

**APPENDIX DATED 11 APRIL 2023**

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**This Appendix is issued by Sinostar PEC Holdings Limited (the “Company”, together with its subsidiaries, the “Group”). If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of the Company (the “Shares”) held through the Central Depository (Pte) Limited (“CDP”), you need not forward this Appendix to the purchaser or the transferee as arrangements will be made by CDP for a separate Appendix to be sent to the purchaser or the transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should immediately forward this Appendix, the enclosed Notice of AGM and the Proxy Form to the purchaser or transferee, or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser or the transferee.

*Capitalised terms appearing on the cover of this Appendix have the same meanings as defined herein.*

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



**SINOSTAR PEC HOLDINGS LIMITED**

(Company Registration Number 200609833N)  
(Incorporated in the Republic of Singapore)

**APPENDIX TO THE NOTICE OF AGM**

in relation to

**THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR  
INTERESTED PERSON TRANSACTIONS**

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## DEFINITIONS

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- “2022 AGM”** : The AGM held on 28 April 2022, details of which are set out in the notice of AGM dated 13 April 2022
- “2022 EGM”** : The EGM held on 28 December 2022, details of which are set out in the notice of EGM dated 13 December 2022
- “2022 New IPT General Mandate”** : For the purposes of this Appendix, the Shareholder’s general mandate pursuant to Rule 920 of the Listing Manual authorising the Company, its subsidiaries and associated companies, which are considered to be “entities at risk” under Chapter 9 of the Listing Manual or any of them, in their ordinary course of businesses, to enter into categories of transactions with specific classes of the Company’s Interested Persons, which was adopted at the 2022 EGM
- “2022 Original IPT General Mandate”** : For the purposes of this Appendix, the Shareholder’s general mandate pursuant to Rule 920 of the Listing Manual authorising the Company, its subsidiaries and associated companies, which are considered to be “entities at risk” under Chapter 9 of the Listing Manual or any of them, in their ordinary course of businesses, to enter into categories of transactions with specific classes of the Company’s interested persons, which was last renewed at the 2022 AGM
- “2023 AGM”** : The Annual General Meeting of the Company to be held on Wednesday, 26 April 2023 at 10:00a.m.
- “AGM” or “Annual General Meeting”** : The annual general meeting of the Company
- “Appendix”** : This appendix dated 11 April 2023 to the Notice of AGM
- “associate”** : (a) In relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
  - (ii) 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
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30.0%) or more;
- (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any 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 thirty per cent. (30.0%) or more
- “Audit Committee”** : The audit committee of the Company as at the date of this Appendix, comprising Mr Jiang Xing Lu, Dr John Chen Seow Phun and Mr Zhao Jinqing

<b>“Board” or “Directors”</b>	:	The directors of the Company as at the date of this Appendix and <b>“Director”</b> shall be construed accordingly
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“CEO”</b>	:	The chief executive officer of the Company from time to time
<b>“CFO”</b>	:	The chief financial officer of the Company from time to time
<b>“Companies Act”</b>	:	The Companies Act 1967 of Singapore, as amended, modified and/or supplemented from time to time
<b>“Company”</b>	:	Sinostar PEC Holdings Limited
<b>“Constitution”</b>	:	The constitution or other regulations of the Company for the time being in force, as amended, modified and/or supplemented from time to time
<b>“Control”</b>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<b>“Controlling Shareholder”</b>	:	A person who: <ul style="list-style-type: none"> <li>(a) holds directly or indirectly fifteen per cent. (15.0%) or more of the total number of issued shares (excluding Treasury Shares) in the Company. The SGX-ST may determine that a person who satisfied this paragraph is not a controlling shareholder; or</li> <li>(b) in fact exercises Control over the Company</li> </ul>
<b>“Dongming Changshun”</b>	:	Dongming Changshun Transport Company Limited (东明县昌顺运输有限公司) which is an indirect subsidiary of the Company
<b>“Dongming Ganyu”</b>	:	Dongming County Changshun Transport Co., Ltd. Ganyu Branch Co. (东明县昌顺运输有限公司赣榆分公司) which is a branch office of Dongming Changshun located in Jiangsu province
<b>“Dongming Hengchang”</b>	:	Dongming Hengchang Petrochemical Co., Ltd. (东明恒昌化工有限公司) which is a wholly-owned subsidiary of the Company
<b>“Dongming Petrochem”</b>	:	Shandong Dongming Petrochem Group Co., Ltd. (山东东明石化集团有限公司), please refer to the diagram as set out in <b>Schedule 1</b> setting out Mr Li’s indirect shareholding interests in Dongming Petrochem
<b>“Dongming Petroleum Distribution Company”</b>	:	Dongming Petroleum Distribution Co., Ltd. (东明石油经销有限公司)
<b>“Dongming Petrochem Group”</b>	:	Dongming Petrochem, its existing and future subsidiaries, its holding company and the existing and future subsidiaries of the holding company of Dongming Petrochem, and any existing and future corporations in which Dongming Petrochem and such other related company or companies, taken together, have an interest (directly or indirectly) of thirty per cent. (30.0%) or more of that corporation’s equity capital
<b>“Dongming Qianhai”</b>	:	Dongming Qianhai Petrochemical Co., Ltd. (东明前海化工有限公司) which is a seventy per cent. (70%) owned subsidiary of the Company
<b>“EGM”</b>	:	The extraordinary general meeting of the Company
<b>“Executive Director”</b>	:	A Director of the Company, holding office in an executive capacity
<b>“Existing IPT General Mandate”</b>	:	The 2022 Original IPT General Mandate and the 2022 New General Mandate collectively

