

IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to the Offering Circular following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. ACCORDINGLY, THE NOTES MAY BE OFFERED (I) WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) ("REGULATION S") ("U.S. PERSON") TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) ("QIBS") IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), (II) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S OR (III) OTHERWISE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE U.S. STATE OR LOCAL SECURITIES LAWS. PROSPECTIVE PURCHASERS OF NOTES ARE HEREBY NOTIFIED THAT THE SELLER OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. FOR FURTHER DETAILS ABOUT ELIGIBLE OFFEREES, DEEMED REPRESENTATIONS AND TRANSFER AND RESALE RESTRICTIONS, SEE THE "NOTICE TO PURCHASERS AND HOLDERS OF REGISTERED GLOBAL NOTES AND TRANSFER RESTRICTIONS" AND "PLAN OF DISTRIBUTION" SECTIONS OF THE OFFERING CIRCULAR.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORIZED. THE INFORMATION HEREIN MAY NOT BE USED FOR ANY PURPOSE OTHER THAN FOR CONSIDERING THE PURCHASE OF THE NOTES.

FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE OFFERING CIRCULAR.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the notes, investors must (1) not be U.S. persons or (2) be a QIB. This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that (1) you are (i) not a U.S. person nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and, to the extent you purchase the notes described in this Offering Circular, you will be doing so pursuant to Regulation S under the Securities Act or (ii) a QIB, (2) you consent to delivery of such Offering Circular and any amendments and supplements thereto by electronic transmission and (3) you will only use this Offering Circular and the information herein for the purpose of considering an investment in the Notes.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Offering Circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such underwriter or such affiliate on behalf of SP PowerAssets Limited in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of DBS Bank Ltd., Deutsche Bank AG, Singapore Branch, Morgan Stanley Asia (Singapore) Pte., Oversea-Chinese Banking Corporation Limited and The Hongkong and Shanghai Banking Corporation Limited or any person who controls any of them or any director, officer, employee or agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this Offering Circular distributed to you in electronic format and the hard copy version available to you on request from DBS Bank Ltd., Deutsche Bank AG, Singapore Branch, Morgan Stanley Asia (Singapore) Pte., Oversea-Chinese Banking Corporation Limited and The Hongkong and Shanghai Banking Corporation Limited.

Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



SP PowerAssets Limited

(UEN 200302108D)

(incorporated with limited liability under the laws of Singapore)

S\$8,000,000,000

GLOBAL MEDIUM TERM NOTE PROGRAM

Under the Global Medium Term Note Program (the "Program") described in this Offering Circular, we, subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "Notes"). The aggregate nominal amount of Notes outstanding will not at any time exceed S\$8,000,000,000 (or the equivalent in other currencies), unless such amount is otherwise increased pursuant to the terms of the Program. The Notes are not guaranteed by any person, except as may be otherwise expressly stated in the relevant Pricing Supplement (as defined herein). This Offering Circular supersedes and replaces any previous offering circulars and any supplements thereto in relation to the Program.

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Unlisted series of Notes may also be issued pursuant to the Program. The relevant Pricing Supplement in respect of any series of Notes will specify whether or not such Notes will be listed on the SGX-ST (or any other stock exchange). There is no assurance that the application to the SGX-ST for the listing of the Notes of such series will be approved. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of SP PowerAssets Limited (the "Issuer" or the "Company"), its subsidiary companies (if any), its associated companies (if any) or such Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 10.

Notes of each series (as described in "Summary of the Program") to be issued in bearer form ("Bearer Notes" comprising a "Bearer Series") will initially be represented by interests in a temporary global Note or by a permanent global Note, in either case in bearer form (each a "Temporary Global Note" and a "Permanent Global Note", respectively), without interest coupons, which may be deposited on the relevant date of issue (the "Issue Date") with The Central Depository (Pte) Limited ("CDP"), subject to any restrictions or conditions which may be applicable (as specified in the relevant Pricing Supplement), or with a common depository on behalf of Clearstream Banking, *société anonyme* ("Clearstream") and Euroclear Bank S.A./ N.V. ("Euroclear") or any other agreed clearance system compatible with Euroclear and Clearstream. Interests in a Temporary Global Note will be exchangeable upon request, in whole or in part, for interests in a Permanent Global Note (each a "Global Note") on or after the date 40 days after the later of the commencement of the offering and the relevant Issue Date (the "Exchange Date"), upon certification as to non-U.S. beneficial ownership. Individual definitive Bearer Notes ("Definitive Bearer Notes") will only be available in certain limited circumstances as described herein.

Notes of each series to be issued in registered form ("Registered Notes" comprising a "Registered Series") sold in an "offshore transaction" to non-U.S. persons within the meaning of Regulation S ("Regulation S") under the U.S. Securities Act of 1933, as amended (the "Securities Act"), will initially be represented by interests in a global unrestricted Registered Note, without interest coupons (each a "Regulation S Global Note"), which may be deposited on the Issue Date with, and registered in the name of, CDP, subject to any restrictions or conditions which may be applicable (as specified in the relevant Pricing Supplement), or a common depository for, and registered in the name of a nominee of, Euroclear and Clearstream, or a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("DTC"). Beneficial interests in a Regulation S Global Note will be shown on, and transfers thereof will be effected only through, records maintained by CDP, Euroclear or Clearstream, or DTC. Notes of each Registered Series sold to a qualified institutional buyer ("QIB") within the meaning of Rule 144A under the Securities Act ("Rule 144A"), as referred to in, and subject to the transfer restrictions described in, "Plan of Distribution" will initially be represented by interests in a global restricted Registered Note, without interest coupons (each a "Restricted Global Note" and together with any Regulation S Global Notes, the "Registered Global Notes"), which will be deposited on the Issue Date with a custodian for, and registered in the name of a nominee of, DTC. Beneficial interests in a Restricted Global Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. See "Annex B—Global Clearance and Settlement". Individual definitive Registered Notes ("Definitive Registered Notes") will only be available in certain limited circumstances as described herein.

The Issuer has been assigned an overall corporate credit rating of "Aa2" by Moody's Investors Service, Inc. ("Moody's") and "AA" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's"). Notes issued under the Program may be rated or unrated. Where an issue of Notes is rated, such rating will not necessarily be the same as the rating(s) assigned to the Issuer. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or its possessions or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended (the "Internal Revenue Code")). See "Notice to Purchasers and Holders of Registered Global Notes and Transfer Restrictions".

This Offering Circular is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in any such Member State (the "Prospectus Directive") and/or Part VI of the United Kingdom Financial Services and Markets Act 2000 or otherwise.

Arrangers



Deutsche Bank
Deutsche Bank

Morgan Stanley
Morgan Stanley Asia (Singapore) Pte.

Dealers

DBS Bank Ltd.

Deutsche Bank

HSBC

Morgan Stanley

Oversea-Chinese Banking Corporation Limited



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In making an investment decision, you must rely on your own examination of our company, the terms of the Program and any of the terms and conditions of any series of Notes offered thereunder.

Notwithstanding anything herein to the contrary, each prospective purchaser (and each employee, representative or other agent of each prospective purchaser) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions contemplated by this Offering Circular, and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such U.S. tax treatment and U.S. tax structure. However, this authorization does not extend to information that may be required to be kept confidential in order to comply with applicable securities laws. Each prospective purchaser further acknowledges and agrees that it does not know or have reason to know that its or its employees', representatives' or other agents' use or disclosure of information relating to the U.S. tax treatment or U.S. tax structure of any transaction contemplated by this Offering Circular is limited in any manner.

By receiving this Offering Circular, you acknowledge that (i) you have been afforded an opportunity to request from us and to review, and have received, all information that you consider necessary to verify the accuracy of, or to supplement, the information contained in this Offering Circular, (ii) you have not relied on any Arranger or Dealer or any person affiliated with any Arranger or Dealer in connection with your investigation of the accuracy of any information in this Offering Circular or your investment decision and (iii) no person has been authorized to give any information or to make any representation concerning the issue or sale of the Notes or our company other than as contained in this Offering Circular and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Arrangers or the Dealers.

Certain information in this Offering Circular has been extracted from publicly available documents and information. None of such documents or publicly available information is incorporated by reference in this Offering Circular. We make no representation, express or implied, and do not accept any responsibility with respect to the accuracy or completeness of any information made publicly available, whether or not included in this Offering Circular.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination of such Notes shall be €100,000 (or its equivalent in any other currency as of the date of issue of the Notes).

We confirm, having made all reasonable inquiries, that this document contains all information with respect to our company and to the Notes that is material in the context of the issue and offering of any Notes under this Program, the statements contained in it relating to our company are true and accurate in all material respects and not misleading in any material respect, the opinions and intentions expressed in this Offering Circular with regard to our company are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to our company or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect and all reasonable inquiries have been made by us to ascertain such facts and to verify the accuracy of all such information.

No person has been authorized to give any information or to make any representation that is not contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by us, or any of the Dealers or any of the Arrangers. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in our financial position since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Program is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular or any Pricing Supplement and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by us, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Notes and distribution of this Offering Circular, see “Plan of Distribution” and “Notice to Purchasers and Holders of Registered Global Notes and Transfer Restrictions”. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The Arrangers and the Dealers have not separately verified the information contained in (or incorporated into) this Offering Circular. To the fullest extent permitted by law, none of the Arrangers or the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in (or incorporated into) this Offering Circular or for any statement, made or purported to be made, by any of the Arrangers or any of the Dealers or on its behalf in connection with our company or the issue and offering of the Notes. The Arrangers and the Dealers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of us, the Arrangers or the Dealers that any recipient of this Offering Circular or any other person should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arrangers or the Dealers undertakes to review our financial condition or affairs during the life of the arrangements contemplated by this Offering Circular nor to advise you of any information coming to the attention of any of the Arrangers or the Dealers.

In connection with the issue of any series of Notes, one or more Dealers named as stabilizing manager (the “Stabilizing Manager(s)”) (or persons acting on behalf of any Stabilizing Manager) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the relevant Issue Date. However, there is no assurance that the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant series of Notes is made and, if begun, may be discontinued at any time without notice, but it must end no later than the earlier of 30 days after the Issue Date of the relevant series of Notes and 60 days after the date of the allotment of the relevant series of Notes. Any stabilization action or over allotment must be conducted by the relevant Stabilization Manager(s) or person(s) acting on behalf of any Stabilization Manager(s) in accordance with all applicable laws and rules.

The Notes have not been and will not be registered under the Securities Act, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold or, in the case of Bearer Notes, delivered within the United States or its possessions or to, or for the account of benefit of, U.S. persons (as defined in the Internal Revenue Code).

The Notes are being offered and sold (1) outside the United States to non-U.S. persons in reliance on Regulation S, (2) within the United States or to, or for the account or benefit of, U.S. persons to QIBs in reliance on Rule 144A and/or (3) otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state and local laws. You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Offering Circular, see “Plan of Distribution” and “Notice to Purchasers and Holders of Registered Global Notes and Transfer Restrictions”.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

This Offering Circular is only being distributed to and is only directed at: (i) persons who are outside the United Kingdom; or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”); or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). In addition, there are restrictions on the offer and sale of the Notes in the United Kingdom. The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Circular or any of its contents. All applicable provisions of the Financial Services and Market Act 2000, as amended (the “FSMA”) with respect to anything done by any person in relation to the Notes in, from or otherwise involving the United Kingdom must be complied with. See “Plan of Distribution”.

In connection with the offering of any series of Notes, each Dealer is acting or will act for the Issuer in connection with the offering and no-one else and will not be responsible to anyone other than the Issuer for providing the protections afforded to clients of that Dealer nor for providing advice in relation to any such offering.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the “MAS”). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or

- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

For a description of other restrictions, see “Plan of Distribution” and “Notice to Purchasers and Holders of Registered Global Notes and Transfer Restrictions”.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955 (“RSA 421-B”), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated by reference and is to be read and construed on the basis that such documents are so incorporated. The following documents shall be incorporated in, and form part of, this Offering Circular:

- (a) all supplements or amendments to this Offering Circular circulated by the Issuer from time to time, including each relevant Pricing Supplement;
- (b) any announcements of the Issuer made via SGXNET; and
- (c) all documents issued by the Issuer and specified in a supplement or amendment to this Offering Circular as being incorporated by reference in this Offering Circular.

