

# IPCO INTERNATIONAL LIMITED

(Company Registration No. 199202747M)

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## Responses to SGX Queries dated 27 October 2015

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### **Query One:**

1. We note that the Company's computation of the relative figures pursuant to Rule 1006 of the Listing Manual is in relation to a "Disposal". Please clarify if the computation is in relation to an acquisition instead.

Should the computation be in relation to an acquisition, Rule 1006(a) of the Listing Manual is not applicable.

### **Response:**

As the computation is in relation to an acquisition, Rule 1006(a) is not applicable.

### **Query Two:**

2. As there may be a possibility of the relative figure (computed in accordance to Rule 1006(c) of the Listing Manual) exceeding 20% when Hubei Zhong Lian Huan Natural Gas Co., Ltd ("Hubei Zhong Lian Huan") enters into the subscription/investment transaction, Rule 1014 of the Listing Manual may as such be applicable.

Would the agreement between Hubei Zhong Lian Huan and Hai Yang Zhong Huan Natural Gas Co., Ltd be conditional upon shareholders' approval?

### **Response:**

Based on the computation on set in Rule 1006, the transaction does not exceed the 20% threshold for a "Major Transaction" that makes it subject to shareholders' approval. However, the transaction is one that mandates disclosure under Rule 1010 of the SGX-ST Listing Manual.

As disclosed in the announcement dated 27 October 2015, the transaction is predicated upon a verbal "right to invest" between China Environmental Energy Protection Investment Limited ("China Environmental") and its local partner.

The parties have also verbally agreed that:

1. The 90% of the total enlarged share capital should be fully paid up by Hubei Zhong Lian Huan on or before 1 August 2017;
2. Upon completion of the 90% subscription of the total enlarged Share Capital, Hubei Zhong Lian Huan would be the only large shareholder of the Company.
3. Other relevant conditions that both parties have verbally agreed are:
  - (a) Hubei Zhong Lian Huan shall provide a management team to manage and operate the proposed gas pipeline project (per the announcement made on 22 October 2015); and
  - (b) Hubei Zhong Lian Huan shall appoint 4 directors to the board of Hai Yang Zhong Huan. Including Mr. Xin, a total of 5 Directors would be appointed, and such appointees would have the authority to manage and operate the business of Hai Yang Zhong Huan.

Notwithstanding the above, the terms above can be amended or varied by either party to suit the commercial objectives and purposes of the parties. The parties may also decide to vary their respective subscription percentages or decline to participate in the subscription in accordance with their ability to contribute funds or due to other considerations.

As announced previously, the percentage of one of the relative figures pursuant to rule 1006(c) is 19.39%, and there is no requirement for the Company to seek shareholders' approval for the proposed subscription by Hubei Zhong Lian Huan.

In the event that the subscription is triggered by one of the key conditions, i.e., the securing of the build and operate management project for the 52.8 km natural gas pipeline and receiving stations in Shandong, or securing the distribution rights for the supply of gas into Hai Yang City, the Company will update the Rule 1006 calculation to ascertain if the relevant thresholds have been attained and will take appropriate action, including subjecting the subscription to shareholders' approval, if necessary.

The Company will continue to disclose appropriate updates on the transaction in a timely manner.

**By the Order of the Board**

Carlson Clark Smith  
Executive Director and Chief Financial Officer  
5 November 2015