exit Offer.

In summary, having considered the aforesaid points including the various factors as set out in this letter, we are of the opinion that while the Exit Offer Price does not appear to fully reflect the value of the underlying NAV of the Shares, the financial terms of the Exit Offer are on balance, fair and reasonable, and not prejudicial to the interest of the Shareholders, in view of the historical market trading price of the Shares prior to the Joint Announcement Date as well as the above average premium implied by the Exit Offer Price as compared to the Successful Privatization and Delisting Offers. Accordingly, we advise the Independent Directors to recommend that Shareholders vote in favour of the Delisting Resolution and accept the Exit Offer, unless Shareholders are able to obtain a price higher than the Exit Offer Price on the open market, taking into account all brokerage commissions or transactions costs in connection with open market transactions.

Independent Directors should also note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion on the Exit Offer does not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Exit Offer and should not be relied on by any other party. The recommendation made by them to the Shareholders in relation to the Exit Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this letter may be reproduced in the Circular and for any matter in relation to the Delisting Proposal, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PPCF in each specific case except for the purposes of the EGM in respect of the Delisting Resolution. This 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
PrimePartners Corporate Finance Pte. Ltd.

Mark Liew
Managing Director, Corporate Finance

Andrew Leo
Director, Corporate Finance

PROCEDURES FOR ACCEPTANCE OF THE EXIT OFFER

PLEASE TAKE NOTE THAT APPROVING THE DELISTING RESOLUTION AT THE EGM DOES NOT AUTOMATICALLY MEAN THAT YOU HAVE ACCEPTED THE EXIT OFFER.

The following section on the procedures for the acceptance of the Exit Offer is reproduced from Appendix 1 of the Exit Offer Letter, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

“1. EXIT OFFER

1.1 Depositors

1.1.1 Depositors whose Securities Accounts are credited with Offer Shares. If you have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you should receive this Exit Offer Letter together with the FAA. If you do not receive the FAA, you may obtain such FAA upon production of satisfactory evidence that you are a Shareholder from The Central Depository (Pte) Limited at (i) (from the Despatch Date to 11 April 2014) 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807 or (ii) (from 14 April 2014 onwards) 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

Acceptance. If you wish to accept the Exit Offer, you should:

- (1) complete the FAA in accordance with this Exit Offer Letter and the instructions printed on the FAA. In particular:

(a) Acceptance in respect of all Offer Shares

If you wish to accept the Exit Offer in respect of **all** Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you can either state “All” or insert the number of Offer Shares already standing to the credit of the “Free Balance” of your Securities Account in respect of which the Exit Offer is accepted in Part A of the FAA.

(b) Acceptance in respect of some Offer Shares

If you wish to accept the Exit Offer in respect of some but not all Offer Shares standing to the credit of the “Free Balance” of your Securities Account, please insert in Part A on page 1 of the FAA the number of Offer Shares already standing to the credit of the “Free Balance” of your Securities Account in respect of which the Exit Offer is accepted.

(c) No Acceptance

If you do not wish to accept the Exit Offer, you do not need to take any action.

If you leave Part A on page 1 of the FAA blank or specify a number which exceeds the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account as of 5.00 p.m. (Singapore time) on the date of receipt of the FAA by CDP (the “**Date of Receipt**”), or in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore

time) on the Closing Date (provided always that the Date of Receipt must fall on or before the Closing Date), you shall be deemed to have accepted the Exit Offer in respect of all the Offer Shares already standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date;

- (2) sign the FAA in accordance with this **Appendix 1** and the instructions printed on the FAA; and
- (3) deliver the completed and signed FAA:
 - (a) **by hand** to:
 - (i) (from the Despatch Date to 11 April 2014) Singfuel Investment Pte. Ltd. c/o The Central Depository (Pte) Limited, 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807; or
 - (ii) (from 14 April 2014 to the Closing Date) Singfuel Investment Pte. Ltd. c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or
 - (b) **by post**, in the enclosed pre-addressed envelope at your own risk, to Singfuel Investment Pte. Ltd. c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in either case so as to arrive no later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside Singapore.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward this Exit Offer Letter and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Exit Offer Letter and FAA to be sent to the purchaser or transferee.

If you are a depository agent as defined under Section 130A of the Companies Act, you may accept the Exit Offer via the SGX-SSH Service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents (“**Electronic Acceptance**”). Such Electronic Acceptances must be submitted **no later than 5.30 p.m. (Singapore time) on the Closing Date.** CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Exit Offer Letter as if the FAA has been completed and delivered to CDP.

1.1.2 Depositors whose Securities Accounts will be credited with Offer Shares. If you have purchased Offer Shares on the SGX-ST after the Despatch Date, and such Offer Shares are in the process of being credited to the “Free Balance” of your Securities Account, you should also receive this Exit Offer Letter together with the FAA. If you do not receive the FAA, you may obtain such FAA upon production of satisfactory evidence that you have purchased the Offer Shares on the SGX-ST from The Central

Depository (Pte) Limited at (i) (from the Despatch Date to 11 April 2014) 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807; or (ii) (from 14 April 2014 onwards) 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

Acceptance. If you wish to accept the Exit Offer, you should, after the “Free Balance” of your Securities Account has been credited with such number of Offer Shares:

- (1) complete and sign the FAA in accordance with this **Appendix 1** and the instructions printed on the FAA; and
- (2) deliver the completed and signed FAA:
 - (a) **by hand** to:
 - (i) (from the Despatch Date to 11 April 2014) Singfuel Investment Pte. Ltd. c/o The Central Depository (Pte) Limited, 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807;
 - (ii) (from 14 April 2014 to the Closing Date) Singfuel Investment Pte. Ltd. c/o the Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or
 - (b) **by post**, in the enclosed pre-addressed envelope at your own risk, to Singfuel Investment Pte. Ltd. c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in either case so as to arrive no later than 5.30 p.m. (Singapore time) on the Closing Date.

Rejection. If upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been credited to the “Free Balance” of your Securities Account (as, for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected and none of CDP, DBS and the Offeror accepts any responsibility or liability for the consequences of such a rejection.