All documents incorporated by reference will be available, free of charge, from the offices of the Paying Agent (as defined herein) in Singapore.

AVAILABLE INFORMATION

We have agreed that, for so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

ENFORCEMENT OF CIVIL LIABILITIES

We are a company incorporated in Singapore. All of our directors and executive officers (and certain of the parties named in this Offering Circular) reside outside the United States, and all or a substantial portion of our assets and such persons are located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon us or such persons, or to enforce against us or such persons outside of the United States courts judgments obtained in United States courts including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States. We have, however, appointed CT Corporation System, 111 Eighth Avenue, New York, New York 10011 as our authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Notes (other than Notes expressed to be governed by the laws of Singapore) that may be instituted in any federal or state court in the City of New York or brought under U.S. federal or state securities laws. Furthermore, a judgment for money in an action based on such Notes in a federal or state court in the United States ordinarily would be enforced in the United States only in U.S. dollars. The date used by such a court to determine the rate of conversion of Singapore dollars into U.S. dollars will depend on various factors, including which court renders the judgment. Under Section 27 of the New York Judiciary Law, a state court in the State of New York rendering a judgment on Notes denominated in Singapore dollars would be required to render such judgment in Singapore dollars, and such judgment would be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment. Judgments of United States courts based upon the civil liability provisions of the federal securities laws of the United States may not be enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical facts included in this Offering Circular, including, without limitation, those regarding the Issuer’s financial position, business strategy, plans and objectives of management for future operations relating to the Issuer’s products and business, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Among the important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the condition of and changes in the local, regional or global economy that result in a reduction of the requirement for electricity or electricity transmission and distribution services in Singapore, changes in Government regulation and licensing of our business activities in Singapore, and increased competition in the electricity transmission and distribution industry in Singapore. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Industry and Regulation”, “Our Business” and “The Manager and its Employees”. These forward-looking statements speak only as of the date of this Offering Circular. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Given the uncertainties of forward-looking statements, we cannot assure you that projected results or events will be achieved and we caution you not to place undue reliance on such statements.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

SP PowerAssets maintains its financial books and records in Singapore dollars and in accordance with the Singapore Financial Reporting Standards (“SFRS”), which differs in certain respects from International Financial Reporting Standards (“IFRS”) and generally accepted accounting principles in the United States (“U.S. GAAP”). As a result, SP PowerAsset’s financial statements and reported earnings could be different from those which would be reported under IFRS or U.S. GAAP. Such differences may be material. This Offering Circular does not contain a reconciliation of SP PowerAssets’ financial statements to IFRS or U.S. GAAP nor does it include any information in relation to the differences between SFRS and IFRS or U.S. GAAP. Had the financial statements and other financial information been prepared in accordance with IFRS or U.S. GAAP, the results of operations and financial position may have been materially different. In making an investment decision, investors must rely upon their own examination of SP PowerAssets, the terms of the particular series of Notes and the financial information relating to SP PowerAssets. Potential investors should consult their own professional advisors for an understanding of these differences between SFRS and IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

In this Offering Circular, we utilize certain non-SFRS financial measures and ratios, including “EBITDA” and “EBITDA margin”, each with the meanings and as calculated as set forth in “Selected Financial, Operating and Other Data”. These measures are presented because we believe that they and similar measures are widely used in the markets in which we operate as a means of evaluating a company’s operating performance and financing structure. These measures may not be comparable to other similarly titled measures of other companies and are not measurements under SFRS, IFRS or U.S. GAAP, or other generally accepted accounting principles, nor should they be considered as substitutes for the information contained in our historical financial statements prepared in accordance with SFRS include in this Offering Circular.

Unless otherwise specified or the context otherwise requires, in this Offering Circular references to “km” are to kilometers; references to “kWh”, “GWh” and “MWh” are to kilowatt-hours, gigawatt-hours and megawatt-hours, respectively; references to “kVA” are to kilovolt-amperes; references to “kW” and “MW” are to kilowatts and megawatts, respectively; references to “U.S.\$” or “U.S. dollars” are to the lawful currency of the United States of America; references to “Singapore” are to the Republic of Singapore; references to “S\$” or “Singapore dollars” are to the lawful currency of the Republic of Singapore; references to “£” or “sterling” are to pounds sterling, the lawful currency of the United Kingdom; and references to the “Government” are to the Government of the Republic of Singapore.

For the convenience of the reader, this Offering Circular contains translations of some Singapore dollar amounts into U.S. dollars as of and for the period ending March 31, 2015 based on the exchange rate of S\$1.37 per U.S.\$1.00, which was the noon buying rate in the City of New York as certified for customs purposes by the Federal Reserve Bank of New York for cable transfers (the “Noon Buying Rate”) for Singapore dollars on March 31, 2015. However, such translations should not be construed as representations that Singapore dollar amounts have been, could have been or could be converted into U.S. dollars at that or any other rate. The Noon Buying Rate for Singapore dollars on July 2, 2015 was S\$1.3490 per U.S.\$1.00. See “Exchange Rates”.

See “Annex A—Glossary” for a description of certain technical terms commonly used in the electricity transmission and distribution business. Singapore Power Limited has licensed its trademarks to us.

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information and financial statements contained or referred to elsewhere in this Offering Circular, including the sections regarding “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Industry and Regulation”, “Our Business” and “The Manager and its Employees”.

Unless the context otherwise requires, in this Offering Circular “we”, “us”, “our”, “ourselves”, “our company”, “the Company”, “the Issuer” and “SP PowerAssets” refer to SP PowerAssets Limited. References to the “Singapore Power Group” are to Singapore Power Limited (our parent company) and its subsidiaries, taken as a whole, and references to “SP PowerGrid” or “the Manager” are to SP PowerGrid Limited, the management company that operates our business. “Fiscal Year” refers to our respective fiscal years ended March 31.

Overview

We are the sole provider of electricity transmission and distribution services in Singapore and we own and maintain the electricity transmission and distribution network that delivers power to substantially all electricity consumers in Singapore. As of March 31, 2015, we served approximately 162,000 industrial and commercial electricity consumers and approximately 1.28 million domestic electricity consumers in Singapore. We transmit electricity generated by third parties through our high-voltage, wholly-underground transmission network and distribute that electricity through our lower-voltage, predominantly-underground distribution network to our consumers.

We were issued a Transmission License dated November 3, 2003 by the Energy Market Authority of Singapore (the “EMA”). The EMA may terminate our Transmission License by giving us 25 years’ notice, or otherwise in accordance with the Electricity Act.

As of March 31, 2015, our transmission and distribution network within Singapore comprised:

- ✓ more than 21,300 km of cable circuits, which are primarily underground;
- ✓ a network of 400kV, 230kV and 66kV transmission facilities, which include substations, switchgear and transformers; and
- ✓ a network of 22kV, 6.6kV and 400V distribution facilities, which include substations, switchgear and transformers.

For a description of the volume of electricity which we transmit and distribute, please see “Selected Financial, Operating and Other Data—Our Operations”.

We achieved reliability benchmarks (comprising SAIDI and SAIFI) which compare favorably with other transmission and distribution networks.

Our business is subject to extensive regulation. Our network tariffs for the transmission and distribution of electricity are regulated and approved by the EMA pursuant to regulatory price controls. Based on an average taken from Fiscal Years 2013 and 2014, 94.2% of our annual revenue and other income was derived from our regulated transmission revenue, and for Fiscal Year 2015, the percentage was 94.8%. Our future revenue, which are regulated by the EMA, are computed as the value of our regulated asset base multiplied by our regulatory weighted average cost of capital (“WACC”), to which operating expenses, depreciation and taxes are added. For a description of the WACC and our regulated asset base, please refer to “Our Business—Our Tariff Regulatory Framework—Performance-Based Regulation and Price Controls set by the EMA”. In addition, the EMA has imposed the Standards of Performance scheme (the “SOP Scheme”) since August 2004. The SOP Scheme is an incident-based penalty only performance scheme. Please refer to a detailed discussion in “Our Business—Our Tariff Regulatory Framework—Network Performance Scheme”.

We have been assigned an overall corporate credit rating of “Aa2” by Moody’s and “AA” by Standard & Poor’s.

Business Strengths

We believe that the following are our key business strengths that should establish a solid platform for us to execute our business strategy:

- ✓ stable and predictable cash flows;
- ✓ regulatory regime with volume protection and incentives for efficiency gains;
- ✓ sole transmission and distribution network in Singapore;
- ✓ reliable network and technical performance; and
- ✓ access to an experienced management team.

Strategy

Our principal strategic objectives are to sustain earnings and to continue the improvement in our operational efficiencies. Building on our business strengths, we have developed the following principal plans and strategies to achieve these objectives:

- ✓ proactive regulatory management of our business to maximize our financial performance and maintain predictable cash flows;
- ✓ pursue operational efficiencies in the use of our regulated asset base;
- ✓ minimize financial risk through prudent financial management; and
- ✓ maintain high network reliability and quality service.

We were incorporated with limited liability under the laws of Singapore on March 7, 2003 and were assigned company registration number 200302108D. Our registered offices are located at 10, Pasir Panjang Road, #03-01 Mapletree Business City, Singapore 117438, +65 6378 8888. The management company that operates our business, SP PowerGrid Limited, was incorporated as a limited liability company under the laws of Singapore on July 23, 2003.

SUMMARY OF THE PROGRAM

The following general summary does not purport to be complete and is qualified in its entirety by the more detailed information provided elsewhere in this Offering Circular and, in relation to the terms and conditions applicable to a particular series of Notes, by the relevant Pricing Supplement. This summary is derived from and should be read in conjunction with the Indenture and, as the case may be, the Supplemental Trust Deed relating to the Notes. The terms and conditions of the Indenture and, as the case may be, the Supplemental Trust Deed prevail to the extent of any inconsistency with the terms set out in this summary. Words and expressions used in this Summary of the Program and not otherwise defined shall have the meanings ascribed to such words and expressions appearing elsewhere in this Offering Circular.

Issuer	SP PowerAssets Limited.
Description.....	Global Medium Term Note Program.
Arrangers.....	DBS Bank Ltd., Deutsche Bank AG, Singapore Branch and Morgan Stanley Asia (Singapore) Pte.
Dealers	DBS Bank Ltd., Deutsche Bank AG, Singapore Branch, Morgan Stanley Asia (Singapore) Pte., Oversea-Chinese Banking Corporation Limited and The Hongkong and Shanghai Banking Corporation Limited. The Issuer may issue Notes to persons other than Dealers and may terminate the appointment of any Dealer or appoint further Dealers for a particular series of Notes or for the Program.
Trustee and Exchange Agent	The Bank of New York Mellon.
Paying Agent and Transfer Agent in New York	The Bank of New York Mellon.
Paying Agent (Euroclear / Clearstream).....	The Bank of New York Mellon, London Branch.
Paying Agent in Singapore	DBS Bank Ltd.
Registrar and Transfer Agent (DTC).....	The Bank of New York Mellon.
Registrar and Transfer Agent (Euroclear / Clearstream).....	The Bank of New York Mellon (Luxembourg) S.A.
Size.....	The maximum aggregate principal amount (or, in the case of Notes issued at a discount from the principal amount or Indexed Notes, the aggregate initial offering price, or in the case of Notes that may be paid in two or more installments, the aggregate initial offering price) of Notes outstanding at any time shall be S\$8,000,000,000 (or the equivalent amount in another currency calculated on the date the Issuer agreed to issue the relevant Notes or in accordance with the applicable Pricing Supplement), which amount may be increased pursuant to the Program Agreement.
Distributions.....	The Notes are being offered on a continuous basis by the Issuer through the Dealers. The Issuer may also sell Notes to the Dealers acting as principals for resale to investors or other purchasers and may also sell Notes directly on its own behalf. Notes may be distributed on a syndicated or non-syndicated basis. See “Plan of Distribution”.