“Finance Department”	:	The finance department of the Company from time to time
“FY” or “Financial Year”	:	Financial year ended, or ending, as the case may be, 31 December
“FY2022”	:	Financial year ended 31 December 2022
“Group”	:	The Company and its subsidiaries
“Hong Li Yuan”	:	Shandong Hong Li Yuan Stock Limited Company (山东宏利源股份有限公司) (formerly known as Shandong Dongming Petrochemical Group Holdings Co., Ltd. (山东东明石化集团有限公司)), which holds 97.18% equity interest in Dongming Petrochem (the immediate holding company of the Dongming Petrochem Group) as at the Latest Practicable Date
“Intelligent People”	:	Intelligent People Holdings Limited which is a 57.79% shareholder of the Company
“Interested Person”	:	A Director, CEO or Controlling Shareholder of the Company or an associate of such Director, CEO or Controlling Shareholder, and for the purposes of this Appendix, the Dongming Petrochem Group and the Jiangsu Companies, and “Interested Person” means any of them
“Interested Person Transaction” or “IPT”	:	A transaction proposed to be entered into between an “entity at risk” (as defined in Chapter 9 of the Listing Manual) and an Interested Person
“IPT General Mandate”	:	The general mandate for Interested Person Transactions from Shareholders pursuant to Chapter 9 of the Listing Manual permitting the Company, its subsidiaries and associated companies which are considered to be “entities at risk” under Chapter 9 of the Listing Manual or any of them, to enter into the Interested Person Transactions with the Interested Persons
“IPT Independent Shareholders”	:	Shareholders who are deemed independent for the Proposed Renewal of the IPT General Mandate
“IPT Recommending Directors”	:	The Directors who are regarded as independent for the purposes of the Listing Manual and the Proposed Renewal of the IPT General Mandate, namely Mr Jiang Xing Lu, Dr John Chen Seow Phu, Mr Zhao Jinqing and Mr Liu Xiao Yan
“Jiangsu Companies”	:	Jiangsu Xinhai and Jiangsu Runghai collectively
“Jiangsu Runhai”	:	Jiangsu Runhai Oil Products Distribution Co., Ltd. (江苏润海油品销售有限公司), please refer to the diagram as set out in <b>Schedule 1</b> setting out Mr Li’s indirect shareholding interests in Jiangsu Runhai
“Jiangsu Xinhai”	:	Jiangsu Xinhai Petrochem Co., Ltd. (江苏新海石化有限公司), please refer to the diagram as set out in <b>Schedule 1</b> setting out Mr Li’s indirect shareholding interests in Jiangsu Xinhai
“Latest Practicable Date”	:	8 April 2023, being the latest practicable date prior to the printing of this Appendix
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified and/or supplemented from time to time
“LPG”	:	Liquefied petroleum gas
“Mr Li”	:	Mr Li Xiang Ping, Executive Chairman and CEO of the Company as at the date of this Appendix

“MTBE”	:	Methyl Tert-butyl Ether, a highly flammable liquid that is produced by converting methanol to MTBE, which is widely used as the oxygenated additive to improve the characteristics of petrol
“New Mandate Interested Persons”	:	Dongming Qianhai, the Jiangsu Companies, Qianhai Reli, Shandong Lianhua and Shandong Runze collectively
“Non-Executive Directors”	:	A director of the Company other than one who performs an executive function
“Notice of AGM”	:	The notice of the 2023 AGM dated 11 April 2023
“NTA”	:	Net tangible assets
“PRC”	:	The People’s Republic of China
“processed LPG”	:	A type of liquified petroleum gas supplied to end customers as a source of fuel after propylene is extracted from raw LPG
“Proposed Renewal of the IPT General Mandate”	:	The proposed renewal of the Existing IPT General Mandate, which is subject to Shareholders’ approval at the 2023 AGM, details of which are set out under <b>Section 2</b> of this Appendix
“Proxy Form”	:	The proxy form in respect of the 2023 AGM
“Qianhai Reli”	:	Dongming Qianhai Reli Co. Ltd. (东明前海热力有限公司), please refer to the diagram as set out in <b>Schedule 1</b> setting out Mr Li’s indirect shareholding interests in Qianhai Reli
“raw LPG”	:	A type of petroleum gas derived from the refining of crude and heavy oil, with propylene and other contents such as propane and alkene, which is usually stored in liquid form under moderate pressure
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended, modified and/or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shandong Lianhua”	:	Shandong Lianhua Energy Group Co., Limited (山东炼化能源集团有限公司), please refer to the diagram as set out in <b>Schedule 1</b> setting out Mr Li’s indirect shareholding interests in Shandong Lianhua
“Shandong Runze”	:	Shandong Runze Petrochemical Co., Ltd. (山东润泽化工有限公司), please refer to the diagram as set out in <b>Schedule 1</b> setting out Mr Li’s indirect shareholding interests in Shandong Runze
“Shares”	:	Ordinary Shares in the issued and paid-up capital of the Company
“Shareholders”	:	The registered holders of the Shares, except where the registered depositor is CDP, the term “ <b>Shareholders</b> ” shall, in relation to such shareholders, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
“Substantial Shareholder”	:	A person (including a corporation) who has an interest in one (1) or more voting shares of the Company and the total votes attached to that share, or those shares, is not less than five per cent. (5.0%) of the total votes attached to all the voting shares in the Company
“Treasury Shares”	:	Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and have since purchase been continuously held by the Company

## **Currencies, Units and Others**

“RMB”	:	Renminbi, the lawful currency of the PRC
“S\$” and “cents”	:	Singapore dollars and cents, the lawful currency of the Republic of Singapore
“%” or “per cent”	:	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The terms “**associated company**” and “**subsidiary**” shall have the same meanings ascribed to them in the Listing Manual and the Companies Act, as the case may be.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and used in this Appendix shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be, unless the context requires otherwise.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to “**persons**” shall, where applicable, include corporations.

Any reference to a time of day or date in this Appendix shall be a reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in the figures in this Appendix between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Unless otherwise stated, the exchange rate between RMB and S\$ as utilised in this Appendix was S\$1 to RMB5. This exchange rate should not be construed as a representation that the RMB amounts could have been, or could be, converted into S\$ at the rate stated, or at all, and *vice versa*.

# SINOSTAR PEC HOLDINGS LIMITED

(Company Registration Number 200609833N)  
(Incorporated in the Republic of Singapore)

## Directors

**Mr Li Xiang Ping** (Executive Chairman and CEO)  
**Mr Yan Tailing** (Executive Director and Deputy CEO)  
**Mr Li Zhi** (Non-Executive Director)  
**Dr John Chen Seow Phun** (Lead Independent Non-Executive Director)  
**Mr Zhao Jinqing** (Independent Non-Executive Director)  
**Mr Jiang Xing Lu** (Independent Non-Executive Director)  
**Mr Liu Xiao Yan** (Independent Non-Executive Director)

## Registered Office

30 Cecil Street  
#19-08 Prudential Tower  
Singapore 049712

11 April 2023

**To: The Shareholders of Sinostar PEC Holdings Limited**

Dear Sir/Madam

## 1. INTRODUCTION

### 1.1 2023 AGM

We refer to the Notice of the AGM of the Company dated 11 April 2023 convening the 2023 AGM to be held on 26 April 2023, and in particular, the Ordinary Resolution 7 under the heading "Special Business", in relation to the Proposed Renewal of the IPT General Mandate, as further elaborated in **Section 2** below.