If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the “Free Balance” of your Securities Account is not credited with such Offer Shares by 5.00 p.m. (Singapore time) on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by the CDP on the Closing Date). None of CDP, DBS and the Offeror accepts any responsibility or liability for such a rejection, including the consequences of such a rejection.

1.1.3 Depositors whose Securities Accounts are and will be credited with Offer Shares. If you have Offer Shares credited to your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to your Securities Account, you may accept the Exit Offer in respect of the Offer Shares standing to the credit of the “Free Balance” of your Securities Account and may accept the Exit Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account only after the “Free Balance” of your Securities Account has been credited with such number of Offer Shares.

1.1.4 General. No acknowledgement will be given for submissions of the FAA made by hand or by post to CDP or deposited into boxes located at CDP's premises. All communications, notices, documents and remittances to be delivered or sent to you will be sent by ordinary post at your risk to your address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify such number through CDP Online if you have registered for the CDP Internet Access Service or through CDP Phone Service if you have a T-PIN.

1.1.5 Suspense Account. Upon receipt of the FAA which is complete and valid in all respects, CDP will transfer the Offer Shares in respect of which you have accepted the Exit Offer from the "Free Balance" of your Securities Account to a "Suspense Account". Such Offer Shares will be held in the "Suspense Account" until the consideration for such Offer Shares has been despatched to you.

1.1.6 Exit Offer Notification. If the Delisting Resolution is passed at the EGM, and if you have accepted the Exit Offer in accordance with the provisions contained herein and in the FAA, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Exit Offer Price by way of a US\$ cheque drawn on a bank in Singapore for the appropriate amount, or in such manner as you may have agreed with CDP for the payment of any cash distributions, at your own risk.

1.1.7 Return of Offer Shares. In the event that the requisite approval of Shareholders of the Delisting Resolution is not obtained, the relevant number of Offer Shares in respect of which you have accepted the Exit Offer will be transferred to the "Free Balance" of your Securities Account as soon as possible but in any event no later than 14 days from the lapse of the Exit Offer.

1.1.8 No Securities Account. If you do not have any existing Securities Account in your own name at the time of acceptance of the Exit Offer, your acceptance as contained in the FAA will be rejected.

1.2 Scrip Holders

1.2.1 Shareholders whose Offer Shares are not deposited with CDP. If you hold Offer Shares which are not deposited with CDP ("in scrip form"), you should receive this Exit Offer Letter together with the FAT.

1.2.2 Acceptance. If you wish to accept the Exit Offer, you should:

- (1) complete the FAT in accordance with this Exit Offer Letter and the instructions printed on the FAT. In particular:

(a) Acceptance in respect of all Offer Shares

If you wish to accept the Exit Offer in respect of **all** Offer Shares represented by the share certificate(s) accompanying the FAT, you can either state "All" or insert the number of Offer Shares in respect of which the Exit Offer is accepted in Part A on page 1 of the FAT and state in Part B the share certificate number(s) of the relevant share certificate(s).

(b) Acceptance in respect of some Offer Shares

If you wish to accept the Exit Offer in respect of some but not all Offer Shares represented by the share certificate(s) accompanying the FAT, please insert in Part A on page 1 of the FAT the number of Offer Shares in respect of which the Exit Offer is accepted and state in Part B the share certificate number(s) of the relevant share certificate(s).

(c) No Acceptance

If you do not wish to accept the Exit Offer, you do not need to take any action.

If you leave Part A of the FAT blank or specify a number in Part A of the FAT which exceeds the number of Offer Shares represented by the attached share certificate(s), you shall be deemed to have accepted the Exit Offer in respect of all the Offer Shares represented by the share certificate(s) accompanying the FAT;

- (2) sign the FAT in accordance with this **Appendix 1** and the instructions printed on the FAT; and
- (3) deliver:
 - (a) the completed and signed FAT in its entirety (no part may be detached or otherwise mutilated);
 - (b) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror relating to the Offer Shares in respect of which you wish to accept the Exit Offer. If you are recorded in the Register as holding Offer Shares but do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure Chemoil to issue such share certificate(s) in accordance with the Memorandum and Articles of Association of Chemoil and then deliver such share certificate(s) in accordance with the procedures set out in this Exit Offer Letter; and
 - (c) where such Offer Shares are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of transferee left blank (to be completed by the Offeror or a person authorised by it),

by hand to Singfuel Investment Pte. Ltd. c/o Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, or **by post**, in the enclosed pre-addressed envelope at your own risk, to Singfuel Investment Pte. Ltd. c/o Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, **in either case so as to arrive no later than 5.30 p.m. (Singapore time) on the Closing Date.**

If the completed and signed FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore.

1.2.3 Receipt. No acknowledgement of receipt of any FAT, share certificate(s) or any other document(s) will be given by the Offeror or the Share Transfer Agent.

2. SETTLEMENT

2.1 When Settlement Due. Subject to the Exit Offer becoming or being declared to be unconditional in all respects in accordance with its terms and the receipt by the Offeror from accepting Shareholders of all relevant documents required by the Offeror which are complete and valid in all respects and in accordance with such requirements as may be stated in this Exit Offer Letter and the Acceptance Forms and, in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the relevant number of Offer Shares tendered in acceptance of the Exit Offer are standing to the credit of the "Free Balance" of his Securities Account at the relevant time, remittances in the form of cheques in US\$ drawn on a bank in Singapore for the appropriate amount will be despatched by ordinary post (or by such other manner as an accepting Depositor may have agreed with CDP for payment of any cash distributions), pursuant to Rule 30 of the Code, to the accepting Shareholders (or in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) at the own risk of the accepting Shareholders, as soon as practicable, and in any case:

2.1.1 in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received on or before the date on which the Exit Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within 10 days of that date; or

2.1.2 in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received after the Exit Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Exit Offer closes, within 10 days of the date of such receipt.

2.2 Notification from CDP. CDP will also send by ordinary post to accepting Depositors at their respective mailing addresses as maintained in the records of CDP, and at their own risk, notification letters showing the number of Offer Shares which have been debited from their respective Securities Accounts.