Currencies	<p>Singapore dollars and, subject to compliance with all relevant laws, regulations and directives, such other currencies as may be agreed between the Issuer and the relevant Dealers and specified in the applicable Pricing Supplement (each a “Specified Currency”).</p> <p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements. See “Plan of Distribution”.</p>
Series	Notes will be issued in series, with all Notes in a series having the same maturity date and terms otherwise identical (except in relation to issue dates, interest commencement dates, issue prices and related matters). The Notes of each series will be interchangeable with all other Notes of that series.
Maturities	<p>Unless otherwise specified in the applicable Pricing Supplement, each Note will mature on a date three months or more from its date of original issuance, as selected by the relevant Dealer and agreed to by the Issuer and subject to such other minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.</p> <p>Any Notes in respect of which the issue proceeds are received by the Issuer in the United Kingdom and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons (i) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or (ii) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.</p>
Amortization	If specified in the applicable Pricing Supplement, the Notes will be redeemed in the Amortization Amounts and on the Amortization Dates set forth in the applicable Pricing Supplement.
Issue Price	Notes may be issued at an issue price which is at par or at a discount to, or at a premium over, par, and on a fully-paid or partly-paid basis.
Forms of the Notes	Notes may be issued in bearer or in registered form, as specified in the applicable Pricing Supplement. Bearer Notes will not be exchangeable for Registered Notes, and Registered Notes will not be exchangeable for Bearer Notes.
	<p>Each series of Bearer Notes will initially be represented by a Temporary Global Note or a Permanent Global Note which, in each case, will be deposited on the Issue Date with CDP, subject to any restrictions or conditions which may be applicable (as specified in the relevant Pricing Supplement), or a common depository for Euroclear, Clearstream or any other agreed clearance system compatible with Euroclear and Clearstream. Interests in a Temporary Global Note will be exchangeable, upon request as described therein, for interests in either a Permanent Global Note or Definitive Bearer</p>

Notes (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement) upon certification of non-U.S. beneficial ownership as required by United States Treasury regulations (“U.S. Treasury Regulations”). A Permanent Global Note will be exchangeable, unless otherwise specified in the applicable Pricing Supplement, only in the limited circumstances described therein, in whole but not in part for Definitive Bearer Notes upon written notice to the Trustee. Any interest in a Temporary Global Note or a Permanent Global Note will be transferable only in accordance with the rules and procedures for the time being of CDP, Euroclear, Clearstream and/or any other agreed clearance system, as appropriate.

Bearer Notes that are issued in compliance with rules in substantially the same form as U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) for purposes of Section 4701 of the Internal Revenue Code (“TEFRA D”) must initially be represented by a Temporary Global Note.

Each series of Registered Notes that are sold outside the United States to non-U.S. persons in reliance on Regulation S will, unless otherwise specified in the applicable Pricing Supplement, be represented by a Regulation S Global Note, which will be deposited on or about its Issue Date with CDP, subject to any restrictions or conditions which may be applicable (as specified in the relevant Pricing Supplement), or a common depository for, and registered in the name of a nominee, of Euroclear and Clearstream, or a custodian for, and registered in the name of a nominee of, DTC. With respect to all offers or sales by a Dealer of an unsold allotment or subscription and in any case prior to the expiry of the Distribution Compliance Period, beneficial interests in a Regulation S Global Note of such series may be held only through Clearstream, Euroclear, CDP or DTC. Regulation S Global Notes will be exchangeable for Definitive Registered Notes only in the limited circumstances more fully described herein.

Any series of Registered Notes sold in private transactions to QIBs and subject to the transfer restrictions described in “Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions” will, unless otherwise specified in the applicable Pricing Supplement, be represented by a Restricted Global Note, which will be deposited on or about its Issue Date with a custodian for, and registered in the name of a nominee of, DTC. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described in the Indenture, to receive physical delivery of Definitive Registered Notes.

Notes initially offered and sold in the United States to institutional accredited investors pursuant to Section 4(a)(2) of the Securities Act or in a transaction otherwise exempt from registration under the Securities Act and subject to the transfer restrictions described in “Notice to Purchasers and Holders of Registered Global Notes and Transfer Restrictions” will be issued only in definitive registered form and will not be represented by a Global Note.

The Notes have been accepted for clearing and settlement through the facilities of DTC and/or Euroclear and Clearstream, as appropriate. In addition, application may be made to have the Notes of any series accepted for clearing and settlement through CDP. See “Annex B—Global Clearance and Settlement”.

Interest Rates..... Interest bearing Notes may be issued either as Fixed Rate Notes, Floating Rate Notes or Variable Rate Notes. Interest on Floating Rate Notes will be determined with reference to one or more of the Commercial Paper Rate, the Prime Rate, the CD Rate, the Federal Funds Rate, EURIBOR, LIBOR, SIBOR, the Swap Rate, the Treasury Rate, the CMT Rate or another interest rate basis, each as adjusted by the Spread and/or Spread Multiplier, if any, as set forth in the applicable Pricing Supplement. Any Floating Rate Note may also have a maximum and/or minimum interest rate limitation. See “Description of the Notes”.

Withholding Tax..... The principal of, and interest on, Notes denominated in currencies other than Singapore dollars will be payable by the Issuer without withholding or deductions for, or on account of, taxes, except as otherwise required by law. If the Issuer is required by Singapore or any other relevant taxing jurisdiction to deduct or withhold any such taxes, the Issuer will, subject to certain exceptions, be required to pay such additional amounts as necessary to enable holders of Notes denominated in currencies other than Singapore dollars to receive, after such deductions or withholding, the amounts they would have received in the absence of such withholding or deductions. The Issuer is not required to reimburse such amounts to holders of Singapore dollar denominated Notes. See “Description of the Notes—Payments of Additional Amounts”.

In making an investment decision, you are strongly recommended to consult your own professional advisors in respect of the tax implications of holding Notes. See “Certain Tax Considerations”.

Denominations Notes will be issued in the denominations indicated in the applicable Pricing Supplement (the “Specified Denomination(s)”), except that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Notes in registered form sold pursuant to Rule 144A shall be issued in denominations of U.S.\$200,000 (or its equivalent in any other currency) and higher integral multiples of U.S.\$1,000 (or its equivalent as aforesaid) or the higher denomination or denominations specified in the applicable Pricing Supplement. Definitive Registered Notes sold in the United States to institutional accredited investors pursuant to Section 4(a)(2) of the Securities Act or in a transaction otherwise exempt from registration under the Securities Act shall be issued in minimum denominations of U.S.\$250,000 (or its equivalent in any other currency) and higher integral multiples of U.S.\$1,000 (or its equivalent as aforesaid) or the higher denomination or denominations specified in the applicable Pricing Supplement.

Notes which are admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would require the publication of a prospectus under the Prospectus Directive, shall be issued in a minimum denomination of €100,000 (or its equivalent in any other currency as of the date of issue of the Notes).

Notes denominated in Singapore dollars will have a minimum denomination of S\$200,000.

Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Negative Pledge For so long as any series of Notes is outstanding, the Issuer and its Principal Subsidiaries (as defined in “Description of the Notes—Negative Pledge”) are not allowed, save in limited circumstances, to create or permit to exist any liens on its properties or assets to secure certain types of indebtedness, as described in “Description of the Notes—Negative Pledge”.

Change in Obligor..... The Issuer is permitted to consolidate with or merge or amalgamate into, in each case, where the Issuer is not the surviving or resulting entity, or convey, transfer or sell, assign, or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all of its assets to, or declare itself a trustee of all or substantially all of its assets for, any Person, so long as the conditions set forth in “Description of the Notes—Consolidation, Merger and Sale of Assets” are satisfied. The approval from the Noteholders is not required if the Issuer satisfies such conditions.

Cross Default The terms of the Notes will contain cross-default provision to other indebtedness of the Issuer and its Principal Subsidiaries.

Events of Default The events of default applicable to the Notes are set out in “Description of the Notes—Events of Default”.

Redemption Unless previously redeemed or purchased and called or unless such Note is stated in the relevant Pricing Supplement as having no fixed maturity date, the Notes will be redeemed on their maturity date at the redemption amount specified in the relevant Pricing Supplement (the “Redemption Amount”).

The Notes denominated in currencies other than Singapore dollars may also be redeemed at the option of the Issuer for certain taxation reasons set forth in “Description of the Notes – Optional Tax Redemption”.

With the exception of Variable Rate Notes that are governed by Singapore law, any Notes may, unless otherwise specified in the relevant Pricing Supplement, be redeemed at the option of the Issuer in whole or in part at an amount equal to the greater of (i) their Redemption Price and (ii) the Make Whole Amount (which is the amount determined by discounting the principal amount of the Notes plus all required remaining scheduled interest payments due on such Notes at a rate equal to (a) the yield of United States Treasury Notes of the same maturity (as defined in “Description of the Notes – Optional Redemption”) plus (b) a spread specified in the applicable Pricing Supplement), in each case together with accrued but unpaid interest to (but excluding) the date of redemption.

With respect to Variable Rate Notes that are governed by Singapore law, unless otherwise provided in the Pricing Supplement, the Issuer shall have the option to purchase all or any of the Variable Rate Notes at their Redemption Price on any date on which interest is due to be paid on such Notes and the Holders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Holders of such Notes within the Issuer's Purchase Option Period specified in the Pricing Supplement.

Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Status of the Notes..... The Notes will constitute direct, unsecured and unsubordinated obligations of the Issuer which will rank pari passu among themselves, and at least pari passu with all other unsecured and unsubordinated obligations of the Issuer, other than with respect to obligations preferred by statute or operation of law.

Listing of the Notes Application has been made to the SGX-ST for permission to deal in and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the SGX-ST for the listing of a particular series of Notes will be approved.

If the application to the SGX-ST to list a particular series of Notes is approved, such Notes listed on the SGX-ST will be traded on the SGX-ST in a board lot size of at least S\$200,000 (or its equivalent in other currencies).

In relation to the Notes that are listed on the SGX-ST, we are required by the listing manual of the SGX-ST to immediately disclose to the SGX-ST via SGXNET any information which may have a material effect on the price or value of the Notes or on an investor's decision whether to trade in such Notes.

Unlisted series of Notes may also be issued pursuant to the Program. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each series of Notes. The Pricing Supplement relating to each series of Notes will state whether or not the Notes of such series will be listed on any stock exchange(s) and, if so, on which stock exchange(s) the Notes are to be listed.

The Company intends to list Notes sold pursuant to Rule 144A on the SGX-ST.

Governing Law	As specified in the applicable Pricing Supplement, Notes will be governed by, and construed in accordance with, either the laws of the State of New York or the laws of Singapore. The Indenture will be governed by the laws of the State of New York (to the extent to which it relates to Notes governed by the laws of the State of New York) and the Supplemental Trust Deed will be governed by the laws of Singapore (to the extent to which it relates to Notes governed by the laws of Singapore).
Submission to Jurisdiction	The Issuer has submitted to the non-exclusive jurisdiction of any New York State or federal court sitting in the City of New York in the Borough of Manhattan for any legal action or proceeding arising out of or relating to the Indenture or Notes governed by the laws of the State of New York.
Selling Restrictions	<p>The offer and sale of Notes and the delivery of the Offering Circular is restricted in certain jurisdictions. See “Plan of Distribution” and “Notice to Purchasers and Holders of Registered Global Notes and Transfer Restrictions”.</p> <p>Bearer Notes will be issued in compliance with TEFRA D unless (i) the relevant Pricing Supplement states that Bearer Notes are issued in compliance with rules in substantially the same form as U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) for purposes of Section 4701 of the Internal Revenue Code (“TEFRA C”) or (ii) Bearer Notes are issued other than in compliance with TEFRA D or TEFRA C but only in circumstances in which the Notes will not constitute “registration required obligations” for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”) is not applicable.</p>
Ratings	<p>The Issuer has been assigned an overall corporate credit rating of “Aa2” by Moody’s and “AA” by Standard & Poor’s.</p> <p>Whether or not a rating in relation to any issue of Notes (to the extent any such Notes will be rated) has been issued by a credit rating agency will be disclosed in the relevant Pricing Supplement.</p> <p>Notes issued under the Program may be rated or unrated. Where an issue of Notes is rated, such rating will not necessarily be the same as the rating(s) assigned to the Issuer. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>

RISK FACTORS

An investment in our Notes involves a degree of risk. You should carefully consider all of the information in this Offering Circular, including the risks and uncertainties described below and on page 79 (See “Our Business—Risk Management”), before making an investment in our Notes. Our business, financial condition or results of operations could be adversely affected by any of these risks. In any such case, these risks could cause you to lose all or part of your investment.