### 1.2 This Appendix

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and explaining the rationale for, the Proposed Renewal of the IPT General Mandate, and to seek Shareholders' approval for the resolution in respect thereof to be tabled at the 2023 AGM.

### 1.3 SGX-ST

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Appendix.

### 1.4 Advice to Shareholders

**Shareholders who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.**

If a Shareholder has sold or transferred all your Shares represented by physical share certificate(s), you should immediately forward this Appendix, together with the Notice of AGM and the Proxy Form, to the purchaser or transferee, bank, stockbroker or other agents through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

### 1.5 Legal Adviser

Shook Lin & Bok LLP has been appointed as the legal adviser to the Company as to Singapore law in relation to the Proposed Renewal of the IPT General Mandate.



## 2. THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

### 2.1 The Existing IPT General Mandate

The Company currently has the following Existing IPT General Mandate in place:

- (a) at the 2022 AGM, Shareholders approved the renewal of the IPT General Mandate to enable the Company, its subsidiaries and associated companies which are considered to be “entities at risk” (as defined in Chapter 9 of the Listing Manual) to enter into certain Interested Person Transactions with the classes of interested persons as set out in the 2022 Original IPT General Mandate, and at the 2022 EGM, Shareholders approved the proposed amendments to the guidelines and review procedures in relation to (i) purchase of raw LPG from Dongming Petrochem Group, (ii) Sale of processed LPG to Dongming Petrochem Group and (iii) purchase of utilities, parts and components (including packaging materials) from Dongming Petrochem Group under the 2022 Original IPT General Mandate; and
- (b) at the 2022 EGM, the Company obtained the approval of the Shareholders for the adoption of the 2022 New IPT General Mandate to enable the Company, its subsidiaries and associated companies that are “entities at risk” (as defined in Chapter 9 of the Listing Manual) to enter into certain Interested Person Transactions with the classes of interested persons as set out in the 2022 New IPT General Mandate.

Particulars of the 2022 Original IPT General Mandate are set out in the Company’s appendix dated 13 April 2022, and the proposed amendments to the guidelines and review procedures as mentioned above under the 2022 Original IPT General Mandate and particulars of the 2022 New IPT General Mandate are set out in the Company’s circular dated 13 December 2022.

### 2.2 The Proposed Renewal of the Existing IPT General Mandate

The Existing IPT General Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the forthcoming 2023 AGM which is scheduled to be held on 26 April 2023.

Moving forward, the Group anticipates that there will continue to be recurrent transactions of a revenue and trading nature to be entered into with the Interested Persons. Accordingly, the Company is seeking to renew the Existing IPT General Mandate at the forthcoming 2023 AGM (the “**Proposed Renewal of the IPT General Mandate**”). The Proposed Renewal of the IPT General Mandate, if approved, will continue in force until the next AGM of the Company (unless revoked or varied by the Company in a general meeting). There is no change to the scope and terms of the Existing IPT General Mandate which is proposed to be renewed.

### 2.3 Requirements under Chapter 9 of the Listing Manual as to Interested Person Transactions

#### 2.3.1 Introduction

Chapter 9 of the Listing Manual governs transactions in which a listed company or any of its subsidiaries or associated companies (known as an “**entity at risk**”) enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

When Chapter 9 of the Listing Manual applies to a transaction when the value of that transaction alone or in aggregation with other transactions conducted with the same interested person during the same financial year is equivalent to or exceeds certain financial thresholds, the listed company is required to make an immediate announcement and may additionally be required to seek shareholders’ approval for that transaction.

For the purpose of Chapter 9 of the Listing Manual:

- (a) an “**entity at risk**” means:
  - (i) a listed company;
  - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
  - (iii) 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) have control over the associated company;
- (b) an “**associated company**” means a company in which at least twenty per cent. (20%) but not more than fifty per cent. (50%) of its shares are held by the listed company or group;
- (c) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual;
- (d) an “**interested person**” means:
  - (i) a director, chief executive officer or controlling shareholder of a listed company; or
  - (ii) an associate of such director, chief executive officer or controlling shareholder;
- (e) a “**controlling shareholder**” means a person who:
  - (i) holds directly or indirectly fifteen per cent. (15%) or more of the total number of issued shares excluding treasury shares and subsidiary holdings in a listed company (unless otherwise determined by SGX-ST); or
  - (ii) in fact exercises control over the listed company;
- (f) an “**associate**”:
  - (i) in relation to any director, chief executive officer or controlling shareholder (being an individual) means:
    - (A) his immediate family (i.e., spouse, child, adopted child, step-child, sibling and parent);
    - (B) 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
    - (C) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more; and
  - (ii) in relation to a controlling shareholder (being a company) means 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 thirty per cent. (30%) or more;
- (g) an “**interested person transaction**” means a transaction between an entity at risk and an interested person and a “transaction” includes (i) the provision or receipt of financial assistance, (ii) the acquisition, disposal or leasing of assets, (iii) the provision or receipt of services, (iv) the issuance or subscription of securities, (v) the granting of or being granted options and (vi) the establishment of joint ventures or joint investments, whether or not in the ordinary course of business and whether or not entered into directly or indirectly;

- (h) in interpreting the term “**same interested person**” for the purpose of aggregation as described in **Section 2.3.2** of this Appendix below, the following applies:
- (i) transactions between (a) an entity at risk and a primary interested person; and (b) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk with the same interested person. Transactions between (i) an entity at risk and a primary interested person; and (ii) an entity at risk and another primary interested person, are deemed to be transactions between an entity at risk with the same interested person if the primary interested person is also an associate of the other primary interested person; and
  - (ii) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person. If an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different; and
- (i) a “**primary interested person**” means persons or entities including, amongst others, a director, chief executive officer, or controlling shareholder of the issuer.

#### 2.3.2 Financial Thresholds, Disclosure Requirements and Shareholders’ Approval

Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9 of the Listing Manual, an immediate announcement and/or shareholders’ approval would be required in respect of these transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.

In particular, an immediate announcement is required where:

- (a) the value of a proposed transaction is equal to or exceeds three per cent. (3%) of the listed group’s latest audited consolidated NTA (the “**Threshold 1**”); or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than Threshold 1. In this instance, an announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year.