3. GENERAL

3.1 Disclaimer. The Offeror, DBS, CDP and the Share Transfer Agent (as the case may be) will be entitled, at their sole and absolute discretion, to reject any acceptance which does not comply with the terms of this Exit Offer Letter and the relevant Acceptance Forms or which is otherwise incomplete, incorrect or invalid in any respect. If you wish to accept the Exit Offer, it is your responsibility to ensure that the FAA and/or the FAT, as the case may be, is properly completed in all respects, submitted with original signature(s) and that all required documents are provided. Any decision to reject any acceptance will be final and binding and none of the Offeror, DBS, CDP and the Share Transfer Agent accepts any responsibility or liability for such a rejection, including the consequences of such a rejection.

3.2 Discretion. The Offeror and DBS reserve the right to treat acceptances of the Exit Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated in this Exit Offer Letter or in the FAA and/or the FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Exit Offer Letter and in the FAA and/or the FAT, as the case may be.

- 3.3 Scrip and Scripless Offer Shares.** If you hold some Offer Shares in scrip form and others with CDP, you should complete the FAT for the former and the FAA for the latter in accordance with the respective procedures set out in this **Appendix 1** if you wish to accept the Exit Offer in respect of all such Offer Shares.
- 3.4 Acceptances Received on Saturday, Sunday or Public Holiday.** Acceptances in the form of the FAA and/or FAT received by the Offeror, CDP and/or the Share Transfer Agent, on a Saturday, Sunday or public holiday will only be processed and validated on the next business day.
- 3.5 Deposit Time.** If you hold Offer Shares in scrip form, the Offer Shares may not be credited into your Securities Account with CDP in time for you to accept the Exit Offer if you were to deposit your share certificate(s) with CDP after the Despatch Date. If you wish to accept the Exit Offer in respect of such Offer Shares, you should complete the FAT and follow the procedures set out in **Paragraph 1.2** of this **Appendix 1**.
- 3.6 Correspondences.** All communications, notices, documents and remittances to be delivered or sent to you (or in the case of scrip holders, your designated agent or, in the case of accepting joint Shareholders who have not designated any agent, to the one first named in the Register, as the case may be) will be sent by ordinary post to your address as it appears in the records of CDP or the Registrar, as the case may be, at the risk of the person entitled thereto (or for the purposes of remittances only, to such different name and addresses as may be specified by you in the FAT, as the case may be, at your own risk).
- 3.7 Evidence of Title.** Delivery of the duly completed and signed FAA and/or FAT to CDP and/or the Share Transfer Agent and/or the Offeror, as the case may be, shall be conclusive evidence in favour of CDP, the Share Transfer Agent and/or the Offeror of the right and title of the person signing it to deal with the same and with the Shares to which it relates.”

ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

<u>Name</u>	<u>Address</u>	<u>Designation</u>
Mr. Mark Jonathan Catton	45 Faber Park Faber Hills Singapore 129123	Chairman
Mr. Thomas Kevin Reilly	158 Westway Rd Southport CT 06890-1426 USA	Chief Executive Officer
Mr. Alexander Frank Beard	2 Pembridge Place London, W2 4XB United Kingdom	Non-Executive Director
Mr. Warren Michael Blount	113 Merton Hall Road London SW19 3PY United Kingdom	Non-Executive Director
Mr. Peter Michael Meade	300 Worthington Avenue Spring Lake NJ07762 USA	Lead Independent Director
Mr. Steven Barry Simpson	72 Cairnhill Road Singapore 229677	Independent Director

2. REGISTERED OFFICE

The registered office of the Company is at 31/F, 148 Electric Road, North Point, Hong Kong S.A.R.. The principal place of business of the Company is 1 Temasek Avenue, #36-01 Millenia Tower, Singapore 039192.

3. PRINCIPAL ACTIVITIES

The Company is a company incorporated in Hong Kong and is listed on the Mainboard of the SGX-ST. As one of the marine fuel industry's leading physical suppliers, the Company delivers energy through controlling all key stages of the marine fuel supply chain, providing exceptional value to its customers and maximising profitability by converting expenses to assets – acquiring, developing and controlling physical infrastructure within the supply chain.

4. SHARE CAPITAL OF THE COMPANY

4.1 Share Capital

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company is HK\$1,000,000 and the issued share capital of the Company is HK\$16,157.65 comprising 1,292,612,000 Shares in issue (including treasury shares); and
- (b) the Company has 47,068,274 outstanding Options granted under the Option Scheme.

4.2 Rights in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Memorandum and Articles, which are available for inspection at 1 Temasek Avenue, #36-01, Millenia Tower, Singapore 039192. The relevant provisions have been extracted from the Articles and reproduced in **Appendix IV** to this Circular. Capitalised terms and expressions not defined below have the meanings ascribed to them in the Articles, New Companies Ordinance and/or the Companies Act.

4.3 New Issues

As at the Latest Practicable Date, no new Shares were issued since the end of FY2006.

4.4 Options

As at the Latest Practicable Date, there are outstanding Options granted under the Option Scheme which are exercisable into 47,068,274 Shares.

Save as disclosed above, there are no other outstanding instruments convertible into, rights to subscribe for, and options in respect of, the Shares, as at the Latest Practicable Date.

4.5 Pre-Emption

There is no restriction in the Memorandum and Articles on the right to transfer any Offer Shares, which has the effect of requiring the holders of such Offer Shares, before transferring them, to offer them for purchase to members of the Company or to any person.

5. **FINANCIAL INFORMATION**

5.1 Consolidated Income Statements

A summary of the audited consolidated income statements of the Group for FY2010, FY2011, FY2012 and FY2013 is set forth below. This summary is extracted from, and should be read together with, the annual reports and the audited financial statements of the Group for FY2010, FY2011, FY2012 and FY2013 and the respective accompanying notes, copies of which are available for inspection at 1 Temasek Avenue, #36-01, Millenia Tower, Singapore 039192.