Risks Related to Our Business and Industry

We operate in a highly regulated environment, which may limit our ability to conduct our business as we desire

Our business is subject to regulation by an independent regulatory body, the EMA. We are dependent on the retention of our Transmission License from the EMA for the conduct of our business. We cannot assure you that the EMA will not fundamentally alter our business environment or affect our business in the future. For example, the EMA has the power to:

- ✓ authorize a competing transmission licensee to operate other transmission and distribution facilities in Singapore; and
- ✓ permit certain classes of consumers to bypass our electricity transmission and distribution network and obtain electricity supplies through direct connections to electricity generation plants.

Should either of these actions be implemented, our revenues could be reduced and our business and results of operations could be adversely affected. Such actions could also adversely affect our network utilization rate and result in our possessing overbuilt, or “stranded” network assets and capacity.

Electricity consumers are permitted under the present regulatory regime to self-generate electricity for their own needs. Such self-generated electricity, known as “distributed generation”, is not transported through our transmission and distribution network and does not generate transmission tariffs for us, other than certain fixed and variable charges related to such consumers remaining connected to our network for back-up electricity purposes.

Electricity consumers are also permitted in certain circumstances to bypass our electricity transmission and distribution network by receiving electricity supplies through direct connections to electricity generation plants. This is allowed where the electricity consumer and the electricity generation licensee are majority-owned by the same company. In this case, electricity obtained by consumers through bypass is not transported through our transmission and distribution network and does not generate transmission tariffs for us other than certain fixed and variable charges related to such consumers remaining connected to our network for back-up electricity purposes.

Should sufficiently large numbers of our present consumers self-generate electricity for their own needs or should sufficiently large numbers of our consumers bypass our transmission and distribution network by connecting directly to electricity generation plants, there can be no assurance that such distributed generation or network bypass will not deprive us of significant transmission revenues or have a material adverse effect on our business operations and financial performance.

In addition, failure to comply with all relevant laws and regulations governing us or the business of transmitting and distributing electricity in Singapore may result in severe financial penalties, administrative proceedings, or legal proceedings against us, including the revocation or suspension of our Transmission License. The Electricity Act provides for a range of penal sanctions which may be imposed against us if we fail to comply with all the duties and obligations imposed on us under the Electricity Act. These sanctions include the EMA requiring us to post security satisfactory to the EMA as well as imposing on us financial penalties of up to the greater of 10.0% of our annual turnover or S\$1 million. Our Transmission License, which otherwise may be terminated by the EMA upon 25 years’ notice, may be terminated earlier in certain

circumstances in accordance with the Electricity Act. For example, the EMA may terminate our Transmission License if we contravene any direction issued by the EMA or the EMA believes such termination is in the public interest or security of Singapore. The revocation or suspension of our Transmission License may also constitute an event of default under various material agreements, including the Management Service Agreement, resulting in a right of termination of those agreements.

The Minister for Trade and Industry (the “Minister”) and the EMA may in certain situations issue orders or directions to us, or impose requirements on us, which we have to comply with. This may require us to incur costs, which may impact our financial performance. The Minister may also make a special administration order in relation to us, whereby the EMA may directly or indirectly manage our affairs, business and property. In such event, our Transmission License requires us to allow the EMA such access to or control of our property as required to enable the EMA to meet its obligations under the special administration order.

Our business performance may be impacted by the regulator’s price control determination

Our revenues are primarily derived from transmission tariffs for transmitting and distributing electricity across our transmission and distribution network. These tariffs for use of our network are subject to price controls established by the EMA in consultation with us.

The price controls for our transmission and distribution business are applicable for each regulatory period (which is currently set at five years). Our ability to generate revenue from use of our transmission and distribution network is governed and subject to EMA’s determination of these price controls, which have significant impact on our financial performance. See “Our Business—Our Tariff Regulatory Framework”.

We are unable to unilaterally determine the future prices for our services, which could cause us to be unprofitable if our costs increase without our regulator authorizing a corresponding increase in our tariffs

Our tariff levels, which are the most significant determinant in our operating results, are subject to price controls set by the EMA. See “Our Business—Our Tariff Regulatory Framework”. If we do not meet projections or our price controls are set too low, our actual costs may exceed our revenues permitted to be collected pursuant to our prevailing price controls, which may have a material adverse effect on our financial performance. Upon a reset by the EMA of our applicable price controls, if such price controls are set too low, we would experience a substantial decrease in the revenue that we are permitted to recover.

Our revenues are highly dependent on the strength of the Singapore economy and could be adversely affected if the Singapore economy weakens

We are highly dependent on the Singapore economy. As of March 31, 2015, all our revenue was generated within Singapore. Singapore has an export-oriented economy and is a regional business, industrial, manufacturing and financial center. Factors that may adversely affect the Singapore economy include:

- ✓ scarcity of credit or other financing, resulting in lower demand for products and services provided
- ✓ by companies in the region;
- ✓ devaluation of the Singapore dollar or other currencies in the region;
- ✓ a prolonged period of inflation or increase in regional interest rates;
- ✓ relative increases or decreases in business, manufacturing or industrial activity in Singapore or in the region;
- ✓ changes in taxation;
- ✓ political instability, terrorism or military conflict in countries in the region or globally;
- ✓ prevailing regional or global economic conditions; and

- ↙ other regulatory or political or economic developments in or affecting Singapore.

Therefore, as a result of our lack of geographic diversification in our business activities, any economic recession or other deterioration in Singapore's economy, or decline in business, industrial, manufacturing or financial activity in Singapore, could impact our operations to a greater degree than a company with geographically dispersed operations.

We are highly dependent on the Manager and any change in the Manager's ability to manage our business could adversely affect our performance

We are required under our Transmission License to appoint only the Manager, who is licensed by the EMA, to meet our requirements for management services of our business of providing electricity transmission services in Singapore (the "Business") and approved activities, and for the operation and maintenance of our assets. Accordingly, we are highly dependent on the Manager to manage and conduct the Business, including operating and maintaining our electricity transmission network.

The Manager manages and operates our Business through a management services agreement between SP PowerAssets and the Manager dated October 8, 2003, as further supplemented on November 3, 2003 and subsequently amended and restated with effect from April 1, 2010 (the "Management Services Agreement"). The Management Services Agreement may be amended from time to time by agreement between us and the Manager. The arrangement constituted by the Management Services Agreement may be affected in the event that any law or regulation is enacted or amended in Singapore or if the Manager's license to manage the Business is revoked or any EMA Direction (as defined below) is issued or given which prohibits or restricts us from engaging any person to conduct the Business on our behalf, in which case, we would have to reconsider the means by which we procure professional, consultancy, operation and other services for the Business.

Currently, we rely on the ability of the Manager to attract and retain highly skilled managerial personnel to conduct the Business. We cannot assure you that the Manager will be successful in providing the management skills and employees required to discharge its obligations under the Management Services Agreement, or to successfully conduct the Business. In addition, the Manager is not restricted from offering similar or other services to other persons, and the provision of management services to other parties may distract the Manager from completing its tasks under the Management Services Agreement and could create conflicts of interest. Further, the Manager may terminate the Management Services Agreement immediately at any time after the occurrence of certain events, including a material breach by SP PowerAssets of the Management Services Agreement that, in the case of a breach capable of remedy, is not fully remedied within 180 days after written notice from the Manager.

We have recourse to the Manager under the Management Services Agreement against losses we may incur as a result of any breaches of the Management Services Agreement by the Manager, subject to certain limitations and exclusions expressed in the Management Services Agreement. However, we are not entitled to terminate the Management Services Agreement if we are dissatisfied with the performance of the Manager. Our ability to terminate the Management Services Agreement requires the prior approval of the EMA and is generally limited to instances involving the financial condition of the Manager, the making of a special administration order by the EMA against us, or the failure by the Manager to replace certain of its senior personnel as requested by us.

Our business may be adversely affected by health epidemics and other outbreaks of contagious diseases, including avian flu, H1N1 flu, MERS and SARS

Our business could be adversely affected by avian flu, H1N1 flu, MERS, SARS, or other epidemics or outbreaks. An outbreak of contagious diseases could result in a widespread health crisis that could adversely affect the economies and financial markets of Singapore. Additionally, any recurrence of SARS, a highly contagious form of atypical pneumonia, similar to the occurrence in 2003 that affected China, Hong Kong, Taiwan, Singapore, Vietnam and certain other countries and regions, would also have similar adverse effects. A recurrence of an outbreak of SARS, avian influenza or a similar epidemic or adverse economic development could severely disrupt the Singapore economy and undermine investor confidence, thereby materially and adversely affecting our results of operations or financial position.

Uncertainties in global financial markets and global economic conditions may negatively impact our access to credit and our ability to raise capital

The recent global financial crisis which witnessed, among other things, significant reductions in and heightened credit quality standards for available capital and liquidity from banks and other providers of credit, substantial reductions and/or fluctuations in equity and currency values worldwide, and concerns that the worldwide economy may enter into a prolonged recessionary period, may make it difficult for us to raise additional capital or obtain additional credit, when needed, on acceptable terms or at all.

Our business performance may be adversely affected by various business challenges typical of companies in our industry

We face a number of operating risks applicable to electricity transmission and distribution companies, including:

- ✓ service disruptions and variations in power quality in our network, which may result in revenue loss and potential liabilities to third parties and penalties by the EMA;
- ✓ fluctuations or a decline in aggregate consumer demand for electricity, which could result in decreased revenues;
- ✓ the inability of electricity generation licensees to generate electricity for transmission and distribution by us to our consumers, which would affect the availability of electricity supply through our network;
- ✓ information technology system failure, which could result in loss of critical data;
- ✓ undetermined environmental costs and liabilities arising from our operations and our network infrastructure, which could increase our costs;
- ✓ injuries to employees, our contractors or third parties, which may result in fines, claims, higher insurance costs for us or denial of coverage; and
- ✓ failure to successfully negotiate and enter into future collective bargaining agreements, which may result in work stoppages.

Based on an average taken from Fiscal Years 2013 and 2014, 94.2% of our annual revenue and other income was derived from our regulated transmission revenue, and for Fiscal Year 2015, the percentage was 94.8%. Therefore, our results of operations may also be exposed to a greater degree of fluctuation in comparison to companies that have more diversified operations.

Our facilities and technology systems could be adversely affected by events over which we have no control

Our facilities and technology systems may be exposed to the effects of equipment failure or malfunction, natural disasters, cyber-attacks and, potentially, catastrophic events, such as a major accident, terrorist attack or incident at an electricity generation plant of a third-party to which our transmission and distribution network is connected. Although our facilities are constructed, operated and maintained to withstand certain of these occurrences, they may not do so in all circumstances. This risk is heightened by the concentration of all of our assets in one country.

For example, terrorist acts could result in damage to our transmission and distribution network assets, adversely affecting our ability to provide electricity transmission and distribution services, or could result in damage to an electricity generation plant of a third-party to which our transmission and distribution network is connected, adversely affecting supply of electricity and our ability to transmit and distribute electricity to consumers. Any repairs necessary to correct any resulting damage to our network assets could be costly and time-consuming, and may result in substantial lost revenues during the period of such repairs.

Changes in technology may have an adverse effect on our business and financial position

Alternative end-user generation made possible through current or future advances in technology, such as fuel and solar (photovoltaic) cells, wind power and microturbines, could provide alternative sources of electricity and permit customers to generate electricity for their own use. As these and other technologies are created, developed and improved, the volume of electricity usage through our transmission and distribution network by customers could decline, which could have an adverse effect on our business and financial position.