Shareholders’ approval (in addition to an immediate announcement) is required where:

- (a) the value of a proposed transaction is equal to or exceeds five per cent. (5%) of the listed group’s latest audited consolidated NTA (the “**Threshold 2**”); or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than Threshold 2. The aggregation will exclude any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

The abovementioned requirements for immediate announcement and shareholders’ approval do not apply to any transaction below S\$100,000. However, the Listing Manual provides that while transactions below S\$100,000 are not normally aggregated under Chapter 9 of the Listing Manual, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one (1) transaction.

Pursuant to Rule 909 of the Listing Manual, the value of a transaction is the amount at risk to the issuer. This is illustrated by the following examples:

- (a) in the case of a partly-owned subsidiary or associated company, the value of the transaction is the issuer's effective interest in that transaction;
- (b) in the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk;
- (c) in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. In the case of lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan; and
- (d) in the case that the market value or book value of the asset to be disposed of is higher than the consideration from an interested person, the value of the transaction is the higher of the market value or book value of the asset.

### 2.3.3 General Mandate

Part VIII of Chapter 9 of the Listing Manual allows a listed company, however, to seek a general mandate from its shareholders for recurrent transactions with interested persons where such transactions are of a revenue or trading nature or necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

### 2.4 **Rationale for, and Benefits of, the Proposed Renewal of the IPT General Mandate**

It is anticipated that in the ordinary course of business, transactions of a revenue or trading nature between the Company, its subsidiaries and associated companies and the Interested Persons are likely to occur from time to time.

The Proposed Renewal of the IPT General Mandate will enable the Company, its subsidiaries and associated companies to enter into certain types of transactions that are of a revenue or trading nature with the Interested Persons in the ordinary course of business without the need to convene a general meeting to seek Shareholders' approval each time when such potential transactions arise, provided that they are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. This will substantially reduce the time and expenses associated with the convening of general meetings, improve administrative efficacy, and allow resources and time to be focused towards other corporate and business opportunities.

### 2.5 **Classes of Interested Persons under the Proposed Renewal of the IPT General Mandate**

The IPT General Mandate, if renewed, will apply to the following classes of Interested Persons:

- (a) Dongming Petrochem, its existing and future subsidiaries, its holding company and the existing and future subsidiaries of the holding company of Dongming Petrochem, and any existing and future corporations in which Dongming Petrochem and such other related company or companies, taken together, have an interest (directly or indirectly) of thirty per cent. (30.0%) or more of that corporation's equity capital (the "**Dongming Petrochem Group**"); and
  - (b) Jiangsu Companies,
- (collectively, the "**Interested Persons**").

Mr Li, the Company's Executive Chairman and CEO as at the Latest Practicable Date, is a 99.61% shareholder of Hong Li Yuan, which holds 97.18% equity interest in Dongming Petrochem (the immediate holding company of the Dongming Petrochem Group).

The Jiangsu Companies are “Interested Persons” of the Company by way of Mr Li’s indirect shareholding in the Jiangsu Companies through Hong Li Yuan.

Please refer to the diagram as set out in **Schedule 1** to this Appendix for a detailed account of Mr Li’s indirect shareholding interests in the Dongming Petrochem Group.

## **2.6 Categories of Interested Person Transactions under the Proposed Renewal of the IPT General Mandate**

The Group envisages that in the ordinary course of their business, transactions between the Company, its subsidiaries and associated companies and the Interested Persons will be likely to occur from time to time. Such transactions would include:

- (a) purchase of raw LPG from the Dongming Petrochem Group;
- (b) sale of processed LPG to the Dongming Petrochem Group;
- (c) purchase of utilities, parts and components (including packaging materials) from the Dongming Petrochem Group;
- (d) provision of logistics and transport-related services and/or products to the Dongming Petrochem Group;
- (e) purchase of utilities<sup>1</sup> from, and offsetting costs of said purchase against sale of utilities<sup>2</sup> to the New Mandate Interested Persons
- (f) purchase of propylene, butene, ethylene and methanol from the Dongming Petrochem Group, and purchase of propylene from the Jiangsu Companies;
- (g) sale of recycled propylene to Dongming Qianhai; and
- (h) sale of products and procurement services through Dongming Petroleum Distribution Company.

The Group may transact with one (1) or more entities which are Interested Persons for each category of the Interested Person Transactions set out above.

## **2.7 Guidelines and Review Procedures under the Proposed Renewal of the IPT General Mandate**

In general, Interested Person Transactions shall be carried out on normal commercial terms which are consistent with the Group’s usual business practices and on terms that are not prejudicial to the interests of the Company and its minority Shareholders.

In particular, the Group has implemented the following procedures to ensure that the transactions with the Interested Persons are undertaken on an arm’s length basis and on normal commercial terms and establish a structured system of transparency and accountability in the Group’s transactions with these Interested Persons and that all IPTs with the Dongming Petrochem Group and Jiangsu Companies would be properly documented, accounted for and fully disclosed to the shareholders as necessary:

- (a) Purchase of raw LPG from the Dongming Petrochem Group
  - Transaction Volume
  - (i) The volume records will be reviewed and approved by the general manager of Dongming Hengchang, the CFO, or a Director, who does not have an interest, direct or indirect, or hold any executive position in Dongming Petrochem Group before they are forwarded to the finance department for processing of settlement.

<sup>1</sup> Utilities include fresh water, recycled water, condensation water, electricity, purified air, steam, fuel gas, nitrogen and hydrogen.

<sup>2</sup> Ibid.

#### Transaction Price

- (ii) For supplies that contain thirty per cent. (30.0%) or more of propylene per tonne of raw LPG, their pricing will be determined based on the average quoted selling price of three (3) unrelated suppliers of raw LPG (excluding transportation costs) for the month.

The three (3) unrelated suppliers will be selected randomly by the sales director of Dongming Hengchang from those who have had past transactions with Dongming Hengchang and their quoted prices are to be obtained weekly from the website of an independent industry data and information provider.

#### Transaction Settlement

- (iii) The partial payment, if any, will be set off against the month-end settlement. The approving authority for the partial payment (if any) and month-end settlement shall comprise any two (2) of the Directors, CFO, or the general manager of Dongming Hengchang, or such assigned senior management of the Group who is in charge of sales and procurement who do not have any interest, direct or indirect, or hold any executive position in Dongming Petrochem Group.