	FY2010 US\$'000	FY2011 US\$'000	FY2012 US\$'000	FY2013 US\$'000
Revenue	7,295,537	10,960,440	13,641,789	12,958,908
Other gains/(losses) – net	7,632	(1,894)	21,296	4,186
	7,303,169	10,958,546	13,663,085	12,963,094
Expenses				
Inventories recognised as an expense	7,031,478	10,639,351	13,349,457	12,587,883
Barging and pipelines costs	69,670	55,379	68,146	67,841
Chartering and other shipping related expenses	16,647	12,577	14,072	13,248
Rentals for office premises, storage tanks and motor vehicles	37,282	34,208	44,487	64,928
Demurrage costs	11,312	7,099	7,388	10,542
Employee benefits	46,222	54,448	53,889	69,421
Marketing and communication expenses	7,375	7,128	8,587	9,186
Service and commission expenses	16,418	11,720	18,915	34,096
Other expenses	49,327	49,892	61,865	40,830
Depreciation, impairment and amortisation	16,326	18,061	43,972	23,307
Finance expenses	20,668	18,692	21,968	20,314
Total expenses	7,322,725	10,908,555	13,692,746	12,941,596
Share of results of associates and joint ventures – net	7,799	4,633	190	19,783
(Loss) Profit before income tax	(11,757)	54,624	(29,471)	41,281
Income tax credit (expense)	272	(19,962)	5,471	60,613
(Loss) Profit after tax – Continuing operations	–	34,662	(24,000)	101,894
Profit from discontinued operations	–	11,009	174,046	–
Profit after tax	(11,485)	45,671	150,046	101,894
Attributable to:				
Owners of the Company	(9,490)	46,283	153,159	100,992
Non-controlling interests	(1,995)	(612)	(3,113)	902
	(11,485)	45,671	150,046	101,894
(Loss) Earnings per Share for profit attributable to the owners of the Company (expressed in cents per share)				
Basic	(0.737)	3.7	11.9	7.85
Diluted	(0.734)	3.6	11.9	7.80
Dividend per Share	–	–	–	–

5.2 Balance Sheet

A summary of the audited consolidated balance sheet of the Group as at 31 December 2012 and the audited consolidated balance sheet of the Group as at 31 December 2013 is set out below. This summary is extracted from, and should be read together with, the annual report and the audited financial statements of the Group for FY2012 and FY2013, and the respective accompanying notes, copies of which are available for inspection at 1 Temasek Avenue, #36-01, Millenia Tower, Singapore 039192.

	Audited as at 31 December 2012 US\$'000	Audited as at 31 December 2013 US\$'000
Current assets		
Cash and cash equivalents	329,241	289,470
Derivative financial instruments	18,143	45,217
Financial assets at fair value through profit or loss	1,085	1,198
Trade and other receivables	1,206,619	1,357,869
Income tax recoverable	7,472	16,047
Inventories	396,363	401,672
Other current assets	32,319	50,036
Assets held for sale	–	26,533
Total current assets	1,991,242	2,188,042
Non-current assets		
Other non-current assets	2,957	4,846
Investments in associates	32,680	28,786
Investments in joint ventures	59,470	58,270
Investments in subsidiaries	–	–
Intangible assets	31,282	27,255
Property, plant and equipment	61,119	44,190
Deferred income tax assets	5,470	66,265
Total non-current assets	192,978	229,612
Total assets	2,184,220	2,417,654
Current liabilities		
Trade and other payables	1,036,720	787,274
Derivative financial instruments	15,966	42,294
Borrowings	574,526	976,307
Provisions for other liabilities and charges	2,871	3,296
Current income tax liabilities	1,660	1,073
Total current liabilities	1,631,743	1,810,244
Non-current liabilities		
Trade and other payables	–	–
Derivative financial instruments	–	–
Borrowings	51,040	10,974
Provisions for other liabilities and charges	15,000	9,444
Deferred income tax liabilities	2,103	2,188
Total non-current liabilities	68,143	22,606
Total liabilities	1,699,886	1,832,850
NET ASSETS	484,334	584,804

Equity attributable to equity holders of the Company

	Audited as at 31 December 2012 US\$'000	Audited as at 31 December 2013 US\$'000
Share capital	2	2
Share premium	85,816	85,816
Treasury shares	(1,666)	(1,612)
Merger reserve	3,529	3,529
Other reserves	(2,477)	(3,535)
Retained earnings	399,715	500,707
Equity attributable to owners of the Company	484,919	584,907
Non-controlling interests	(585)	(103)
Total equity	484,334	584,804
TOTAL LIABILITIES AND EQUITY	2,184,220	2,417,654

5.3 Consolidated NTA per Share

The consolidated NTA per Share of the Group based on the latest published accounts prior to the date of the Circular is US\$0.4313. As at the Latest Practicable Date, the Directors are not aware of any material changes which may affect the above stated consolidated NTA per Share.

5.4 Significant Accounting Policies and Changes

Save as disclosed in the notes to the audited consolidated financial statements of the Group for FY2012 attached to the annual report of the Company for FY2012 and the notes to the audited consolidated financial statements of the Group for FY2013 attached to the annual report of the Company for FY2013 which are available for inspection at 1 Temasek Avenue, #36-01, Millenia Tower, Singapore 039192:

- (a) there were no significant accounting policies or any matter from the notes of the financial statements of the Company which are of any major relevance for the interpretation of the financial statements of the Company; and
- (b) there was no change in the accounting policies of the Company which will cause the financial statements of the Company not to be comparable to a material extent.

5.5 Material Changes in Financial Position

Save as set out in publicly available information on the Group, as at the Latest Practicable Date, there has been no known material change in the financial position of the Group since 31 December 2013, the date of the Group's last published audited financial statements.

6. **DISCLOSURE OF INTERESTS**

6.1 Shareholdings

(a) Interests of the Company in securities of the Offeror

The Company does not have any direct or deemed interest in (i) any shares of the Offeror or (ii) any Convertible Securities, Warrants, Options or Derivatives in respect of any shares of the Offeror, as at the Latest Practicable Date.

(b) Dealings in securities of the Offeror by the Company

The Company has not dealt for value in (i) any shares of the Offeror or (ii) any Convertible Securities, Warrants, Options or Derivatives in respect of any shares of the Offeror during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

(c) Interests of the Directors in securities of the Company

Save as disclosed below, none of the Directors has any direct or deemed interest in any (i) Shares or (ii) Convertible Securities, Warrants, Options or Derivatives in respect of any Shares, as at the Latest Practicable Date.