The shares of our company are not listed on any stock exchange and as such the corporate governance and information disclosure requirements that apply to us may differ significantly from those required of companies whose shares are listed on stock exchanges in Singapore, the United States or other jurisdictions

As the shares of our company are not listed on any stock exchange, our corporate affairs are governed principally by our articles of association and our internal policies. Some of the protections and safeguards that investors may expect to find in relation to a company whose shares are listed on a stock exchange in Singapore, the United States or other jurisdictions do not apply to us. For example, we prepare and publish only annual financial statements, we are not required to regularly rotate our audit firm and we are not required to maintain an independent audit committee. Accordingly, investors should not assume that the corporate governance and information disclosure requirements that apply to us are equivalent to those that apply to a company whose shares are listed on a stock exchange.

Our insurance coverage may not be adequate and any uncovered losses could adversely affect our business

The insurance coverage that we maintain may be inadequate to cover all insurable liabilities and losses. While we believe that our insurance policies are appropriate to protect against major operating and other risks, not all risks are insurable. We cannot be certain that adequate insurance cover for all potential liabilities and losses will be available in the future on commercially viable terms. Risks which are commercially unviable to cover include, among others, loss or damage to transmission and distribution cables, losses arising from wars or invasions, nuclear radiation or radioactive contamination, and damage directly occasioned through normal wear and tear. If we experience a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses or liabilities to third parties.

Occupational health and safety is a key risk area in the construction, operation and maintenance of our transmission and distribution network

We are subject to legislation concerning health and safety of employees and contractors. We will incur compliance costs and any failure in our compliance with the health and safety regimes to which we are subject, may result in our being subject to fines, damages and criminal or civil sanctions. In addition, actual or alleged violations arising under any health and safety laws may cause interruptions to our operations and adversely affect our reputation.

We are exposed to risk associated with aging assets and failure to replace aging assets at all or in a timely manner could adversely affect our business

While we endeavor to optimize the useful life of our assets and replace them when the performance of the assets is unsatisfactory, we may not be able to do so at all times and/or replace our assets in a timely manner. The failure of the foregoing may result in service disruptions and affect the reliability of our network and services, thereby having a negative impact on our business and reputation. We may further be subject to financial penalties imposed by the EMA for such failures. Consequently, our business and financial condition may be affected.

The entities that control us may have interests that differ from our own

We are a wholly-owned subsidiary of Singapore Power Limited, which is in turn wholly owned by Temasek Holdings (Private) Limited (“Temasek”), an investment company headquartered in Singapore with a diversified investment portfolio. Temasek’s sole beneficial owner is the Minister for Finance, a body corporate constituted under the Minister for Finance (Incorporation) Act, Chapter 183 of Singapore. Temasek, through its wholly-owned subsidiary, Singapore Power Limited, or otherwise, also owns, controls or holds interests in

various other entities that hold licenses to operate in the electricity industry in Singapore and which may have interests that differ from ours. No assurance can be given that the objectives of Temasek or Singapore Power Limited will not conflict with our business goals and objectives or that any such conflict will not have an adverse effect on our financial condition and results of operations.

We are exposed to counter party risk

We may enter into transactions which will expose us to the credit of our counter parties and their ability to satisfy the terms of such contracts. For example, we may enter into swap arrangements and derivative transactions, which expose us to the risk that the counter party may default on its obligations to perform under the relevant contract and our surplus funds are invested in interest-bearing deposits with financial institutions. In the event a counter party, including a financial institution which holds our funds, is declared bankrupt or becomes insolvent, we could experience delays in obtaining our funds or liquidating the position and this could lead to losses. There is also a possibility that ongoing derivative transactions will be terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relevant to those transactions at the time the agreement was originated.

We are the trustee-manager of the SP Cross Island Tunnel Trust (the “SPCIT Trust”) and we may face claims and liabilities for our actions taken as trustee-manager for which we are not able to get indemnified under the trust deed constituting the SPCIT Trust

We are the trustee-manager of the SPCIT Trust which has been established to undertake, among others, the construction, development, operation and management of two new cable tunnels as described in “Our Business – Network Enhancement – Tunnels owned under the SPCIT Trust”. The cost of this project is projected to be approximately S\$2 billion. In our capacity as trustee-manager of the SPCIT Trust, we have entered and may enter into a number of contracts, including the contracts relating to the financing of the project and the design and construction contracts in relation to the construction of the Tunnels (as defined in “Our Business—Our Transmission License—Additional Activities”). We may face actions, claims, penalties, demands or liabilities for our actions taken in our capacity as trustee-manager of the SPCIT Trust. Although those actions are taken in our capacity as trustee-manager of the SPCIT Trust, plaintiffs or claimants may seek to argue that our actions may reasonably have been taken or may be deemed to have been taken in our own capacity and that their recourse is not limited to us as trustee-manager and the assets of the SPCIT Trust but extends to our personal and other assets. There is no assurance that we would be able to prevail in our argument that our actions were taken solely in our capacity as trustee-manager of the SPCIT Trust or that any liability we as trustee-manager may have is limited to the assets of the SPCIT Trust over which we as trustee-manager have recourse to and shall not extend to any of our personal or other assets.

As the trustee-manager of the SPCIT Trust, we are generally indemnified under the trust deed constituting the SPCIT Trust against any actions, costs, claims, damages, expenses, penalties or demands to which we may be put as the trustee-manager of the SPCIT Trust, save where such action, cost, claim, damage, expense, penalty or demand is occasioned by fraud, willful default or breach of trust by us or where we have failed to exercise reasonable care and skill. While we seek to exercise due care and skill in carrying out our duties and responsibilities as trustee-manager of the SPCIT Trust, there is no assurance that we would be able to prevail in refuting any allegations that we have failed to exercise reasonable care and skill and consequently, we may not be indemnified under the trust deed against any actions, costs, claims, damages, expenses, penalties or demands that may arise in connection with actions where we are found to have failed to exercise reasonable care and skill or for any other reasons falling within the exceptions set out above.

We operate a regulated business with large and uneven capital expenditure and any inability to obtain financing at all or on favorable terms could adversely affect our business

We may from time to time be required to expand, upgrade and maintain our network. Owing to the regulated nature of our business, capital expenditure can be large and uneven while the regulated returns on such capital expenditure are received over a period of time. In this regard, we may require substantial financing to fund or support such capital expenditure and future growth of our business. Our ability to obtain financing could be affected by economic and market conditions which could adversely affect liquidity, cost of funding and availability of funding sources. There can be no assurance that financing will be made available or, if available, that such financing will be obtained on terms favorable to us. Our business and growth could be adversely affected by insufficient financing or unfavorable financing terms.

A downgrade of our credit rating could have a material adverse effect on us and on the price of the Notes

As of the date of this Offering Circular, we have been assigned an overall corporate credit rating of “Aa2” by Moody’s and “AA” by Standard & Poor’s.

Credit ratings are subject to revision, suspension or withdrawal at any time by the assigning rating agency. Rating agencies may also revise or replace entirely the methodology applied to derive credit ratings. No assurances can be given that a credit rating will remain for any period of time or that a credit rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant or if a different methodology is applied to derive that credit rating.

Any downgrade could impact our ability to obtain financing or increase our financing costs and could have an adverse effect on the market price of the Notes.

Movements in interest rates may affect our cost of servicing borrowings

We finance our activities and operations through a combination of borrowings (which may bear interest at floating or fixed rates) and cash from operations. Changes in interest rates will affect borrowings which bear interest at floating rates. Any increase in interest rates will affect our cost of servicing these borrowings which may adversely affect our profit and financial position.

We are exposed to liquidity risk

We also use credit lines with banks to cover liquidity needs. In this context, it depends on the willingness of banks to provide credit lines. Structural changes in the banking business may impact the willingness of banks to provide credit lines to us.

In addition to bank credit facilities, we intend to finance our activities and operations from time to time by the issuance of debt, principally in the capital markets. Therefore, we will be dependent on broad access to these capital markets and investors. Changes in demand for debt instruments in capital markets could limit our ability to fund activities and operations.

Risks Related to the Notes

The Notes are unsecured obligations that will not be guaranteed by any person, except as may be otherwise expressly stated in the relevant Pricing Supplement, and our assets may be insufficient to pay amounts due on the Notes

The Notes will be unsecured obligations and will rank after secured debt, if any. We may incur other debt, which may be substantial in amount, and which may in certain limited circumstances be secured. See “Description of the Notes—Negative Pledge”. Because the Notes will be unsecured obligations, your right of repayment may be compromised in the following situations: (i) we enter into bankruptcy, liquidation, reorganization or other winding-up; (ii) there is a default in payment under any of our secured debt; or (iii) there is an acceleration of any of our secured debt. If any of these events occurs, the secured lenders could foreclose on our assets in which they have been granted a security interest, in each case to your exclusion, even if an event of default exists under the Indenture relating to the Notes at such time. Further, the Notes will not be guaranteed by any person, except as may be otherwise expressly stated in the relevant Pricing Supplement. As a result, upon the occurrence of any of these events, there may not be sufficient funds to pay amounts due on the Notes. See “Risk Factors—Risks Related to the Notes—Your ability under Singapore law to bring proceedings or enforce judgments against us is subject to certain restrictions”.

The Indenture, the Supplemental Trust Deed and the Notes contain only limited restrictions on our ability to incur additional debt or take other actions that could negatively impact holders of the Notes

Although we are limited under the negative pledge provisions in the Indenture and the Supplemental Trust Deed in our ability to secure certain types of indebtedness, we may engage in a number of activities that could negatively impact holders of Notes, including issuing new debt, repurchasing our outstanding securities, selling or otherwise disposing of substantially all of our assets, or paying dividends on our shares of common

stock. See “Description of the Notes—Negative Pledge”. These or other actions by us could adversely affect our ability to pay amounts due on the Notes. In addition, the Indenture, the Supplemental Trust Deed and the Notes do not contain any covenants requiring us to achieve or maintain any minimum financial results relating to our financial position or results of operations or other provisions that afford more than limited protection to holders of the Notes.

We are exposed to risks associated with exchange rate fluctuations and modifications to exchange controls

An investment in any Notes denominated in a Specified Currency may entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the Specified Currency relative to foreign currencies because of economic, political and other factors over which we have no control. If an investor’s financial activities are denominated principally in a currency or currency unit (the “Investor’s Currency”) other than the Specified Currency, an appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (1) the Investor’s Currency-equivalent yield on the Notes, (2) the Investor’s Currency-equivalent value of the principal payable on the Notes and (3) the Investor’s Currency-equivalent market value of the Notes. In addition, currency exchange movements may affect the market prices of Notes. Further, governments and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

You may not be able to sell or transfer your Notes

The Notes will not be registered under the Securities Act or the securities or blue sky laws of any state of the United States. The Notes are being offered, and may be resold, only:

- ✓ outside of the United States to non-U.S. persons within the meaning of and in compliance with Regulation S under the Securities Act;
- ✓ within the United States to institutional investors that qualify as “qualified institutional buyers” within the meaning of and in compliance with Rule 144A under the Securities Act; or
- ✓ pursuant to another exemption from the registration requirements of the Securities Act.

Consequently, the Notes are subject to restrictions on transfer and resale.

Any Notes to be issued will constitute a new class of our securities with no established market or prior trading history. While certain of the Notes issued under the Program, including the Notes sold pursuant to Rule 144A, may be listed on the SGX-ST, we cannot assure you that a market for such Notes will be available or, if it is available, that it will provide you with an avenue for liquidity for your investment, nor can we assure you as to how long such Notes will be listed on the relevant stock exchange or the prices at which they may trade. In particular, our Notes could trade at prices that may be higher or lower than the initial offering price due to many factors, including prevailing interest rates, our operating results, the market for similar securities and general macroeconomic and market conditions in Singapore.

We have been advised by the Arrangers and certain Dealers that following an issuance of Notes they may make a market in such Notes. However, they are not obligated to do so and any market-making activities with respect to such Notes may be discontinued at any time without notice.