- (b) Sale of processed LPG to the Dongming Petrochem Group

#### Transaction Volume

- (i) The volume records will be reviewed and approved by the general manager of Dongming Hengchang, the CFO, or a Director, who does not have an interest, direct or indirect, or hold any executive position in Dongming Petrochem Group before they are forwarded to the finance department for processing of settlement.

#### Transaction Settlement

- (ii) The approving authority for the month-end settlement shall comprise any two (2) of the Directors, CFO, or the general manager of Dongming Hengchang, or such assigned senior management of the Group who is in charge of sales and procurement, who do not have any interest, direct or indirect, or hold any executive position in Dongming Petrochem Group.

- (c) Purchase of utilities, parts and components (including packaging materials) from the Dongming Petrochem Group

#### Transaction Volume

- (i) The volume records will be reviewed and approved by the general manager of Dongming Hengchang, the CFO, or a Director, who does not have an interest, direct or indirect, or hold any executive position in Dongming Petrochem Group before they are forwarded to the finance department for processing of settlement.

#### Transaction Price

- (ii) The rates payable for the utilities will be determined at arm's length and having regard to the prevailing market rates, as set out in the report prepared by the local certified public accounting firm. As at the Latest Practicable Date, the utilities rates have been fairly stable in the last few years, from the commercial standpoint, the Company is of the view that it is feasible for the parties to rely on the report for the purpose of determining the utilities rates payable unless there are any material changes to the prevailing market rates, in which case both parties will re-negotiate the rates payable based on the then prevailing market rates.

#### Transaction Settlement

- (iii) The approving authority for the partial payment (if any) and month-end settlement shall comprise any two (2) of the Directors, CFO of the Company, or the general manager of Dongming Hengchang, or such assigned senior management of the Group who is in charge of sales and procurement who do not have any interest, direct or indirect, or hold any executive position in Dongming Petrochem Group.

- (d) Provision of logistics and transport-related services and/or products to the Dongming Petrochem Group

The Company's subsidiary, Dongming Changshun and its branch office, Dongming Ganyu, provide logistics and transport-related services and/or products to Dongming Petrochem Group as well as unrelated third parties. Such transport-related services and/or products include the provision of truck maintenance and repair services and transport services for petroleum goods. The prices charged by Dongming Changshun and Dongming Ganyu to Dongming Petrochem Group for the logistics and transport-related services and/or products will be determined on an arm's length basis by the respective sales departments of Dongming Changshun and Dongming Ganyu and approved by the general manager of Dongming Changshun, who has no interest, direct or indirect, in the transaction and does not hold any executive position in Dongming Petrochem Group. The terms offered to Dongming Petrochem Group shall not be more favourable than those extended to unrelated third parties, taking into account factors, including but not limited to fuel costs, overheads, total distance travelled, delivery volume, business relationships and payment terms.

Settlement for the provision of logistics and transport-related services and/or products also takes place at the end of each month.

- (e) Purchase of utilities from, and offsetting costs of said purchase against sale of utilities to the New Mandate Interested Persons

(i) The transaction volume of utilities supplied to the New Mandate Interested Persons for each month will be determined based on the relevant meter readings taken jointly and compiled by representatives from the Group and the respective New Mandate Interested Persons, in the form of a utilities consumption table (the "**Table**"), at the end each month. The Table prepared will be reviewed and approved by the general manager or such other authorised manager of the respective New Mandate Interested Persons and the CFO, Director or general manager of the respective Group company, who does not have an interest, direct or indirect, or hold any executive position in Dongming Petrochem Group, before they are forwarded to the finance department for processing of settlement.

(ii) The general manager of the respective New Mandate Interested Persons and the Group's assigned representative shall each sign off on the agreed settlement sheet (the "**Signed Confirmation**"), reflecting details including (without limitation to) the utilities provided and/or consumed and the respective costs incurred by each party for said consumption, which shall be prepared based on the Table. Generally, settlement of the utilities charges takes place at the end of each month. The approving authority for the month-end settlements shall comprise any two (2) of the Directors, the CFO of the Company or the general manager of respective the Group companies (who do not have an interest, direct or indirect, or hold any executive position in Dongming Petrochem Group).

(iii) The Group will continue its current practice of engaging a local certified public accounting firm every year to compare the utilities rates with those quoted by third-party suppliers and certify that the rates charged by the Group to the New Mandate Interested Persons were not lower than the prevailing market rates, represented by the quotes obtained by such local certified public accounting firm from select third party suppliers. The rates charged for the utilities will be determined at arm's length and having regard to the prevailing market rates, with reference to the report prepared by the local certified public accounting firm. The Company is of the view that it is feasible for the parties to make reference to the report for the purpose of determining the utilities rates payable unless there are any material changes to the prevailing market rates, in which case both parties will re-negotiate the rates payable based on the then prevailing market rates.

- (f) Purchase of propylene, butene, ethylene and methanol from the Dongming Petrochem Group and purchase of propylene from the Jiangsu Companies
- (i) Dongming Hengchang has entered into a framework agreement with the Jiangsu Companies and Dongming Qianhai for the supply of propylene, whereby Dongming Hengchang shall purchase part of the propylene produced by the Jiangsu Companies and Dongming Qianhai (the “**Propylene Purchase**”). In addition to propylene, the Group may also purchase butene, ethylene and methanol from companies within the Dongming Petrochem Group which are used for the production of premier-grade polypropylene and MTBE (collectively with the Propylene Purchase, shall be referred to herein as the “**Raw Materials Purchase**”);
- (ii) In determining the transaction price of the Raw Materials Purchase, the Company shall use the prevailing market price as a benchmark, and the following factors shall be taken into consideration (and for comparison):
- (A) at least three (3) prices quoted by other suppliers who are non-Interested Persons;
- (B) the quality of propylene, butene, ethylene and methanol supplied which shall be determined based on their purity levels (their purity levels will be derived from sample testing); and
- (C) all other relevant factors (e.g., costs of transport and taxation matters relating to the invoicing for these purchases).

#### Transaction Volume

- (iii) The transaction volume for each month will be determined based on the transaction records compiled and reconciled by both parties at the end of each month (the “**Transaction Record**”). The Transaction Records will be reviewed and approved by the general manager of Dongming Hengchang, the CFO or a Director, who does not have an interest, direct or indirect, or hold any executive position in Dongming Petrochem Group before they are forwarded to the finance department for processing of settlement.

