

The Singapore Exchange Securities Trading Limited ("SGX-ST") assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Appendix.

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



**SINGAPORE PETROLEUM COMPANY LIMITED**

(Co Reg No: 196900291N)

(Incorporated in the Republic of Singapore)

**APPENDIX IN RELATION TO DETAILS OF  
THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE  
FOR INTERESTED PERSON TRANSACTIONS**

**DATED 4 APRIL 2006**

*This page has been intentionally left blank.*

# PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

## 1. BACKGROUND

- 1.1 On 23 June 1997, Shareholders had granted a mandate (the "**Shareholders' Mandate 1997**") to enable the Company, its subsidiaries and target associated companies (the "**SPC Group**"), or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions, with any person who falls within the classes of Interested Persons, details of which were set out in the Company's Circular to Shareholders dated 30 May 1997 (the "**Circular**") (as amended by Shareholders' resolutions on 21 June 1999 and 14 May 2003 (collectively the "**Updates to the Circular**")), provided that such transactions are made on normal commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Circular (as updated and set out in Appendix 2 to the Notice of Annual General Meeting ("**AGM**") dated 22 April 2003 and adopted by Shareholders on 14 May 2003). The Shareholders' Mandate 1997, as amended by Shareholders' resolutions on 21 June 1999 and 14 May 2003 shall accordingly and hereinafter be referred to respectively as the "**Shareholders' Mandate 1999**" and the "**Shareholders' Mandate**".
- 1.2 The Shareholders' Mandate was renewed on 27 April 2005 and will (unless revoked or varied by the Company at General Meeting) continue in force until the AGM of the Company to be held for the financial year ended 31 December 2005.
- 1.3 The rationale of the Shareholders' Mandate, the scope of the Shareholders' Mandate, the benefit to Shareholders, the classes of Interested Persons, the particulars of the Interested Person Transactions and the review procedures for Interested Person Transactions in respect of which the Shareholders' Mandate is sought to be renewed remain unchanged and are set out in Annexure A to this Appendix.
- 1.4 The Directors propose that the Shareholders' Mandate be renewed at the forthcoming AGM in the terms of the Ordinary Resolution No. 8 to be proposed at the forthcoming AGM and (unless revoked or varied by the Company at General Meeting) to take effect until the next AGM of the Company for the financial year ending 31 December 2006, subject to satisfactory review by the Audit Committee of its continued application to transactions with Interested Persons (as defined in the Circular and as amended by the Updates to the Circular). Approval from Shareholders will be sought for the renewal of the Shareholders' Mandate at the next AGM in 2007 and at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to transactions with Interested Persons.

## 2. EXTRACTS FROM THE CIRCULAR

The following matters relating to the Shareholders' Mandate were set out in the Circular and as amended by the Updates to the Circular, are reproduced in Annexure A to this Appendix:

- (a) Background;
- (b) Classes of Interested Persons;
- (c) Interested Person Transactions;
- (d) Proposed Procedures for Interested Person Transactions; and
- (e) Benefit.

### 3. AUDIT COMMITTEE'S STATEMENTS

3.1 Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee (comprising Dr Chin Wei-Li, Audrey Marie, Messrs Bertie Cheng Shao Shiong, Geoffrey John King and Goon Kok-Loon) confirms:

- (a) that the review procedures for Interested Person Transactions as set out in Annexure A to this Appendix ("**Review Procedures**") have not changed since Shareholders approved the Shareholders' Mandate at the AGM held on 27 April 2005; and
- (b) that the review procedures are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.2 Further,

- (a) if during the periodic reviews, the Audit Committee is of the view that the established review procedures are inadequate or inappropriate to ensure that (i) the Interested Person Transactions will be on normal commercial terms, and (ii) will not be prejudicial to the interests of the Company and its minority Shareholders, or

- (b) in the event of any amendment to Chapter 9 of the Listing Manual,

the Audit Committee will direct the Company to revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons.

### 4. DIRECTORS' RECOMMENDATION

4.1 The Directors (except for Messrs Choo Chiau Beng and Teo Soon Hoe who are senior executive directors of Keppel Corporation Limited ("**KCL**"), and Mr Cheng Hong Kok, who is a director of Keppel Oil and Gas Services Pte Ltd ("**KOGS**"), a wholly-owned subsidiary of KCL, and who have abstained from making any recommendation in respect of the Shareholders' Mandate) are of the view that the renewal of the Shareholders' Mandate is in the best interest of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution No. 8 relating to the renewal of the Shareholders' Mandate to be proposed at the forthcoming AGM.