Interests in Options

	No. of Options held under Option Scheme	%	Date of grant	Exercise Period	Exercise Price per Option (US\$)
Directors					
Peter Michael Meade	88,000	0.007	12 December 2008	12 December 2009 to 12 December 2018	0.1740
	88,000	0.007	12 December 2008	12 December 2010 to 12 December 2018	0.1740
	88,000	0.007	11 August 2009	11 August 2010 to 11 August 2019	0.4870
	88,000	0.007	11 August 2009	11 August 2011 to 11 August 2019	0.4870
	88,000	0.007	20 August 2010	20 August 2011 to 20 August 2020	0.3220
	88,000	0.007	20 August 2010	20 August 2012 to 20 August 2020	0.3220
	88,000	0.007	21 October 2011	21 October 2012 to 21 October 2021	0.2000
	88,000	0.007	21 October 2011	21 October 2013 to 21 October 2021	0.2000
	88,000	0.007	21 August 2012	21 August 2013 to 21 August 2022	0.3260
	88,000	0.007	21 August 2012	21 August 2014 to 21 August 2022	0.3260
	88,000	0.007	21 August 2013	21 August 2014 to 21 August 2023	0.3087
	88,000	0.007	21 August 2013	21 August 2015 to 21 August 2023	0.3087
	Steven Barry Simpson	88,000	0.007	21 October 2011	21 October 2012 to 21 October 2021
88,000		0.007	21 October 2011	21 October 2013 to 21 October 2021	0.2000
88,000		0.007	21 August 2012	21 August 2013 to 21 August 2022	0.3260
88,000		0.007	21 August 2012	21 August 2014 to 21 August 2022	0.3260

No. of Options held under Option Scheme	%	Date of grant	Exercise Period	Exercise Price per Option (US\$)
Directors				
88,000	0.007	21 August 2013	21 August 2014 to 21 August 2023	0.3087
88,000	0.007	21 August 2013	21 August 2015 to 21 August 2023	0.3087

Note:

(1) Based on 1,292,612,000 Shares in issue as at the Latest Practicable Date.

(d) Dealings in securities of the Company by the Directors

None of the Directors has dealt for value in any (i) Shares and (ii) Convertible Securities, Warrants, Options or Derivatives in respect of any Shares during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

(e) Interests of the Directors in securities of the Offeror

None of the Directors has any direct or deemed interest in any (i) shares of the Offeror or (ii) Convertible Securities, Warrants, Options or Derivatives in respect of any shares of the Offeror, as at the Latest Practicable Date.

(f) Dealings in securities of the Offeror by the Directors

None of the Directors has dealt for value in any (i) shares of the Offeror and (ii) Convertible Securities, Warrants, Options or Derivatives in respect of any shares of the Offeror during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

(g) Interests of PrimePartners in securities of the Company

None of PrimePartners, its related corporations or any funds whose investments are managed by PrimePartners on a discretionary basis owns or controls any (i) Shares or (ii) Convertible Securities, Warrants, Options or Derivatives in respect of any Shares as at the Latest Practicable Date.

(h) Dealings by PrimePartners in securities of the Company

None of PrimePartners, its related corporations or any funds whose investments are managed by PrimePartners on a discretionary basis has dealt for value in any (i) Shares or (ii) Convertible Securities, Warrants, Options or Derivatives in respect of any Shares during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

6.2 Other Disclosures

- (a) An employment agreement between Mr. Thomas Kevin Reilly and the Company that expires on 31 December 2015 provides for (i) a total fixed remuneration of US\$850,000 and (ii) an annual variable remuneration which is calculated by dividing the Company's annual net profit after tax by 45 million and multiplying this figure by US\$1,000,000.

Save for the employment agreement disclosed above, there are no service contracts between any of the Directors or proposed directors with the Company or its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation. There are no such service contracts entered into or amended by the Company or its subsidiaries during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

- (b) It is not proposed that any payment or other benefit be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Exit Offer.
- (c) There are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Exit Offer.

6.3 Material Contracts

None of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror as at the Latest Practicable Date.

7. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Neither the Company nor any of its subsidiaries has entered into material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period commencing three (3) years prior to the Joint Announcement Date and ending on the Latest Practicable Date.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any material litigation as plaintiff or defendant which might materially and adversely affect its financial position and the Directors are not aware of any proceedings (pending or threatened) against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

9. MATERIAL CHANGE IN INFORMATION

Save as disclosed in this Circular and save for information relating to the Company, the Group or the Exit Offer and the Delisting that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Joint Announcement Date and ending on the Latest Practicable Date.

PROVISIONS IN THE ARTICLES RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

The rights of Shareholders in respect of capital, dividends and voting are contained in the Company's Articles, which are available for inspection at 1 Temasek Avenue, #36-01, Millenia Tower, Singapore 039192. The relevant provisions have been extracted from the Articles and reproduced below. Capitalised terms and expressions not defined below have the meanings ascribed to them in the Articles, New Companies Ordinance and/or the Companies Act:

The Rights of Shareholders in respect of Capital

"SHARES

3. *Without prejudice to any special rights, privileges or restrictions for the time being attaching to any issued shares, any unissued or forfeited shares may be issued or re-issued upon such terms and conditions, and with such preferred, deferred or special rights, privileges and such restrictions attached thereto, whether in regard to Dividends, voting, repayment or redemption of share capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination, as the Directors shall determine).*
4. *Subject to the provisions of the Ordinance or these Articles to the contrary, all unissued shares shall be at the disposal of the Directors who may offer, allot, grant options over, or otherwise deal with or dispose of the same to such persons, at such times, for such consideration and generally upon such terms and conditions as they shall in their absolute discretion think fit, provided that no shares of any class shall be issued at a discount except in accordance with the Ordinance.*
5. *The Company may make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and the time of payment of such calls.*
6. *If by the conditions of allotment of any shares the whole or part of the issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the shares, or his legal personal representative.*
7. *Subject to the provisions of the Ordinance and these Articles, any preference share may, with the sanction of a special resolution of the Company, be issued on the terms that it is, or at the option of the Company is liable, to be redeemed, provided that the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.*
8. *Preference shares may be issued subject to such limitation as may be prescribed by the Designated Stock Exchange and that the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrear.*
9. *The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued."*