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

The Notes may not be rated and, if rated, their ratings could be lowered

One or more independent credit rating agencies may assign credit ratings to the Notes. A rating is not a recommendation to buy, sell or hold the Notes, and there is no assurance that any rating will apply for any given period of time or that a rating may not be adjusted or withdrawn. A downgrade or potential downgrade in these ratings, the assignment of a new rating that is lower than existing ratings, or a downgrade or potential downgrade in ratings assigned to us could adversely affect the trading price and liquidity of the Notes. Neither we nor any dealer undertakes any obligation to obtain a rating, maintain the ratings once issued or to advise holders of Notes of any change in ratings. A failure to obtain a rating or a negative change in ratings once issued could have an adverse effect on the market price or liquidity of the Notes.

Credit ratings assigned to the Notes may not reflect all the risks associated with an investment in those Notes

Any ratings assigned to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

You may experience difficulties in enforcing civil liabilities under U.S. federal securities laws against us, our directors and executive officers and certain of the parties named in this Offering Circular

We are incorporated under the laws of Singapore and all of our directors and executive officers and certain of the parties named in this Offering Circular reside outside or are incorporated outside the United States. All or a significant portion of the assets of such persons, and all of our assets, are located outside or are organized outside the United States. As a result, it may be difficult for you to enforce against them or us in U.S. courts judgments predicated upon the civil liability provisions of U.S. federal securities laws. In particular, you should be aware that judgments of United States courts based upon the civil liability provisions of the federal securities laws of the United States may not be enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

Your ability under Singapore law to bring proceedings or enforce judgments against us is subject to certain restrictions

There are certain restrictions under Singapore law on the rights of third parties to bring certain proceedings against us. In particular, no judicial management order under Part VIIIA of the Companies Act, Chapter 50 of Singapore (the “Companies Act”) may be made in relation to us. Further, no action may be taken by any person to enforce any security over our property or to execute or enforce a judgment or order of court obtained against us unless that person has served on the EMA 14 days’ notice of his intention to take such action. The EMA must also be made a party to any proceedings under the Companies Act relating to our winding up. We cannot be wound up voluntarily without the consent of the EMA.

Judgments of U.S. courts based upon the civil liability provisions of the federal securities laws of the United States may not be enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

We may not continue to enjoy tax concessions under Singapore tax laws

The Notes to be issued from time to time under the Program during the period from the date of this Offering Circular to December 31, 2018 are, pursuant to the Income Tax Act, Chapter 134 of Singapore (“ITA”) and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by the MAS on June 28, 2013, intended to be “qualifying debt securities” for the purposes of the ITA subject to the fulfillment of certain conditions more particularly described in the section “Certain Tax Considerations—Singapore Taxation”. However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

We and the Noteholders may face certain risks associated with any change in the laws of the Republic of Singapore, the laws of the State of New York or administrative practice after the date of issue of the relevant Notes

The terms and conditions of the Notes set forth in “Description of the Notes” are based on laws of the Republic of Singapore or the laws of the State of New York, as specified in the applicable Pricing Supplement in effect as of the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to such laws or administrative practice after the date of issue of the relevant Notes.

Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (d) understand thoroughly the terms of the relevant Notes and be familiar with the behavior of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

EXCHANGE RATES

The Singapore dollar is our functional currency. The following table sets forth, for the periods indicated, certain information with respect to the average, high, low and period end Noon Buying Rate in the City of New York between the Singapore dollar and the U.S. dollar (in Singapore dollars per U.S. dollar) as certified for customs purposes by the Federal Reserve Bank of New York for cable transfers. The Noon Buying Rate on July 2, 2015 was S\$1.3490 per U.S.\$1.00. No representation is made that the Singapore dollar amounts actually represent such U.S. dollar amounts or could have been or could be converted into U.S. dollars at the rate indicated, any particular rate or at all.

<u>Fiscal Year Ended March 31</u>	Singapore Dollar/U.S. Dollar Noon Buying Rate			
	<u>Average⁽¹⁾</u>	<u>High</u>	<u>Low</u>	<u>Period End</u>
2011.....	1.3319	1.4187	1.2600	1.2600
2012.....	1.2533	1.3135	1.2007	1.2573
2013.....	1.2429	1.2918	1.2159	1.2400
2014.....	1.2586	1.2831	1.2274	1.2583
2015.....	1.2882	1.3910	1.2376	1.3721
<u>Month</u>				
January 2015.....	1.3378	1.3537	1.3264	1.3537
February 2015.....	1.3549	1.3614	1.3449	1.3614
March 2015.....	1.3770	1.3910	1.3616	1.3721
April 2015.....	1.3482	1.3731	1.3171	1.3261
May 2015.....	1.3344	1.3531	1.3195	1.3478
June 2015.....	1.3455	1.3572	1.3316	1.3469

Note:

(1) The average rate is the average of the daily Noon Buying Rates on the last business day of each month during that period.

Fluctuations in the exchange rate between the Singapore dollar and the U.S. dollar will affect the U.S. dollar equivalent of the Singapore dollar price of Notes on the SGX-ST.

Currently, no exchange control restrictions exist in Singapore.

USE OF PROCEEDS

The net proceeds of the Program (after deduction of underwriting fees, discounts and commissions and other expenses incurred by us associated with the Program) will be used by us to finance our capital and operating expenditures and for general corporate purposes, unless otherwise disclosed in the relevant Pricing Supplement.

TOTAL DEBT AND EQUITY

The following table sets out our total debt and equity as of March 31, 2015. The information has been extracted from our audited financial statements for the Fiscal Year 2015. The financial effects of transactions subsequent to March 31, 2015 have not been taken into account.

	As of March 31, 2015 <hr/> S\$ <hr/> (in millions)
Short-term debt	
Amount due to immediate holding company (non-trade)	1,165.9
Debt obligations	582.4
Total short-term debt	1,748.3
Long-term debt	
Debt obligations	3,174.5
Total long-term debt	3,174.5
Equity	
Share capital	2,512.4
Reserves	1,628.7
Total equity	4,141.1
Total debt and equity	9,063.9

SELECTED FINANCIAL, OPERATING AND OTHER DATA

The selected financial data as of and for the years ended March 31, 2013, 2014 and 2015 set forth below have been derived from and should be read in conjunction with the audited financial statements of SP PowerAssets and the related notes thereto which are included elsewhere in this Offering Circular.

The financial statements of SP PowerAssets have been prepared in accordance with SFRS.

Selected Income Statement Data

	For the year ended March 31,		
	2013	2014	2015
	(\$ million)		
Revenue	1,203.6	1,193.8	1,483.5
Other income.....	79.6	67.3	80.6
Expenses			
Depreciation of property, plant and equipment.....	(391.7)	(396.1)	(438.7)
Amortization of intangible assets.....	(4.8)	(6.1)	(8.6)
Maintenance.....	(60.7)	(73.1)	(70.9)
Management fees.....	(92.0)	(129.8)	(130.0)
Property taxes.....	(39.0)	(44.1)	(33.1)
Other operating expenses ⁽¹⁾	(69.2)	(74.6)	(72.7)
Operating profit	625.8	537.3	810.1
Finance income.....	5.9	2.9	0.5
Finance costs.....	(249.0)	(83.1)	(91.9)
Profit before taxation	382.7	457.1	718.7
Tax expense.....	(70.8)	(78.5)	(126.0)
Profit for the year	311.9	378.6	592.7

Note:

- (1) Other operating expenses consist primarily of agency fees, support services, license fees, administrative costs, transport charges, insurance fees and rental expenses. Agency fees and support services are presented as separate line items in SP PowerAssets' audited financial statements for each of the years ended March 31, 2013, 2014 and 2015 and are included herein. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview of Revenue and Expenses".

Selected Balance Sheet Data

	As of March 31,		
	2013	2014	2015
	(S\$ million)		
Non-current assets			
Property, plant and equipment.....	7,556.1	7,975.4	8,327.7
Intangible assets.....	2,207.3	2,218.0	2,231.4
Financial derivative assets.....	166.0	75.2	159.5
	9,929.4	10,268.6	10,718.6
Current assets			
Inventories.....	43.7	41.0	41.8
Trade and other receivables.....	896.0	218.7	208.8
Cash and cash equivalents.....	797.0	34.5	68.8
	1,736.7	294.2	319.4
Total assets	11,666.1	10,562.8	11,038.0
Equity			
Share capital.....	2,512.4	2,512.4	2,512.4
Reserves.....	859.6	1,263.9	1,628.7
Total equity	3,372.0	3,776.3	4,141.1
Non-current liabilities			
Debt obligations.....	3,973.8	3,715.3	3,174.5
Deferred income.....	213.5	232.2	195.4
Deferred tax liabilities.....	973.5	981.2	1,029.9
Financial derivative liabilities.....	638.8	108.2	62.2
	5,799.6	5,036.9	4,462.0
Current liabilities			
Trade and other payables.....	791.1	1,509.8	1,785.8
Loan note issued to immediate holding company.....	359.0	–	–
Debt obligations.....	1,270.5	162.1	582.4
Current tax payable.....	73.9	77.7	66.7
	2,494.5	1,749.6	2,434.9
Total liabilities	8,294.1	6,786.5	6,896.9
Total equity and liabilities	11,666.1	10,562.8	11,038.0

Selected Cash Flow Data

	For the year ended March 31,		
	2013	2014	2015
	(S\$ million)		
Profit before taxation.....	382.7	457.1	718.7
Cash generated from operations.....	1,066.4	1,107.7	1,065.5
Net cash inflow from operating activities.....	970.5	1,036.6	970.2
Net cash outflow from investing activities.....	(534.8)	(828.0)	(855.5)
Net cash inflow (outflow) from financing activities.....	178.2	(971.1)	(80.4)
Net increase (decrease) in cash and cash equivalents.....	613.9	(762.5)	34.3
Cash and cash equivalents at beginning of the year/period.....	183.1	797.0	34.5
Cash and cash equivalents at end of the year/period.....	797.0	34.5	68.8

Selected Non-SFRS Financial Measures and Other Financial Data

	For the year ended March 31,		
	2013	2014	2015
EBITDA (S\$ million) ⁽¹⁾	1,022.3	939.5	1,257.4
EBITDA margin (%) ⁽²⁾	79.7	74.5	80.4
EBITDA/finance costs (x).....	4.1	11.3	13.7
Total debt (S\$ million) ⁽³⁾	5,603.3	4,536.5	4,922.8
Coverage ratio (debt service coverage) (x) ⁽⁴⁾	1.4	0.3	4.0
Coverage ratio (interest coverage) (x) ⁽⁵⁾	3.8	10.4	12.3
Total debt/EBITDA (x).....	5.5	4.8	3.9
Total debt/(total debt and equity) (%).....	62.4	54.6	54.3

Notes:

- (1) EBITDA represents our profit plus (1) finance (income) costs, net, (2) tax expense, (3) depreciation of property, plant and equipment and (4) amortization of intangible assets. The following table reconciles our profit to EBITDA.

	For the year ended March 31,		
	2013	2014	2015
	(S\$ million)		
Profit.....	311.9	378.6	592.7
Plus:			
Finance (income) costs, net.....	243.1	80.2	91.4
Tax expense.....	70.8	78.5	126.0
Depreciation of property, plant and equipment.....	391.7	396.1	438.7
Amortization of intangible assets.....	4.8	6.1	8.6
EBITDA.....	1,022.3	939.5	1,257.4

EBITDA is presented because we believe that some investors find it to be a useful tool for measuring a company's ability to fund capital expenditures or to service debt obligations. EBITDA is not determined in accordance with SFRS and should not be considered in isolation or as an alternative to net profit as an indicator of operating performance or as an alternative to cash flow as a measure of liquidity. Our EBITDA is not comparable to that of other companies that may determine EBITDA differently.

- (2) EBITDA/total revenue (revenue + other income).
- (3) Total debt comprises long-term debt (including current position), short-term bank loans and amount due to immediate holding company (non-trade).
- (4) (Profit after tax + depreciation + amortization + finance costs)/(finance costs + loan repayment for long term debt including current portion).
- (5) (Profit after tax + depreciation + amortization + finance costs)/finance costs.