4.2 In accordance with the requirements of Chapter 9 of the Listing Manual, each of KCL, KOGS, Temasek Holdings (Private) Limited and Satya Capital Limited, being controlling shareholders of the Company, and the Directors will abstain from voting, and have undertaken to ensure that their respective associates will abstain from voting, on the ordinary resolution relating to the Shareholders' Mandate to be proposed at the forthcoming AGM in respect of the shares held by them respectively.

### 5. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND DIRECTORS

As at 6 March 2006, the interests of Directors and substantial shareholders in ordinary shares in the issued capital of the Company are as follows:

Directors	Number of Shares	
	Direct Interest	Deemed Interest
Choo Chiau Beng	179,000	—
Koh Ban Heng	315,200	550,000
Bertie Cheng Shao Shiong	116,000	—
Geoffrey John King	69,000	—
Timothy Ong Teck Mong	10,000	—

Directors	Number of Shares	
	Direct Interest	Deemed Interest
Chin Wei-Li, Audrey Marie	19,000	—
Goon Kok-Loon	16,000	—
Teo Soon Hoe	10,000	—
Cheng Hong Kok	92,000	—

Substantial Shareholders	Number of Shares	
	Direct Interest	Deemed Interest
Temasek Holdings (Private) Limited	—	224,616,797
Keppel Corporation Limited	—	223,343,797
Keppel Oil and Gas Services Pte Ltd	223,343,797	—
Satya Capital Limited	—	115,000,000

**Notes:**

- (i) By operation of Section 7 of the Companies Act, Temasek Holdings (Private) Limited is deemed to be interested in the 224,616,797 shares held by the DBS group of companies and the Keppel group of companies.
- (ii) By operation of Section 7 of the Companies Act, Keppel Corporation Limited is deemed to be interested in the 223,343,797 shares held by Keppel Oil and Gas Services Pte Ltd.
- (iii) Pursuant to declarations made by Satya Capital Limited, it is deemed to be interested in the 115,000,000 shares held by ING Nominees (Singapore) Pte Ltd.

## 6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Circular and Shareholders' resolutions dated 21 June 1999 and 14 May 2003 are available for inspection at the registered office of the Company at 1 Maritime Square #10-10, HarbourFront Centre, Singapore 099253, during normal business hours from 4 April 2006 up to the date of the forthcoming AGM.

## 7. DEFINITIONS

The following definitions, or such other definition as the SGX-ST may from time to time determine, shall apply throughout this Appendix (including Annexure A attached hereto), unless the context otherwise requires:

- (a) an "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;
- (b) an "associate" means:
  - (i) in relation to any director, chief executive officer or controlling shareholder (being an individual):
    - (1) his immediate family member (that is, the person's spouse, child, adopted child, step-child, sibling and parent);
    - (2) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
    - (3) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and

- (ii) in relation to a controlling shareholder (being a company), any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (c) “associated company” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (d) “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
- (e) “controlling shareholder” means a person who:
  - (i) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the company (the SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder); or
  - (ii) in fact exercises control over a company;
- (f) “Listing Manual” means the listing manual of the SGX-ST; and
- (g) “target associated company” means an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company.

### “3. SHAREHOLDERS’ MANDATE

#### 3.1 Background

- 3.1.1 The SPC Group engages in a wide range of activities which include crude oil refining, marketing, distribution, trading of crude oil and petroleum products and provision of petroleum product storage facilities.
- 3.1.2 Due to the nature and diversity of the SPC Group’s businesses, it is envisaged that in their normal course of business, it is likely that transactions involving purchases of crude oil, oil refining, marketing, distribution, trading of crude oil and petroleum products and storage of petroleum products by any member of the SPC Group to or from Interested Persons (as defined in paragraph 3.2 below), will occur with some degree of frequency and could arise from time to time. Such transactions include, but are not limited to, transactions relating to third party crude oil refining, trading of crude oil and petroleum products, marketing of petroleum products, storage of petroleum products, shipment and transportation of crude oil and petroleum products, and activities and services ancillary to SPC Group’s businesses.