“JOINT HOLDERS OF SHARES

14. *Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint tenants with benefit of survivorship, subject to the following provisions:*
- (a) the Company shall not be bound to register more than three (3) persons as the holders of any shares except in the case of the legal personal representatives of a deceased member;*
 - (b) the joint holders of any shares shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such shares;*
 - (c) on the death of any one of such joint holders the survivor or survivors shall be the only person or persons recognized by the Company as having any title to such shares, but the Directors may require such evidence of death as they may deem fit;*
 - (d) any one of such joint holders may give effectual receipts for any Dividend, bonus or return of capital payable to such joint holders; and*
 - (e) the Company shall be at liberty to treat the person whose name stands first in the Register as one of the joint holders of any shares as solely entitled to delivery of the certificate relating to such shares, or to receive notices from the Company, or to attend or vote at general meetings of the Company, and any notice given to such person shall be deemed notice to all the joint holders; but any one of such joint holders may be appointed the proxy of the persons entitled to vote on behalf of such joint holders, and as such proxy to attend and vote at general meetings of the Company, but if more than one of such joint holders be present at any meeting personally or by proxy that one so present whose name stands first in the Register in respect of such shares shall alone be entitled to vote in respect thereof.”*

“INCREASE OF CAPITAL

54. *The Company may in a general meeting and by ordinary resolution increase its authorised capital by the allotment and issue of new shares.*
55. *Subject to any direction to the contrary that may be given in the general meeting or except as permitted under the Listing rules and the Ordinance, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 55.*
56. *Subject to any direction or determination that may be given or made in accordance with the powers contained in these Articles, all new shares created pursuant to Article 54 shall be subject to the same provisions herein contained with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as the existing shares of the Company.*

ALTERATION OF SHARE CAPITAL

57. *The Company may in a general meeting and by ordinary resolution:*
- (a) *subdivide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association of the Company, provided that in the subdivision of an existing share the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived, and so that the resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from such subdivision one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares;*
 - (b) *consolidate and divide its capital or any part thereof into shares of larger amount than its existing shares;*
 - (c) *cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its authorised capital by the amount of shares so cancelled.*
58. *The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner allowed by law.*
59. *Where any difficulty arises in regard to any consolidation and division under Article 57(b), the Directors may settle the same as they think expedient and in particular may arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the members who would have been entitled to the fractions, and for this purpose the Directors may authorise any person to transfer the shares representing fractions to the purchaser thereof, who shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.”*

“MODIFICATION OF RIGHTS

61. *All or any of the special rights attached to any class of shares for the time being in issue may, at any time, as well before as during liquidation, be altered or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class. All the provisions contained in these Articles relating to general meetings shall mutatis mutandis apply to every such meeting, but so that the quorum thereof shall be not less than two persons holding or representing by proxy one-third in nominal value of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll.*
62. *The provisions of the foregoing Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the rights whereof are to be varied.*
63. *The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders’ rights, may only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in*

writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

64. *The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking pari passu therewith.*

The Rights of Shareholders in respect of Voting

“VOTING

78. (a) *At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:*
- (i) *the Chairman of the meeting; or*
 - (ii) *not less than five (5) members present in person or by proxy and entitled to vote at the meeting; or*
 - (iii) *any member or members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or*
 - (iv) *any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or*
 - (v) *where the Depository is a member, by not less than five (5) proxies representing the Depository.*
- (b) *Unless a poll is so demanded and the demand is not withdrawn, a declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously or by a particular majority or lost shall be final and conclusive, and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact without proof of the number of the votes recorded for or against such resolution.*
79. *A demand for a poll may be withdrawn only with the approval of the Chairman of the meeting. If a poll be directed or demanded in the manner above mentioned it shall (subject to the provisions of Article 75 hereof) be taken at such time (being not later than seven days after the date of the demand) and in such manner as the Chairman of the meeting may appoint. No notice need be given of a poll not taken immediately. The result of such poll shall be deemed for all purposes to be the resolution of the meeting at which the poll was so directed or demanded.*
80. *In the case of an equality of votes at any general meeting, whether upon a show of hands or on a poll, the Chairman of the meeting shall be entitled to a second or casting vote.*
81. *A poll demanded upon the election of a Chairman or upon a question of adjournment shall be taken forthwith. Any business, other than that upon which a poll has been demanded, may proceed pending the taking of the poll.*

82. (a) *No objection shall be made to the validity of any vote except at a meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy not disallowed at such meeting or poll shall be deemed valid for all purposes whatsoever of such meeting or poll.*
- (b) *In case of any dispute as to voting the Chairman shall determine the same, and such determination shall be final and conclusive.”*

“VOTES OF MEMBERS

84. *Each member who is a holder of ordinary shares in the capital of the Company shall be entitled to be present at any general meeting. Subject to and without prejudice to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, every member who is a holder of ordinary shares in the capital of the Company present in person or by proxy or by attorney at any general meeting shall be entitled, on a show of hands, to one vote only and, on a poll, to one vote for every fully paid-up share of which he is the holder.*
85. *On a poll, votes may be given either personally or by proxy and a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.*
86. *In the case of joint holders of a share, any one of such person may vote, and be reckoned in quorum at any general meeting, either personally or by proxy or by attorney at any general meeting, but if more than one of such joint holders is so present at any meeting, then the person present whose name stands first in the register of members or the records of the Depository (as the case may be) in respect of the share shall alone, be entitled to vote in respect thereof.*
87. *Where any member is required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.*
88. *A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, curator bonis or other person in the nature of a committee or curator bonis appointed by that court, and any such committee, curator bonis or other person may, on a poll, vote by proxy. If any member be a minor, he may vote by his guardian or one of his guardians who may give their votes personally or by proxy.*
89. *No objection shall be raised to the qualification of any voter or to the counting of, or failure to count, any vote, except at the meeting or adjourned meeting at which the vote objected to is tendered. Subject to any objection made in due time, every vote counted and not disallowed at the meeting shall be valid and every vote disallowed or not counted shall be invalid. Any objection made in due time shall be referred to the Chairman whose decision shall be final and conclusive.*

