



**SINGAPORE PETROLEUM COMPANY LIMITED**

(Incorporated in the Republic of Singapore)

**ADDENDUM TO THE  
NOTICE OF ANNUAL GENERAL MEETING  
DATED 12 APRIL 2004**

**THIS ADDENDUM IS IMPORTANT. PLEASE READ IT CAREFULLY.**

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## ADDENDUM

**Note:** 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 Addendum.

### 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 1999 (incorporating the amendments adopted at the AGM held on 14 May 2003) was renewed on 14 May 2003 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 2003.
- 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 this Addendum and Annexure A to this Addendum.
- 1.4 The Directors propose that the Shareholders’ Mandate be renewed at the forthcoming AGM in the terms of the Ordinary Resolution No. 9 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 2004, 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 2005 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. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

- 2.1 The types of transactions with Interested Persons referred to in Annexure A to this Addendum to which the Shareholders’ Mandate applies, comprise the following recurrent transactions of a revenue or trading nature or those necessary for the SPC Group’s day-to-day operations:
  - (a) refining and processing of crude oil;
  - (b) trading of crude oil and petroleum products;
  - (c) marketing of petroleum products;

- (d) provision of petroleum products storage;
  - (e) shipment and transportation of crude oil and petroleum products; and
  - (f) activities and services ancillary to the SPC Group's businesses.
- 2.2 Examples of activities and services ancillary to the SPC Group's businesses include management and support services, treasury transactions, seminar fees, and computer processing charges on share ownership scheme.
- 2.3 Management and support services relate to the receipt of such services from any Interested Person in the areas of finance, treasury, governmental relations, business development, management information systems, human resources, accounting, legal, corporate secretarial, public relations, tax, internal audit, community services, event sponsorship and other administrative services including computer-based services.
- 2.4 Treasury transactions comprise the placement and borrowing of funds, foreign exchange, swap and option transactions with any Interested Person.

### 3. **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 Addendum:

- (a) classes of Interested Persons;
- (b) the rationale and benefit of the Shareholders' Mandate to the Company; and
- (c) the methods or procedures for Interested Person Transactions.

### 4. **AUDIT COMMITTEE'S STATEMENTS**

4.1 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 Addendum ("**Review Procedures**") have not changed since Shareholders approved the Shareholders' Mandate at the AGM held on 14 May 2003; 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.

4.2 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.

## 5. DIRECTORS' RECOMMENDATION

- 5.1 The Directors (except for Messrs Choo Chiau Beng and Teo Soon Hoe who are 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. 9 relating to the renewal of the Shareholders' Mandate to be proposed at the forthcoming AGM.
- 5.2 In accordance with the requirements of Chapter 9 of the Listing Manual, each of KCL, KOGS, Temasek Holdings (Private) Limited and Kapital Asia Company 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.

## 6. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND DIRECTORS

As at 15 March 2004, 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	50,000	–
Koh Ban Heng	200	–
Cheng Hong Kok	30,000	–
Substantial Shareholders	Number of Shares	
	Direct Interest	Deemed Interest
Temasek Holdings (Private) Limited	–	207,855,198 <sup>(i)</sup>
Keppel Corporation Limited	–	207,474,598 <sup>(ii)</sup>
Keppel Oil and Gas Services Pte Ltd	207,474,598	–
Kapital Asia Company Limited	–	124,377,000 <sup>(iii)</sup>

### Notes:

- (i) By operation of Section 7 of the Companies Act, Temasek Holdings (Private) Limited is deemed to be interested in the 207,855,198 shares held by Keppel Group, PSA Group, Singapore Pools (Pte) Ltd and Singapore Technologies Group.
- (ii) By operation of Section 7 of the Companies Act, Keppel Corporation Limited is deemed to be interested in the 207,474,598 shares held by Keppel Oil and Gas Services Pte Ltd.
- (iii) Pursuant to declarations made by Kapital Asia Company Limited, it is deemed to be interested in 124,377,000 shares held by United Overseas Bank Nominees Pte Ltd and UOB Kay Hian Pte Ltd.

## 7. 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 the normal business hours from the date of this Addendum up to the date of the forthcoming AGM.

## 8. DEFINITIONS

The following definitions, or such other definition as the SGX-ST may from time to time determine, shall apply throughout this Addendum (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 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.

**EXTRACTS FROM THE CIRCULAR TO SHAREHOLDERS DATED 30 MAY 1997  
AS AMENDED BY THE UPDATES TO THE CIRCULAR**

**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 sub-paragraphs (a) and (b) above) and their respective associates.”

**Rationale and Benefit to the Company**

**“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.”

**Methods and Procedures for Interested Person Transactions**

**“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, 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 Person Transactions shall be reviewed on a half-yearly basis or more frequently as appropriate by the Audit Committee.

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."

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<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 internal guidelines on Internal Delegation of Authority which was last revised by the Board in 2002.

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