In view of the time-sensitive nature of commercial transactions, the Directors are seeking approval from the Shareholders for the proposed Shareholders’ Mandate for the SPC Group, in their normal course of business, to enter into the following categories of transactions with certain classes of Interested Persons, provided that such transactions are made on normal commercial terms and are not prejudicial to the minority Shareholders:–

(a) *Third party crude oil refining*

Within this category are transactions between the SPC Group and Interested Persons for the provision of services to refine third party crude oil for an agreed processing fee. The processing fee for each transaction is dependent on the prevailing market conditions determined by global refining capacity and the demand for petroleum products.

(b) *Trading of crude oil and petroleum products*

This category covers transactions between SPC Group and Interested Persons in the trading, that is, sales and purchases, of crude oil and petroleum products. The sale and purchase prices for these transactions are based on pricing mechanisms which refer to the prevailing market prices as reflected in the industry’s oil market reports, for example, Platt’s Asia Pacific/Arab Gulf Marketscan daily reports.

(c) *Marketing of petroleum products*

Transactions in this category are the marketing by SPC Group of petroleum products such as liquefied petroleum gas, jet fuel, diesel oil, gas oil, fuel oil, asphalt and lubricants. The products’ sale prices are determined by the sales channel in which the products are sold. Sales are secured based on bids submitted to conclude the transaction. The pricing may be based on either a fixed price formula or a variable pricing formula. In the latter situation, the prevailing market price indicators such as the Company’s and/or the industry’s posted prices or those prices as reflected in the industry’s market reports such as Platt’s Asia Pacific/Arab Gulf Marketscan daily reports and Far East Oil Pricing Index are referred to in the determination of the sales prices. The sale price will change in accordance with variations in the referenced market price indicators.

(d) *Storage of petroleum products*

Transactions falling within this category are the provision by the SPC Group of petroleum product storage services to Interested Persons at an agreed terminalling fee. The fee is based on a negotiated rate for the contractual period and is influenced by the prevailing market conditions and the demand for petroleum products.

(e) *Shipping and transportation of crude oil and petroleum products*

The transactions falling within this category are the provision of services to the SPC Group for the shipment and transportation of crude oil and petroleum products at an agreed charter fee. The fee is negotiated on either spot or term basis and is influenced by the prevailing market conditions.

(f) *Activities and services ancillary to SPC Group's businesses*

This category covers transactions between SPC Group and Interested Persons relating to activities and services ancillary to the SPC Group's businesses. Examples of these transactions are the transportation of and deposit payments on LPG cylinders, seminar fees and computer processing charges on share ownership scheme.

3.1.3 The Shareholders' Mandate will take effect from the date of the passing of the Ordinary Resolution to be proposed at the EGM until the next Annual General Meeting of the Company and shall apply in respect of the Interested Person Transactions (as described in paragraph 3.3 below) entered or to be entered into from and including 23 June 1997 to the next Annual General Meeting of the Company. Thereafter, approval from Shareholders for a renewal of the Shareholders' Mandate will be sought at each subsequent Annual General Meeting of the Company.

### **3.2 Classes of Interested Persons**

3.2.1 The proposed Shareholders' Mandate will apply to the Interested Person Transactions which are carried out with the following classes of interested persons ("Interested Persons") only:

- (a) Keppel Corporation Limited and its associates (as defined in the Listing Manual);
- (b) Temasek Holdings (Private) Limited and its associates (as defined in the Listing Manual); and
- (c) Directors, the Chief Executive(s) and controlling shareholders (as defined in the Listing Manual) of the Company (other than controlling shareholders described in subparagraphs (a) and (b) above) and their respective associates.

3.2.2 Transactions with Interested Persons which do not fall within the ambit of the proposed Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9A of the Listing Manual.

### **3.3 Interested Person Transactions**

The following transactions by the SPC Group relate to the provision to, or the supply from, Interested Persons of crude oil, petroleum products and services in the normal course of business of the SPC Group comprising:

- (i) refining and processing of crude oil;
- (ii) trading of crude oil and petroleum products;
- (iii) marketing of petroleum products;

- (iv) provision of petroleum products storage;
- (v) shipment and transportation of crude oil and petroleum products; and
- (vi) activities and services ancillary to the SPC Group's businesses.