PROXIES

90. Any member entitled to attend and vote at a meeting of the Company who is a holder of two (2) or more shares shall be entitled to appoint not more than two (2) proxies to attend and vote instead of him at the same general meeting provided that if the member is the Depository:
- (a) the Depository may appoint more than two (2) proxies to attend and vote at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of the Depository as the Depository could exercise;
 - (b) unless the Depository specifies otherwise in a written notice to the Company, the Depository shall be deemed to have appointed as the Depository's proxies to vote on behalf of the Depository at a general meeting of the Company each of the Depositors who are individuals and whose names are shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company and notwithstanding any other provisions in these Articles, the appointment of proxies by virtue of this Article shall not require an instrument of proxy or the lodgement of any instrument of proxy;
 - (c) the Company shall accept as valid in all respects the form of instrument of proxy approved by the Depository (the "**CDP Proxy Form**") for use at the date relevant to the general meeting in question naming a Depositor (the "**Nominating Depositor**") and permitting that Nominating Depositor to nominate a person or persons other than himself as the proxy or proxies appointed by the Depository. The Company shall, in determining rights to vote and other matters in respect of a completed CDP Proxy Form and as executed by the Depository, submitted to it, have regard to the instructions given by and the notes (if any) set out in the CDP Proxy Form. The submission of any CDP Proxy Form shall not affect the operation of this Article 90(c) and shall not preclude a Depositor appointed as a proxy by virtue of this Article 90(c) from attending and voting at the relevant meeting but in the event of attendance by such Depositor the CDP Proxy Form submitted bearing his name as the Nominating Depositor shall be deemed to be revoked;
 - (d) the Company shall reject any CDP Proxy Form of a Nominating Depositor if his name is not shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company; and
 - (e) on a poll the maximum number of votes which a Depositor, or proxies appointed pursuant to a CDP Proxy Form in respect of that Depositor, is able to cast shall be the number of shares which is entered against the name of that Depositor as shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company, whether that number is greater or smaller than the number specified in any CDP Proxy Form or instrument of proxy executed by or on behalf of the Depository.
91. In any case where an instrument of proxy appoints more than one proxy (including the case when a CDP Proxy Form is used), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy.

92. (a) *A proxy need not be a member of the Company;*
- (b) *An instrument appointing a proxy shall be in writing in any usual or common form (including any form approved from time to time by the Depository) or in any other form which the Directors may accept, and shall be deemed, subject to the proviso hereinafter contained, to confer authority upon the proxy to vote on any resolution (or amendment thereto) put to the meeting and to speak at the meeting, for which it is given as the proxy thinks fit;*

Provided that any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which special business is to be transacted shall be such as to enable the member according to his intention to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such special business.

93. *The instrument appointing a proxy shall be signed by the appointer, or his duly authorised attorney, or if such appointor be a corporation, under its common seal or signed by some officer, attorney or other person duly authorised in that behalf, or in the case of the Depository, signed by its duly authorised officer by some method or system of mechanical signatory as the Depository may deem appropriate.*
94. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Office at least forty-eight (48) hours before the time fixed for holding the meeting at which the person named in such instrument proposes to attend and vote or, in the case of a poll, at least forty-eight (48) hours before the time appointed for the taking of the poll; otherwise the person so named shall not be entitled to vote at that meeting (or as the case may be) except with the approval of the Chairman of the meeting. No instrument appointing a proxy shall be valid except for the meeting mentioned therein and any adjournment thereof. Deposit of an instrument of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it.”*
- “96. (b) *A vote given in accordance with the terms of an instrument of proxy or power of attorney shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or power of attorney, or transfer of the shares in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer shall have been received at the Office twenty-four hours at least before the time fixed for holding the meeting, or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.”*

The Rights of Shareholders in respect of Dividends, Capitalisation of Reserves and Winding Up

“DIVIDENDS AND RESERVES

148. *The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors. No dividend shall be payable except out of the profits of the Company.*
149. *The Directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the Directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in*

arrears. The Directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. If the Directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

150. *Except as otherwise provided by these Articles or the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. If any share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case, dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purpose of this Article, an amount paid up on a share in advance of a call shall be treated, in relation to any dividend declared after the payment but before the call, as not paid up on the share.*
151. *Whenever the Board or the Company in general meeting have resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, with or without offering any rights to members to elect to receive such dividend in cash, and where any difficulty arises in regard to the distribution the Board may settle the same as they think expedient, and in particular may disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may determine that fractional entitlements shall be aggregated and sold and the benefit shall accrue to the Company rather than to the members concerned, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign and requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective. Where requisite, a contract shall be filed in accordance with the provisions of the Ordinance and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend and such appointment shall be effective.*
152. *Any dividend or other money payable in respect of a share may be paid by cheque or warrant sent by post to the registered address of the person entitled or, if two or more persons are other holders of the shares or are jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or person entitled may in writing direct. Every cheque or warrant shall be made payable to the other of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque or warrant shall be a good discharge to the Company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other money payable in respect of the shares.*
153. *No dividend or other money payable in respect of a share shall bear interest against the Company, unless otherwise provided by the rights attached to the share.*
154. *Any dividend which has remained unclaimed for six years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.*

155. (1) Whenever the Directors or the Company have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve:–
- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted shall be of the same class or classes as the class or classes already held by the members and the members will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment. In such case, the following provisions shall apply:–
- (i) the basis of any such allotment shall be determined by the Directors;
 - (ii) the Directors, after determining the basis of allotment, shall give not less than two weeks' notice in writing to the members of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
 - (iv) the dividend for that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect thereof the cash election has not been duly exercised ("**the non-elected shares**") and in lieu and in satisfaction thereof shares shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Directors shall capitalize and apply out of any part of the undivided profits of the Company or any part of any reserve or fund of the Company (including any share premium account or capital redemption reserve) as the Directors may determine, a sum equal to the aggregate nominal amount of the shares to be allotted on such basis and apply the same in paying up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the non-elected shares on such basis; or
- (b) that members entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted shall be of the same class or classes as the class or classes of shares already held by the member. In such case, the following provisions shall apply:–
- (i) the basis of any such allotment shall be determined by the Directors;
 - (ii) the Directors, after determining the basis of allotment, shall give not less than two weeks' notice in writing to the members of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and