#### Transaction Price

- (iv) The price per unit for the Raw Materials Purchase shall be calculated based on the prevailing market price for products with similar purity levels. The Raw Material Purchase price will be determined based on the average quoted selling price of three (3) unrelated suppliers of propylene, butene, ethylene and methanol of similar purity levels for the month. The three (3) unrelated suppliers will be selected randomly by the sales director of Dongming Hengchang from those who have had past transactions with Dongming Hengchang and their quoted prices are to be obtained weekly from the website of an independent industry data and information provider.

The key commercial rationale in respect of selecting these suppliers relates to the location of these suppliers, which will affect the costs of transporting the Company's purchases.

#### Settlement

- (v) It is not unusual in practice for suppliers to the Group to request for security like partial payments or even full payment for raw materials purchases prior to the actual delivery. With regards to the purchase of propylene and methanol from the Dongming Petrochem Group, although settlement generally takes place at the end of each month after the transaction volume and price are duly agreed upon by both parties, the respective companies within the Dongming Petrochem Group may request the Group to make partial payment for the propylene and methanol delivered or expected to be delivered prior to the month-end settlement. The amount of partial payment is usually



based on an estimated transaction volume and price for the month as agreed in writing by the parties when such requests are made, taking into account the average volume for the past three (3) months and the transaction price for the previous month. The partial payment, if any, will be set off against the month-end settlement. If the partial payment exceeds the month-end settlement, it will be refunded immediately upon confirmation of the amount of the month-end settlement. With regards to the purchase of butene and ethylene from the Dongming Petrochem Group, settlement takes place at the end of each month after the transaction volume and price are duly agreed upon by both parties. The approving authority for the partial payment (if any) and month-end settlement shall comprise any two (2) of the Directors, CFO, or the general manager of Dongming Hengchang, or such assigned senior management of the Group who is in charge of sales and procurement who do not have any interest, direct or indirect, or hold any executive position in Dongming Petrochem Group.

Similar to the arrangement which allows for partial payments for the purchase of raw LPG from Dongming Petrochem Group under the Existing IPT General Mandate, the key reason for providing for partial payments in relation to the purchase of propylene is due to the larger expected transaction sizes and thus, it is common practice for the suppliers to request for partial payments for raw material purchases delivered prior to the month-end settlement.

- (vi) Should the aggregate value of any partial payment and/or settlement exceed RMB80 million in a particular month, the Company shall seek approval for the partial payment and/or settlement from the Audit Committee. The aforesaid approval limit has been arrived at by the Group after taking into consideration the nature and size of the Interested Person Transactions, so as to provide for business efficiency and at the same time provide additional safeguards to ensure that transactions of exceptional amounts with the Interested Person are reviewed and approved by the Audit Committee.

The amount of RMB80 million which represents around 5.19% of the Group's latest audited NTA as at 31 December 2022 is derived by the Group based on 78% of its projected cost of purchasing propylene to fulfil the production capacity of its newly constructed polypropylene plant. Provided that the newly constructed polypropylene plant requires approximately 160,000 tonnes of propylene annually, its projected costs of purchase is approximately RMB100 million per month.

- (g) Sale of recycled propylene to Dongming Qianhai
  - (i) Dongming Hengchang has entered into a framework agreement with Dongming Qianhai for the supply of recycled propylene, whereby Dongming Hengchang shall supply recycled propylene, which is a by-product produced by Dongming Hengchang during its production of polypropylene, to Dongming Qianhai (the "**Recycled Propylene Sale**").

#### Transaction Volume

- (ii) The transaction volume for each month will be determined based on the transaction records compiled and reconciled by both parties at the end of each month (the "**Recycled Propylene Transaction Record**"). The Recycled Propylene Transaction Records will be reviewed and approved by the general manager of Dongming Hengchang, the CFO or a Director, who does not have an interest, direct or indirect, or hold any executive position in Dongming Petrochem Group before they are forwarded to the finance department for processing of settlement.

#### Transaction Price

- (iii) The price per unit for the recycled propylene shall be calculated based on eighty per cent. (80%) of the price per unit for the Propylene Purchase (which corresponds to the expected propylene content of such by-products) in the same month.

The Group derived the figure of eighty per cent (80%) of the price per unit for the Propylene Purchase from the fact that recycled propylene (which has a purity level of eighty per cent (80%)) would not meet industrial standards, and thus there is a lack of demand for recycled propylene. Provided that industrial standard propylene has a purity level of 99.5% purity, the Group is of the view that it is reasonable to purchase recycled propylene at a discounted price in reference to the price of industrial propylene.

#### Settlement

- (iv) Although settlement generally takes place at the end of each month after the transaction volume and price are duly agreed upon by both parties, Dongming Hengchang may request the respective Dongming Petrochem Group companies to make partial payment for the recycled propylene delivered prior to the month-end settlement. The amount of the partial payment will be based on an estimated transaction volume and price for the month, taking into account the average volume for the past three (3) months and the transaction price for the previous month.

The Group notes that this method of settlement is not provided under a framework agreement due to the low frequency of the Group's sale of recycled propylene coupled with the low transaction values. Accordingly, each transaction's settlement will take place in accordance with the foregoing at the end of each month and the likelihood of requiring partial payment for larger expected transaction sizes is low.

- (h) Sale of products and procurement services through Dongming Petroleum Distribution Company
  - (i) Pursuant to the Amended Master Co-operative Agreement entered into between Dongming Petroleum Distribution Company and Dongming Qianhai, Dongming Petroleum Distribution Company agrees, on a non-exclusive basis, to (a) as an agent of the Group, sell the products produced by the Group (including MTBE, purified isobutylene and polypropylene) at prevailing market prices and on a consignment basis, and (b) as an agent of the Group, provide procurement services to the Group for the procurement of raw materials such as propylene, methanol and ethylene at prevailing market prices.
  - (ii) The respective Group companies will be responsible for any credit risks for amounts due and payable from the end customers for the products sold through Dongming Petroleum Distribution Company and the general manager of the Group who is in charge of sales and procurement will be responsible for the credit risk management process.

#### Transaction Price

- (iii) Furthermore, to ensure that the selling prices/procurement cost of the products sold through/procured through Dongming Petroleum Distribution Company is in line with prevailing market prices, the General Manager of Dongming Hengchang or such assigned senior management of the Group who is in charge of sales and procurement will participate in the price determination process to ensure that the selling prices/procurement cost (taking into account the consignment/procurement fees which are derived from factors such as the costs of transport) is no less favourable to the Group as compared to selling/procuring such products directly or through unrelated third parties by obtaining three quotes from non-Interested Persons. Furthermore, Dongming Petroleum Distribution Company shall also provide the Group with access to the sale and purchase invoices of, and the right to review and monitor cash receipts from, the products sold/purchased through Dongming Petroleum Distribution Company, in order for the Group to ascertain that the selling prices/purchase costs are consistent with the Group's records for the purpose of the monthly-end settlements and for the Group to ascertain the amount of trade receivables that is outstanding (if any).