#### **4. PROPOSED PROCEDURES FOR INTERESTED PERSON TRANSACTIONS**

4.1 To ensure that the Interested Person Transactions arising from the normal course of business are undertaken on normal commercial terms and will not be prejudicial to the minority Shareholders, the following review and approval procedures will be implemented:

- (a) Transactions at or less than US\$5,000,000 each in value or in aggregate will be reviewed and approved by the Senior Vice-President responsible for the area of business activity on the following basis:
  - (i) the provision by the SPC Group of services to refine third party crude oil for an agreed processing fee shall not be approved unless the agreed processing fee is no more favourable to the Interested Person than those extended to unrelated third parties;
  - (ii) the trading including hedging of crude oil and petroleum products by the SPC Group will not be approved unless the terms with the Interested Person, after taking into account factors such as pricing, quality and delivery schedules, are fair and reasonable and in the SPC Group's commercial interests;
  - (iii) the sales by the SPC Group of petroleum products such as liquefied petroleum gas, jet fuel, diesel oil, gas oil, fuel oil, asphalt and lubricants shall not be approved unless the SPC Group's pricing and terms are no more favourable to the Interested Persons than those extended to unrelated third parties;
  - (iv) the provision of petroleum product storage services by the Company will not be approved unless the terms with the Interested Person are fair and reasonable and in the SPC Group's commercial interests; and
  - (v) the provision of services to the SPC Group for the shipment and transportation of crude oil and petroleum products will not be approved unless the terms with the Interested Person are fair and reasonable and in the SPC Group's commercial interests.
- (b) Transactions exceeding US\$5,000,000 each in value or in aggregate will be reviewed and approved by the President/Chief Executive Officer.
- (c) Transactions exceeding US\$5,000,000 each in value or in aggregate in which the President/Chief Executive Officer has an interest in the transaction to be reviewed, will be reviewed and approved by the Executive Committee.
- (d) Transactions exceeding US\$100 million<sup>1</sup> each in value will be reviewed and approved by the Executive Committee.
- (e) Transactions less than S\$100,000 each in value or in aggregate, between SPC Group and Interested Persons relating to activities and services ancillary to the SPC Group's businesses, will be reviewed and approved by the designated management levels in accordance with the SPC Group's Internal Delegation of Authority.

All Interested Party Transactions shall be reviewed on a half-yearly basis or more frequently as appropriate by the Audit Committee.

---

**Note:**

<sup>1</sup> In the trading of crude oil and petroleum products, high-value transactions under US\$100 million are common and are usually secured by bids or tenders. Subject to the President/Chief Executive Officer having no interest in the transaction, the approval limit of US\$100 million for each transaction with Interested Persons by the President/Chief Executive Officer of the Company is consistent with SPC's existing guidelines on internal Delegation of Authority which was last revised by the Board in 2002.

4.2 In addition to the above guidelines, the following will also be undertaken:

- (a) The Company's Internal Audit Department, which reports to the Audit Committee, will periodically review the established guidelines and procedures for Interested Person Transactions to ensure compliance. The results of these reviews will be reported to the Audit Committee.
- (b) On the basis of these periodic reviews by the Internal Audit Department and in the event the Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that the Interested Person Transactions will be on the SPC Group's normal commercial terms and will not be prejudicial to the minority Shareholders, the Company will revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons.
- (c) Interested Person Transactions, each in value or in aggregate, equal to and exceeding S\$100,000 will be reviewed by the Internal Audit Department to ensure that such transactions are made on SPC Group's normal commercial terms for the applicable transactions and will not be prejudicial to the minority Shareholders. The results of the review will be reported to the Audit Committee.

#### 4.3 **Benefit**

The obtaining of the proposed Shareholders' Mandate and the renewal of the proposed Shareholders' Mandate on an annual basis would eliminate the need for the Company to make an immediate announcement and/or convene separate general meetings to seek Shareholders' approval as and when potential transactions with such Interested Persons arise, thereby reducing substantially the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company owing to the time-sensitive nature of commercial transactions.

The proposed Shareholders' Mandate is intended to facilitate transactions in the normal course of business of the SPC Group that are transacted from time to time with the specified class of Interested Persons, provided that they are carried out on the Company's normal commercial terms and are not prejudicial to the minority Shareholders.

The proposed Shareholders' Mandate, if approved at the EGM, will continue in force until the next Annual General Meeting of the Company. Approval from Shareholders will thereafter be sought for the renewal of the proposed Shareholders' Mandate at each Annual General Meeting or EGM subject to satisfactory review by the Audit Committee of its continued application to the Interested Person Transactions.

Disclosure will also be made in the Company's Annual Report of the aggregate value of the Interested Person Transactions conducted pursuant to the proposed Shareholders' Mandate during the financial year and in the Annual Reports for the subsequent financial years that the Shareholders' Mandate is renewed and continues in force."

*This page has been intentionally left blank.*