- (iv) *the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares in respect whereof the share election has been duly exercised (“the elected shares”) and in lieu thereof shares shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Directors shall capitalize and apply out of any part of the undivided profits of the Company or any part of any reserve or fund of the Company (including any share premium account and capital redemption reserve) as the Directors may determine, a sum equal to the aggregate nominal amount of the shares to be allotted on such basis and apply the same in paying up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the elected shares on such basis.*
- (2) *The shares allotted pursuant to the provisions of paragraphs (a) and (b) of paragraph (1) of this Article shall rank pari passu in all respects with the shares then in issue save only as regards participation:*
- (i) *in the relevant dividend (or the right to receive or to elect to receive an allotment of shares in lieu thereof as aforesaid); or*
- (ii) *in any other distribution, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Directors of their proposal to apply the provisions of sub-paragraphs (a) or (b) or paragraph (1) of this Article in relation to the relevant dividend or contemporaneously with its announcement of the distribution, bonus or rights in question, the Directors shall specify that the shares to be allotted pursuant to the provisions of paragraph (1) of this Article shall rank for participation in such distribution, bonus or rights.*
- (3) *The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Article with full power to the Directors to make such provisions as it thinks fit in the case of shares becoming distributable in fractions. The Directors may authorise any person to enter on behalf of all members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any further shares to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.*
- (4) *The Company may upon the recommendation of the Directors by special resolutions resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Article, a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.*
- (5) *The Directors may resolve that the rights of election and the allotment of shares under paragraph (1) of this Article shall not be made available to any holders of ordinary shares where the Directors believe that the making available of these rights of election and/or allotting these shares to them would or might involve the contravention of the laws of any territory or that for any other reason the rights of election should not be made available, and/or the allotment of these shares should not be made to them.*

156. *The Directors may from time to time set aside out of profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any part of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Director shall comply with the Ordinance.*

CAPITALISATION OF RESERVES ETC.

157. *The Company in general meeting may upon the recommendation of the Directors resolve to capitalise any part of the Company's reserves or undivided profits and accordingly that such part be divided amongst the members who would have been entitled thereto if distributed by way of Dividend and in the same proportions, on condition that the same be not paid in cash but be applied as a capitalisation issue either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures or other securities of the Company to be allotted and distributed credited as fully paid to and amongst such members in the proportion aforesaid, or partly in one way and partly in the other PROVIDED THAT any amount standing to the credit of a share premium account or a capital redemption reserve fund may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid-up shares.*

158. *Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the reserves and undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid-up shares, debentures or other securities and generally shall do all acts and things required to give effect thereto."*

"WINDING UP

175. *The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.*

176. *If the Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid-up capital, they shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them respectively. This Article is, however, subject to the rights of the holders of any shares which may be issued on special terms or conditions.*

177. *If the Company shall be wound up, the liquidator (whether voluntary, under supervision or by the court) may, with the sanction of a special resolution, divide among the members in specie or kind the whole or any part of the assets of the Company or vest any part of the assets of the Company in trustees upon such trusts for the benefit of the members or any of them as the resolution shall provide. Any such resolution may provide for and sanction a distribution of any specific assets amongst different classes of members otherwise than in accordance with their existing rights, but each member shall in that event have a right of dissent and other ancillary rights in the same manner as if such resolution were a special resolution passed pursuant to the Ordinance."*

CHEMOIL ENERGY LIMITED

(Incorporated in Hong Kong S.A.R.)

(Company Registration No.: 200591)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Chemoil Energy Limited (the "**Company**") will be held at The Guild, NUSS Suntec City Guild House, 3 Temasek Boulevard, (Tower Five), #02-401/402, Suntec City Mall, Singapore 038983 on 15 April 2014 at 2.30 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution (on a poll to be taken) to be passed in accordance with the requirements of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Rule 1307 Resolution**"):

RULE 1307 RESOLUTION

Approval for the Voluntary Delisting of the Company

That:

- (a) the voluntary delisting of the Company from the Official List of the SGX-ST under Rules 1307 and 1309 of the Listing Manual (the "**Delisting Proposal**"), pursuant to which the Exit Offer (as defined in the circular to shareholders dated 31 March 2014 (the "**Circular**")) would be made to the shareholders of the Company on the terms and conditions set out in the Circular, be and is hereby approved; and
- (b) the directors of the Company and each of them be and is hereby authorised and empowered to complete and to do all such acts and things as they may consider necessary or expedient to give effect to the Delisting Proposal and/or this Rule 1307 Resolution, with such modification thereto (if any) as they or he shall think fit in the interests of the Company.

By Order of the Board

James E. Baker
Kim Yi Hwa
Representing Company Secretary
Karon Limited
Singapore

31 March 2014

Notes:

1. With the exception of The Central Depository (Pte) Limited (the "**Depository**") who may appoint more than two proxies, a member of the Company entitled to attend and vote at the above meeting ("**Meeting**") who is a holder of two or more shares is entitled to appoint not more than two proxies to attend and vote instead of him or her at the Meeting. A proxy need not be a member of the Company.
2. Where an instrument of proxy appoints more than one proxy (including the case where the form of instrument of proxy approved by the Depository is used), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy.
3. A corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at the Meeting. The person so authorised shall be entitled to exercise the same power on behalf of the corporation as the corporation could exercise if it were an individual member of the Company.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notorially certified copy of such power or authority, shall be deposited at the registered office of the Company at 31/F, 148 Electric Road, North Point, Hong Kong S.A.R. at least 48 hours before the time fixed for holding the Meeting, otherwise the person so named shall not be entitled to vote at the Meeting except with the approval of the Chairman of the Meeting. With regard to a Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore) who wishes to attend and vote at the Meeting, he must be shown to have Shares entered against his name in the Depository Register, as certified by the CDP, at least 48 hours before the time fixed for holding the Meeting. If a Depositor wishes to appoint a proxy/proxies, then the Depository Proxy Form must be deposited at the Company's share transfer agent's office in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least 48 hours before the time fixed for the Meeting.
5. No instrument appointing a proxy shall be valid except for the Meeting and any adjournment thereof. Deposit of an instrument of proxy shall not preclude a member from attending and voting at the Meeting or at any adjournment of it. Detailed instructions can be found on the Proxy Form(s).

This page has been intentionally left blank.

This page has been intentionally left blank.

This page has been intentionally left blank.