Selected Operating and Other Data

Measure	For the year ended March 31,		
	2013	2014	2015
Units of electricity transmitted or distributed (GWh).....	42,742	43,690	44,866
Average use of system tariff (S¢ per kWh)*.....	3.02	2.93	2.93

* excludes Tunnel tariff

	For the year ended March 31,		
	2013	2014	2015
Measure			
SAIDI ⁽¹⁾ (minutes).....	0.42	0.74	0.34
SAIFI ⁽²⁾ (interruptions).....	0.0087	0.02	0.0079
22kV SARFI90 ⁽³⁾	2.9	4.2	2.7

Notes

- (1) SAIDI represents the average unplanned outage duration experienced per consumer per annum.
- (2) SAIFI represents the average number of unplanned interruptions per consumer per annum.
- (3) 22kV SARFI90 represents the average number of voltage dips per year that a consumer experiences where the remaining voltage is less than 90.0% of nominal voltage 22kV.

Our Operations

Our system maximum demand and our electricity transmitted and distributed for Fiscal Years 2013 to 2015 are set forth in the table below:

	For the year ended March 31,		
	2013	2014	2015
System maximum demand (MW) ⁽¹⁾	6,639	6,814	6,891
Electricity transmitted and distributed (GWh) ⁽²⁾	42,742	43,690	44,866

Notes

- (1) System maximum demand means the highest electrical power in MW recorded in our network for the relevant year.
- (2) Electricity transmitted and distributed means the sum of electricity delivered in GWh recorded by all consumer meters for the relevant period.

Electricity Sales and Consumption in Singapore

The following tables set forth, for the periods indicated, aggregate sales of electricity in Singapore and the percentage increase in aggregate sales of electricity, sales of electricity to residential electricity consumers, and sales of electricity to commercial and industrial electricity consumers:

	For the year ended March 31,		
	2013	2014	2015
Total electricity sales (in GWh).....	44,201	44,923	46,403
Percentage increase in total electricity sales.....	2.8	1.6	3.3
Percentage increase in residential electricity sales.....	2.3	1.9	2.5
Percentage increase in commercial and industrial electricity sales.....	2.9	1.6	3.4

Source: Singapore Department of Statistics as of June, 2015

The aggregate volume of electricity annually transmitted and distributed in Singapore is primarily affected by the annual rate of growth in Singapore's GDP. From 2012 to 2014, the average annual growth rate for Singapore's electricity consumption was about 3.1%, while Singapore's average annual real GDP growth

rate was 3.6%. The following table sets forth the GDP growth and growth in net electricity consumption in Singapore for the years indicated:

	For the year ended December 31,		
	2012	2013	2014
	(%)	(%)	(%)
Real GDP growth*.....	3.4	4.4	2.9
Electricity consumption growth.....	2.8	1.6	3.3

* Source: Singapore Department of Statistics as of June, 2015

On March 20, 2015, SP PowerAssets received the regulatory price determination from the EMA for the regulatory period April 1, 2015 to March 31, 2020.

The following table sets forth our transmission tariffs for the period effective from April 1, 2015, by consumer class. These tariffs include a portion attributable to the Tunnels, which are not owned by SP PowerAssets, and as a result are not recognized as SP PowerAssets' revenue. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Factors Affecting Our Financial Condition and Results of Operations—Prevailing Network Tariffs". The transmission tariffs indicated exclude Goods and Services Tax. Based on the revenue received, approximately 7% is allocated to the Tunnels.

Transmission Tariffs effective from April 1, 2015

Consumer Class	Contracted Capacity Charge (\$\$ per KW per month) ⁽¹⁾	Peak Period Charge	Off Peak Period Charge	Reactive Power Charge (\$¢ per kVArh) ⁽²⁾	Uncontracted Capacity Charge (\$¢ per KW) ⁽³⁾	Uncontracted Standby Capacity Charge (\$¢ per KW) ECCS ⁽⁵⁾		
		(7.00 A.M. to 11.00 P.M.) (\$¢ per kWh)	(11.00 P.M. to 7.00 A.M.) (\$¢ per kWh)			CCS ⁽⁴⁾	Tier 1	Tier 2
Ultra High Tension Consumers.....	6.54	0.06	0.02	0.44	9.81	32.70	32.70	78.48
Extra High Tension Consumers.....	7.38	0.08	0.03	0.48	11.07	36.90	36.90	88.56
High Tension—Large Consumers.....	8.15	0.74	0.08	0.59	12.23	40.75	40.75	97.80
High Tension—Small Consumers.....	8.15	0.96	0.09	0.59	12.23	40.75	40.75	97.80
Low Tension—Large Consumers.....	—	5.26	3.94	—	—	—	—	—
Low Tension—Small Consumers.....	—	—	Flat rate of 5.26	—	—	—	—	—

Notes:

- (1) Applicable to the monthly total supply capacity (in kW) requested by the consumer at a metered intake supply point.
- (2) Applicable to the amount of kVArh in excess of 62.0% of the consumer's total monthly consumption.
- (3) Applicable to the monthly maximum electricity demand (in kW) in excess of the consumer's indicated Contracted Capacity. The excess demand is limited to 20.0% of the Contracted Capacity for consumers who choose to cap their electricity demand on the network.
- (4) Applicable to consumers who choose to cap their demand on the network, in the event that the monthly electricity demand capacity (in kW) exceeds 120.0% of the consumer's indicated Contracted Capacity for more than 10 seconds continuously, due to the failure of the consumer's means of capping demand.
- (5) Applicable to consumers who choose to cap their demand on the network, 2-tier Uncontracted Standby Capacity Charge applies as follows:

Tier 1: in the event that the demand (in kW) drawn from the network is between 120.0% and 200.0% of the contracted capacity for a duration of more than 100 seconds continuously.

Tier 2: in the event that the demand (in kW) drawn from the network exceeds 200.0% of the contracted capacity for a duration of more than 10 seconds continuously.

SP PowerAssets had on April 8, 2013 submitted an appeal against certain aspects of the regulatory price determination from the EMA for the regulatory period from April 1, 2013 to March 31, 2018. Subsequent to the appeal, the EMA and SP PowerAssets had agreed to advance the next regulatory reset as soon as possible. A reset proposal was submitted to the EMA on August 11, 2014. On March 20, 2015, SP PowerAssets received and accepted the regulatory price determination from the EMA for the regulatory period from April 1, 2015 to March 31, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based upon information contained in our audited financial statements for the three years ended March 31, 2013, 2014 and 2015, including the notes thereto, appearing elsewhere in this Offering Circular. You should read the following discussion and analysis in conjunction with our financial statements, including the notes thereto. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Risk Factors" and elsewhere in this Offering Circular.

Our financial statements were prepared in accordance with SFRS, which differs in certain material respects from U.S. GAAP.

Overview

We are the sole provider of electricity transmission and distribution services in Singapore, and we own and maintain the electricity transmission and distribution network that delivers power to substantially all electricity consumers in Singapore. As of March 31, 2015, we served approximately 162,000 industrial and commercial electricity consumers and approximately 1.28 million domestic electricity consumers in Singapore. We transmit electricity generated by third parties through our high-voltage, wholly-underground transmission network and distribute that electricity through our lower-voltage, predominantly-underground distribution network to our consumers.

As of March 31, 2015, we had S\$11.0 billion in total assets, including S\$8.3 billion of property, plant and equipment. Our total assets as of March 31, 2014 and March 31, 2013 were S\$10.6 billion and S\$11.7 billion, respectively.

In the year ended March 31, 2015, we reported revenue and other income totaling S\$1,564.1 million, of which 94.8% or S\$1,483.5 million was attributable to our regulated transmission revenue and 5.2% or S\$80.6 million was attributable to our other income, which consists primarily of income from projects to connect customer premises to our network for electricity supply or cable diversion jobs, sale of scrap, and rental of premises, moveable substations and meters. Our profit for the year ended March 31, 2015 was S\$592.7 million. In the years ended March 31, 2014 and March 31, 2013, we reported revenue and other income totaling S\$1,261.1 million and S\$1,283.2 million, and profit of S\$378.6 million and S\$311.9 million, respectively.

Significant Factors Affecting Our Financial Condition and Results of Operations

A number of general factors affected our financial performance during the three years ended March 31, 2013, 2014 and 2015 and continue to affect our financial performance. The principal factors are discussed below.

Prevailing Network Tariffs

Our revenues are primarily derived from transmission tariffs for transmitting and distributing electricity across our transmission and distribution network. These tariffs for use of our network which we may charge our consumers are subject to regulatory approval by the EMA. Our future regulated revenues, which are regulated by the EMA, are computed as the value of our regulated asset base multiplied by our regulatory WACC, to which operating expenses, depreciation and taxes are added.

On March 20, 2015, SP PowerAssets received the regulatory price determination from the EMA for the regulatory period from April 1, 2015 to March 31, 2020. The EMA has determined the WACC for the five-year regulatory period at 5.76% (nominal after tax). As of March 31, 2015, our regulated asset base was S\$8.3 billion¹.

¹ The regulated asset base used for tariff computation excludes customer contributions.

SP PowerAssets had on April 8, 2013 submitted an appeal against certain aspects of the regulatory price determination from the EMA for the regulatory period from April 1, 2013 to March 31, 2018. Subsequent to the appeal, the EMA and SP PowerAssets had agreed to advance the next regulatory reset as soon as possible. A reset proposal was submitted to the EMA on August 11, 2014. On March 20, 2015, SP PowerAssets received and accepted the regulatory price determination from the EMA for the regulatory period from April 1, 2015 to March 31, 2020. See “Our Business—Our Tariff Regulatory Framework—Performance-Based Regulation and Price Controls set by the EMA”.

Our ability to generate revenue from use of our transmission and distribution network is governed by these price controls, which have significant impact on our financial performance. See “Our Business—Our Tariff Regulatory Framework”.

Demand for and Usage of Electricity by Electricity Consumers

The actual volume of electricity transmitted and distributed across our transmission and distribution network, in combination with the network tariffs charged by us, significantly determine the amount of revenues that we can earn from our electricity transmission and distribution business. However, the volume of electricity transmitted and distributed over our network is essentially dependent on demand by electricity consumers, and our ability to affect such demand is quite limited. Changes in demand for electricity are driven largely by general factors outside our control, including the retail price of electricity, increases in energy efficiency, increases in self generation by consumers, and changes in the mix of industries in Singapore. Network utilization, and therefore the revenue we derive from our network, varies from period to period in response to these and other factors affecting electricity demand.

Under our regulatory framework for the current five-year regulatory period as well as the previous five-year regulatory period, we absorb any revenue deviations caused by fluctuations in total volume transmitted or distributed each year within a +/-2.0% deviation from the original volume forecast incorporated into the building block forecast. If the volume deviation is outside this 2.0% range, the EMA will adjust our price controls within the current regulatory period to compensate for such variance in volume. Therefore, our exposure in a given year to increases or decreases in revenue associated with changes in the aggregate volume of electricity transmitted or distributed through our network is limited to +/-2.0% of the volume of electricity transmitted and distributed in that relevant year compared to the corresponding forecast. However, we are also exposed to the risk of changes in demand mix between our particular consumer segments regardless of the total volume deviation from the total volume assumed in the regulatory volume forecast. See “—Overview of Revenue and Expenses—Revenue” and “Our Business—Our Tariff Regulatory Framework”.

General Economic Conditions in Singapore

Our financial performance is dependent on general conditions in the economy of Singapore as all of our assets are located in Singapore and all of our operating revenue is generated from business activities in Singapore. As Singapore is an open and export-oriented economy, the aggregate volume of electricity annually transmitted and distributed in Singapore is affected by GDP growth. This, in turn, will impact our network utilization. Based on data from the Singapore Department of Statistics, from 2012 to 2014, the average annual growth rate for Singapore’s electricity consumption was about 2.6%, while Singapore’s average annual real GDP growth rate was 3.6%.