- (iv) The Audit Committee will assess on an annual basis whether it is necessary to negotiate for a revision of the consignment/procurement fees charged by the Dongming Petroleum Distribution Company to ensure that such fees are not higher than the then prevailing market rates for such services.

#### Settlement

- (v) Settlement of the aggregate sales proceeds collected for the products sold and raw materials purchased through Dongming Petroleum Distribution Company less the consignment/procurement fees payable to Dongming Petroleum Distribution Company will be done on a monthly basis but the Group may request for partial payments for products sold through Dongming Petroleum Distribution Company prior to the month-end. The approving authority for the partial payments and/or month-end settlements with Dongming Petroleum Distribution Company shall comprise any two persons (not being Interested Persons or their associates) holding the following positions:
  - (A) Executive Directors;
  - (B) CFO; or
  - (C) General manager of Dongming Hengchang or such assigned senior management of the Group who is in charge of sales and procurement.

### **2.8 General IPT Guidelines**

To ensure that the Interested Person Transactions are conducted on normal commercial terms consistent with the Group's usual business practices and on terms which are generally no more favourable than those extended to unrelated third parties, the Group will monitor all Interested Person Transactions by categorising the transactions as follows:

- (a) an Interested Person Transaction of a value equal to or more than three per cent. (3.0%) of the Group's latest audited NTA (the "**Category 1 Interested Person Transaction**") shall be approved by the Audit Committee prior to the entry into such transactions; and
- (b) an Interested Person Transaction of a value below three per cent. (3.0%) of the Group's latest audited NTA (the "**Category 2 Interested Person Transaction**") need not have the prior approval of the Audit Committee but shall be reviewed on a quarterly basis by the Audit Committee to ensure that they are carried out on normal commercial terms, in accordance with the procedures outlined above. All relevant non-quantitative factors such as the nature of services provided and prevailing market conditions will also be taken into account and recorded accordingly.

### **2.9 General Administrative Procedures for all IPTs**

The Company has also implemented the following procedures for the identification of Interested Persons and the recording of all Interested Person Transactions (including the Interested Person Transactions with the Dongming Petrochem Group and the Jiangsu Companies):-

- (a) the Company will set up a joint management committee for IPTs, which comprises an Executive Director, the CFO and the finance and legal affairs manager of the relevant subsidiaries of the Group. The joint management committee will meet every quarter to jointly review the (i) past monthly IPTs and (ii) proposed monthly IPTs for the next quarter, and update the Audit Committee on the outcome of such review. The purpose of such review is to ensure the Group's compliance with Chapter 9 of the Listing Manual by (i) ensuring adequate assessment of the past monthly IPTs, (ii) adequate planning with respect to proposed monthly IPTs, (iii) adequate supervision of the Group's compliance with Chapter 9 of the Listing Manual, (iv) ensuring that the employees, who may be involved in the execution and authorisation of IPTs, receive adequate training to enhance their knowledge, awareness and understanding of the Group's IPT compliance obligations pursuant to Chapter 9 of the Listing Manual;

- (b) the Finance Department will maintain a list of the Group's CEO, Directors and Controlling Shareholders and their direct and indirect business interests (including those held by their immediate family) based on quarterly declarations from the CEO, Directors and Controlling Shareholders, which is to be updated immediately if there are any changes. The list shall be disclosed to the relevant personnel (such as the board of directors, the procurement manager and marketing manager of each subsidiary) by email on a monthly basis to enable the identification of Interested Persons. The master list of Interested Persons shall be reviewed by the Audit Committee on a quarterly basis. This master list will also be circulated to the relevant persons (i.e., the Group's CEO, Directors, etc.) for their confirmation on a quarterly basis;
- (c) subsidiaries and associated companies of the Group are required to inform the Finance Department of any significant upcoming transactions with Interested Persons so as to obtain the prior approval of the Audit Committee or Shareholders, where necessary. The determination of significance is a decision made by the joint management committee, which will consider the nature (i.e., whether of a revenue and recurring nature) and the aggregate value of the transactions in comparison with previous transactions;
- (d) the Finance Department will maintain a register of all Interested Person Transactions pursuant to the IPT General Mandate, including the factors that have been taken into account in arriving at the purchase/sales terms and supporting documents). The CFO will review the aforesaid register of Interested Person Transactions on a quarterly basis and report to the Audit Committee if there are transactions which are not carried out in accordance with the aforesaid review procedures. Transactions below S\$100,000 shall be recorded and maintained in a separate register and submitted to the Audit Committee for review upon request;
- (e) the register of Interested Person Transactions will also be submitted to the Audit Committee for review on a quarterly basis as part of its standard procedures while examining the adequacy of the Group's internal controls including those relating to Interested Person Transactions;
- (f) in the event that the CFO, Director or a member of the Audit Committee (where applicable) has an interest in any Interested Person Transaction, he or she will abstain from reviewing and/or approving that particular transaction;
- (g) the Board will ensure that all disclosure requirements on Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with; and
- (h) the Audit Committee shall have overall responsibility for the determination of the review procedures and shall have the authority to delegate such responsibility to individuals or committees within the Company as they deem appropriate.

## **2.10 Internal Audit**

The Company's annual internal audit plan will incorporate a review of all Interested Person Transactions and if applicable, the adequacy of the internal control procedures established in respect of Interested Person Transactions. The internal auditors, being an external audit firm appointed or to be appointed by the Company, shall carry out such tests as they deem necessary on the Interested Person Transactions entered into pursuant to the IPT General Mandate. The internal audit report will be forwarded to the Audit Committee for review.

The Group and the Audit Committee will have members in the joint management committee, which meets at least twice per financial year to provide oversight over the Group's IPTs and to be kept informed of any internal audit observations on the IPT monitoring process.

## **2.11 Review by the Audit Committee**

The Audit Committee's review of all Interested Person Transactions, if any, will be done at least quarterly to ensure that they are carried out at arm's length and in accordance with the procedures outlined above. Such review includes the examination of the transactions and their supporting documents or such other data deemed necessary by the Audit Committee. In its review, the Audit Committee will take into account all relevant non-quantitative factors. The Audit Committee may request for additional information pertaining to the transaction under review from independent sources, advisers or valuers as they deem fit.

