



TIPCO ASPHALT PUBLIC COMPANY LIMITED



Bor. Hor. 025/2011

Date: 20 May 2011

Subject: **Disclosure on Tipco Asphalt's investment in the Malaysian asphalt refinery**

To: President  
The Stock Exchange of Thailand

With reference to the announcements made by Tipco Asphalt Public Company Limited (the "Company") to SET on its Note No. 7 to Consolidated Interim Financial Statements for the Three-Month Periods Ended 31 March 2011 and 2010 in relation to the Company's investment in Kemaman Oil Corporation Sdn Bhd ("KOC") and Kemaman Bitumen Company Sdn Bhd ("KBC") in Malaysia, the Company would like to further submit the following:

1. The dispute between the Company and Thai Bitumen Company Ltd ("TBC") (collectively, the "Claimants") on the one hand and Aras Jalinan Sdn Bhd ("Aras") and KOC (collectively, the "Respondents") on the other hand which arose pursuant to the Settlement Agreement dated 11 January 2008 ("Settlement Agreement") was referred to arbitration under the International Chamber of Commerce ("ICC") Rules of Arbitration. The arbitration hearing on merits was held in Singapore before a panel of 3 arbitrators from 8 to 10 February 2010. Thereafter, there were two rounds of exchange of post-hearing written submissions and an oral hearing on 18 June 2010.
2. We have received on 18 May 2011 the notification of the Award issued by the Arbitral Tribunal which directs as follows:
  - (i) that the claim of the Claimant for a declaration that Aras is not entitled to subscribe for the 5 Million Shares in KOC and equal management, participation and control of KOC from the date of the breach be and is hereby dismissed;
  - (ii) that the claim of Aras for a declaration that Aras is entitled to subscribe for the 5 Million Shares pursuant to Clause 4.1.1 of the Settlement Agreement be and is hereby allowed and granted;
  - (iii) that KOC accepts RM5 Million from Aras for the 5 Million Shares;
  - (iv) that KOC issues the 5 Million Shares in favour of Aras and registers Aras as the owner of the 5 Million Shares;
  - (v) that Aras' claim for a declaration that, notwithstanding its late payment of RM5 Million on 3 March 2008, Aras is entitled to equal management, participation and control rights in KOC be and is hereby dismissed;



- (vi) that Aras' claims for the following be and are hereby dismissed:
- (a) a declaration that the Claimants' conduct in requisitioning an Extraordinary General Meeting of KOC and appointing additional directors of KOC by virtue of the late payment of RM5 million on 3 March 2008 is in breach of the Settlement Agreement;
  - (b) a declaration that the appointment by the Claimants of additional directors of KOC pursuant to the EGM is invalid;
  - (c) a declaration that the Claimants' request dated 19 March 2008 for a shareholders' loan pursuant to Clause 4A.1 of the Settlement Agreement is invalid and in breach of the Settlement Agreement;
  - (d) an order that KOC returns to the Claimants all monies paid by the Claimants pursuant to Clause 4A of the Settlement Agreement;
  - (e) a declaration that the Claimants' request under Clause 4.2 of the Settlement Agreement for an acceleration of the payment of RM7.35 million by Aras is invalid and in breach of the Settlement Agreement;
  - (f) a declaration that Aras is entitled to withhold payment under Clauses 3.2 and 5.1 of the Settlement Agreement, pending notification by the Claimants of all their breaches thereunder;
  - (g) a declaration that, after rectification of the said breaches of the Settlement Agreement by the Claimants and thereafter upon Aras paying TBC RM950,001 and RM6.65 million pursuant to Clauses 3.2 and 5.1 of the Settlement Agreement, Aras shall be deemed to have complied with all their obligations under the Settlement Agreement and shall be entitled to equal shareholding, management participation and control of KOC with the Claimants;
  - (h) a declaration that the Claimants' exercise of the First Cargo Settlement Agreement ("FCSA") Call Option under the FCSA is invalid and in breach of the Settlement Agreement;
  - (i) a declaration that any new ordinary shares issued by KOC in favour of the Claimants pursuant to the Claimants' exercise of the FCSA Call Option under the FCSA were issued in breach of the Settlement Agreement; and
  - (j) an order that any shares issued by KOC in favour of the Claimants pursuant to the Claimants' exercise of the FCSA Call Option under the FCSA be cancelled forthwith by KOC;





- (vii) that all Aras' further claims as added by the Additional Relief Letter be and are hereby also dismissed, where the additional reliefs sought were as follows:
- (a) declarations that various subscriptions/conversions/transfers of shares by the Claimants in KOC and KBC are invalid and in breach of the Settlement Agreement, and orders that the shares obtained by the aforementioned subscriptions/conversions/transfers be cancelled by KOC and/or KBC;
  - (b) a declaration that the resolution passed at the Extraordinary General Meeting of KBC held on 22 July 2008, approving the amendment of Article 4(3)(E) of the Articles of Association of KBC, is invalid and is in breach of the Settlement Agreement; and
  - (c) an order that the Claimants be ordered to purchase all the shareholdings in KOC of Aras and Multi Strategies Sdn Bhd;
- (viii) that each Party bears and pays its own legal fees and expenses;
- (ix) that each of the Claimants and Aras bears the amount each had already advanced for the ICC costs;
- (x) any other claims are hereby rejected.

The Award is final with respect to liability and quantum of the Parties under the Settlement Agreement.

3. The Company is satisfied with the Award.

Please disseminate the above information to members and interested parties accordingly.

Sincerely yours,

Chaiwat Srivalwat  
Managing Director