The Audit Committee shall also review the annual internal audit report on Interested Person Transactions to ascertain that the established review procedures to monitor Interested Person Transactions have been complied with.

In the event a member of the Audit Committee is interested in any Interested Person Transaction, he will abstain from participating in the review and approval process in relation to that particular transaction. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee.

If during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the existing guidelines and review procedures as stated above have become inappropriate or insufficient to ensure that the Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek approval from Shareholders for a fresh mandate based on new guidelines and review procedures for transactions to be entered into with the Interested Person. During the period prior to obtaining a fresh mandate from Shareholders, all transactions with Interested Persons will be subject to prior review and approval by the Audit Committee.

## **2.12 Validity Period of the IPT General Mandate**

If approved by Shareholders at the forthcoming 2023 AGM, the IPT General Mandate will take effect from the date of the passing of the ordinary resolution for the Proposed Renewal of the IPT General Mandate, to be proposed at the 2023 AGM, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next AGM of the Company is held or is required by law to be held, whichever is the earlier. The Company will seek the approval of Shareholders for further renewal of the IPT General Mandate at each subsequent AGM. The further renewal of the IPT General Mandate shall be subject to the satisfactory review by the Audit Committee of its continued need and the adequacy of the review procedures for the transactions.

## **2.13 Disclosure of IPT in Financial Statements and Annual Report**

The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT General Mandate for the financial periods which the Company is required to report on pursuant to Rule 705 of the Listing Manual and within the time required for the announcement of such report.

Disclosure will be made in the annual report of the Company of the aggregate value of transactions conducted with Interested Persons pursuant to the IPT General Mandate during the financial year, and in the annual reports for subsequent financial years that the IPT General Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

These disclosures will be in the form set out in Rule 907 of the Listing Manual.

### 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the capital of the Company as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Directors</b>						
Li Xiang Ping	–	–	369,898,500	57.79% <sup>(2)</sup>	369,898,500	57.79%
Yan Tailing	–	–	–	–	–	–
Li Zhi	–	–	–	–	–	–
Dr Chen Seow Phun, John	–	–	–	–	–	–
Zhao Jinqing	–	–	–	–	–	–
Jiang Xing Lu	–	–	–	–	–	–
Liu Xiao Yan	–	–	–	–	–	–
<b>Substantial Shareholder(s) (other than Directors) [*SLB: Company to verify whether the figures are correct.]</b>						
Intelligent People Holdings Limited	329,996,500	51.56%	39,902,500	6.23% <sup>(3)</sup>	369,898,500	57.79%
UBS Group AG	–	–	56,320,400	8.8% <sup>(4)</sup>	56,320,400	8.8%

#### Notes:

- (1) The above percentages are calculated based on the total number of 640,000,000 Shares (excluding Treasury Shares) as at the Latest Practicable Date, and rounded to the nearest two (2) decimal places.
- (2) Intelligent People Holdings Limited is deemed to be interested in 39,902,500 Shares held on its behalf under the name of its nominee – Philip Securities Pte. Ltd.
- (3) Mr Li Xiang Ping, by virtue of the provisions of Section 7 of the Companies Act, is deemed to have an interest in the aggregate number of 369,898,500 Shares that Intelligent People is interested or deemed to be interested in, due to his 100.0% shareholding interest in Intelligent People.
- (4) UBS Group AG, by virtue of the provisions of Section 7 of the Companies Act, is deemed to have an interest in the aggregate number of 56,320,400 Shares that UBS AG is interested in.

### 4. ABSTENTION FROM VOTING

Rule 919 of the Listing Manual requires that Interested Persons and their associates must not vote on any Shareholders' resolutions approving a mandate in respect of any Interested Persons Transactions.

Mr Li who is the Executive Chairman and CEO of the Company as at the Latest Practicable Date is also deemed to have an interest in the aggregate number of 369,898,500 Shares, which Intelligent People is interested in or deemed to be interested in, due to his 100.0% shareholding interest in Intelligent People, will abstain, and procure that Intelligent People and all its other associates will abstain, from voting, in respect of Ordinary Resolution 7, being the ordinary resolution in relation to the Proposed Renewal of the IPT General Mandate to be proposed at the 2023 AGM and will not accept nominations as proxy or otherwise for voting at the 2023 AGM in respect of the Ordinary Resolution 7 as set out in Notice of AGM unless the IPT Independent Shareholders appointing them as proxies give specific instructions in the relevant proxy form in the manner in which they wish their votes to be cast for the Ordinary Resolution 7.

### 5. AUDIT COMMITTEE'S STATEMENTS

The Audit Committee of our Company (currently comprising Mr Jiang Xing Lu, Dr John Chen Seow Phun and Mr Zhao Jinqing) confirms that:

- (a) the methods or procedures for determining transaction prices under the Existing IPT General Mandate have not changed since the last Shareholders' approval obtained at the 2022 AGM and 2022 EGM respectively; and

- (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

However, if, during the periodic reviews by the Audit Committee, it is of the view that the established guidelines and procedures for the IPT General Mandate are no longer appropriate or adequate to ensure that the Interested Person Transactions will be transacted on an arm's length basis and on normal commercial terms and would be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from the Shareholders based on new guidelines and procedures.

## **6. DIRECTORS' RECOMMENDATIONS**

Having considered, among others, the terms of, and rationale for, the Proposed Renewal of the IPT General Mandate, and the benefits to the Group, the IPT Recommending Directors are of the view that the Proposed Renewal of the New IPT General Mandate is in the interests of the Company and accordingly, recommend that the IPT Independent Shareholders vote in favour of the ordinary resolution relating to the Proposed Renewal of the IPT General Mandate as set out in the Notice of AGM.

## **7. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Renewal of the IPT General Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, 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 the Appendix in its proper form and context.

## **8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, during normal business hours from the date hereof up to and including the date of the 2023 AGM:

- (a) the Constitution of the Company; and
- (b) the annual report of the Company for FY2022.

Yours faithfully  
For and on behalf of the Board of Directors of  
**SINOSTAR PEC HOLDINGS LIMITED**

Li Xiang Ping  
Executive Chairman and CEO

# SCHEDULE 1

## SHAREHOLDING INTERESTS OF MR LI AND THE SHAREHOLDING STRUCTURE OF THE DONGMING PETROCHEM GROUP AND THE JIANGSU COMPANIES