Capital Expenditure

Our business is capital-intensive. We may be required to expand, upgrade and maintain our network from time to time. Owing to the regulated nature of our business, capital expenditure can be large and uneven while the regulated returns on such capital expenditure are received over a period of time. Our capital expenditure was S\$762 million, S\$963 million and S\$909 million for Fiscal Years 2013, 2014 and 2015 respectively. The major capital expenditure projects over the last three years that have constituted a significant portion of our capital expenditures are the development of a new 400kV, 230kV and 66kV substation at Rangoon Road (the “Rangoon Road substation”) to effectively support load centers in the Central Region and the development of a Tembusu 230kV and 66kV substation in Jurong Island (the “Tembusu substation”). Development of the Rangoon Road substation commenced on July 2010 and is expected to be progressively completed from 2014 to December 2018, whereas the development of the Tembusu substation commenced in April 2011 and concluded in December 2013 when the Tembusu substation was commissioned.

Management Fees

We pay Manpower Costs Recovery Charges, Performance Incentive Fee and a Capex Incentive Fee to the Manager. Management Fees have historically been a material expense item for us, accounting for 17.2% of our total operating expenses (which, for the avoidance of doubt, include depreciation and amortization) for the year ended March 31, 2015.

The Manager manages and conducts the Business on our behalf, and Manpower Costs Recovery Charges represent a direct reimbursement of the Manager's staff costs, pursuant to the Management Services Agreement.

The performance-based regulatory framework allows us to retain during each regulatory period the benefits of capital and operating efficiency gains achieved in such regulatory period. These benefits are in the subsequent regulatory period shared equally between consumers and us. In turn, we pay the Manager a portion of our benefits of capital and operating efficiency gains in order to incentivize the Manager to pursue efficiencies in operating and capital expenditures and to align the Manager's objectives with our own. See "Our Business—Our Tariff Regulatory Framework" and "The Manager and Its Employees—Management Services Agreement—Fees".

Capital Structure

We aim to strike a balance between optimizing our capital structure and achieving a prudent level of leverage. For Fiscal Years 2013, 2014 and 2015, our total debt/(total debt and equity) ratios were 62.4%, 54.6% and 54.3% respectively.

Significant Accounting Policies

We have identified the accounting policies below as significant to our business operations and the understanding of our financial presentation, financial condition and results of operations. The preparation of our financial statements requires us to make difficult, complex and subjective judgments in selecting the appropriate estimates and assumptions that affect the amounts reported in our financial statements. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, our observance of trends in the industry, information with respect to our consumers, terms of existing contracts, and information available from other outside sources, as appropriate. There can be no assurance that our judgments will prove correct or that actual results reported in future periods will not differ from our expectations reflected in our accounting treatment of certain items.

The following is not intended to be a comprehensive list of all our significant accounting policies. For a full description of the use of estimates and judgments and further discussion of our other significant accounting policies, please see Note 2.4 and Note 3 of our audited financial statements, which are included elsewhere in this Offering Circular.

Revenue Recognition

Revenue from use of system charges is recognized, when electricity is delivered to our consumers and is estimated based on the amounts billed and the revenue allowed by the EMA, using the approved tariffs and the volume of electricity delivered. Revenue allowed by the EMA is adjusted (in accordance with the price regulation framework) based on the services rendered and deferred over the regulatory period. At the end of each regulatory period, any outstanding deferred balance is taken to profit or loss as revenue.

Actual revenue billed may vary from that allowed due to volume variances, resulting in an adjustment that may increase or decrease tariffs in succeeding periods to recover or refund amounts which are under- or over-charged. Amounts to be recovered or refunded are brought to account as adjustments to revenue in the period in which the Company becomes entitled to the recovery or becomes liable for the refund. The Company's capital expenditure and tax expense may vary from its regulatory plan and is subject to review by the EMA. The result of the variances in capital expenditure and tax expense may be translated into increase or decrease in revenue in the current period and price adjustments, if any, in the following reset period.

Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized net within other income or other operating expenses in profit or loss.

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of the property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Intangible Assets - Goodwill

Goodwill arising from acquisition represents the excess of the cost of acquisition over the fair value of identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses and is tested for impairment on an annual basis. More regular reviews are performed if changes in circumstances or the occurrence of events indicate potential impairment. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (the "CGU") exceeds its estimated recoverable amount.

The Company uses the present value of future cash flows to determine the recoverable amounts of the CGU. The recoverable amount of the CGU is based on its fair value less costs to sell. Fair value less costs to sell is determined by discounting future cash flows generated from the continuing use of the CGU in question. In calculating the recoverable amounts, significant management judgment is required in forecasting cash flows of the CGU in estimating the terminal growth values and in selecting an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. Impairment losses are recognized in profit or loss.

Estimating fair values of financial assets and financial liabilities

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Financial liabilities are also recognized initially at fair value plus any directly attributable transaction costs. The fair value of financial assets and financial liabilities are estimated for recognition, measurement and disclosure purposes. For the basis of valuation of financial assets and liabilities, see Note 23 to our audited financial statements for Fiscal Year 2015, included elsewhere in this Offering Circular.

Financial Instruments – Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. On initial designation of the derivative as the hedging instrument, the Company formally documents the relationship between the hedging instrument and hedged item. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in fair value or cash flows of the respective hedged items.

The fair value of derivatives must be estimated for recognition, measurement and disclosure purposes.

Overview of Revenue and Expenses

Revenue

Revenue consists of use of system charges. Revenue is recognized when electricity is delivered to consumers. Based on an average taken from Fiscal Years 2013 and 2014, 94.2% of our annual revenue and other income was derived from these regulated transmission tariffs, and for Fiscal Year 2015, the percentage was 94.8%. Allowed revenue is calculated by multiplying the units of electricity transmitted or distributed for each consumer segment over a given period by the tariffs for the respective consumer segment in accordance with the price regulation framework approved by EMA. Revenue allowed by the EMA is adjusted (in accordance with the price regulation framework) based on the services rendered and deferred over the regulatory period. At the end of each regulatory period, any outstanding deferred balance is taken to profit or loss as revenue.

The EMA approves the tariffs to be charged to consumers in respect of any period of time. These tariffs are determined by both SP PowerAssets' and the Tunnels' projected capital and operating expenditures. We collect the total use of system charges, including the tariff for the use of the Tunnels chargeable or charged by us to consumers ("Tunnel Tariff"), and pay the Tunnel Tariff to the SPCIT Trust under the Tunnel Services Agreement (the "TSA"). We do not assume the risk of non-payment of the Tunnel Tariff. As a result, SP PowerAssets does not record the Tunnel Tariff as Revenue. For further information regarding the agreements entered into by us in relation to the SPCIT Trust, see "Our Business—Tunnel Services Agreement" and "The Manager and its Employees—TM Management Services Agreement".

The following table sets forth certain summary information regarding the volume of electricity we transmitted or distributed and our average transmission tariffs (which include portions of the transmission tariffs attributable to the Tunnels):

	For the year ended March 31,		
	2013	2014	2015
Measure			
Units of electricity transmitted or distributed (GWh)	42,742	43,690	44,866
Average use of system tariff (S¢ per kWh)*	3.02	2.93	2.93

* excludes Tunnel tariff

We have flexibility (subject to regulatory approval) to set the tariffs with respect to the various consumer segments, and to vary the tariff structure between such consumer segments, as long as the average network tariff is consistent with the price controls established by the EMA. See "Our Business—Our Tariff Regulatory Framework".

Other income

Other income consists primarily of income from projects to connect customer premises to our network for electricity supply or cable diversion jobs, sale of scrap, and rental of premises, moveable substations and meters.

Expenses

Depreciation of property, plant and equipment

Depreciation consists primarily of straight line depreciation for cables, transformers and switchgear, plant and machinery, leasehold land and buildings used for the transmission and distribution of electricity over the estimated useful life.

Amortization of intangible assets

Amortization consists primarily of straight line amortization of deferred expenditure. Deferred expenditure relates mainly to contributions paid by the Company in accordance with regulatory requirements towards capital expenditure costs incurred by the electricity generating companies.

Maintenance

Maintenance expense consists primarily of non-staff expenses related to the maintenance of plant and equipment, cables and buildings used for the transmission and distribution of electricity.

Management fees

Management fees consist of the Manpower Costs Recovery Charges, Performance Incentive Fees, and Capex Incentive Fee payable to the Manager under the Management Services Agreement.

Property taxes

Property tax is a tax on immovable properties, which includes industrial, commercial and residential properties, after taking into account any applicable property tax concessions. Property tax on our properties is currently computed by the Inland Revenue Authority of Singapore (“IRAS”) using the “profits method”, which is one of the prescribed methods of assessment which IRAS can use to determine the annual value of a property for property tax purposes. This method estimates the annual value of our properties by reference to the expected profits to be generated by our underlying business which occupies these properties.

Other operating expenses

Other operating expenses consist primarily of agency fees, support services, license fees, administrative costs, transport charges, insurance fees and rental expenses. Agency fees consist of fees to SP Services (“MSSL fees”). We are currently required to delegate our billing and collection functions to SP Services as a condition of our Transmission License. MSSL fees are agency fees paid by us to SP Services pursuant to an Agency Agreement with SP Services whereby SP Services acts as our agent for the calculation, billing and collection of our transmission charges and connection application processing services. Support services consist of reimbursement of costs borne by the Manager for corporate services rendered by our immediate holding company, Singapore Power Limited, under the Corporate Services Agreement dated October 8, 2003, which was amended with effect from September 24, 2012. See “The Manager and its Employees—Corporate Services Agreement”.

Agency fees and support services are presented as separate line items in our audited financial statements for each of the years ended March 31, 2013, 2014 and 2015 and are included herein.

Finance income

Finance income comprises interest income from banks and from our immediate holding company on inter-company loan amounts.

Finance costs

Finance costs consist primarily of interest expense paid and payable on debt obligations, fair value gains or losses on financial assets/liabilities and hedging instruments.

Tax expense

Tax expense consists of current taxation, deferred taxation and over/under provision of income taxes in respect of prior years.

Results of Operations

The following table sets forth our income statement information for the years indicated:

(in millions)	For the year ended March 31,			
	2013	2014	2015	2015
	(S\$)		(U.S.\$) ⁽¹⁾	
Revenue	1,203.6	1,193.8	1,483.5	1,082.9
Other income.....	79.6	67.3	80.6	58.8
Expenses				
Depreciation of property, plant and equipment.....	(391.7)	(396.1)	(438.7)	(320.2)
Amortization of intangible assets.....	(4.8)	(6.1)	(8.6)	(6.3)
Maintenance.....	(60.7)	(73.1)	(70.9)	(51.7)
Management fees.....	(92.0)	(129.8)	(130.0)	(94.9)
Property taxes.....	(39.0)	(44.1)	(33.1)	(24.2)
Other operating expenses.....	(69.2)	(74.6)	(72.7)	(53.1)
Operating profit	625.8	537.3	810.1	591.3
Finance income.....	5.9	2.9	0.5	0.4
Finance costs.....	(249.0)	(83.1)	(91.9)	(67.1)
Profit before taxation	382.7	457.1	718.7	524.6
Tax expense.....	(70.8)	(78.5)	(126.0)	(92.0)
Profit for the year	311.9	378.6	592.7	432.6

Note:

(1) Converted at the Noon Buying Rate for Singapore dollars on March 31, 2015, which was S\$1.37 per U.S.\$1.00.

Comparison of Fiscal Year 2015 and Fiscal Year 2014

Revenue

For the year ended March 31, 2015, our revenue increased by S\$289.7 million, or 24.3%, from S\$1,193.8 million for Fiscal Year 2014 to S\$1,483.5 million for Fiscal Year 2015. This increase is attributable primarily to a higher regulated asset base (S\$73.3 million), as well as an adjustment in revenue arising from the early termination of the previous reset period on March 31, 2015 (S\$184.0 million).

Other income

For the year ended March 31, 2015, our other income increased by S\$13.3 million, or 19.8%, from S\$67.3 million for Fiscal Year 2014 to S\$80.6 million for Fiscal Year 2015. This increase is attributable primarily to a S\$11.2 million increase in income from customer projects.

Expenses

Depreciation of property, plant and equipment

For the year ended March 31, 2015, our depreciation of property, plant and equipment increased by S\$42.6 million, or 10.8%, from S\$396.1 million for Fiscal Year 2014 to S\$438.7 million for Fiscal Year 2015. This increase is attributable primarily to full year depreciation charges from assets capitalized in Fiscal Year 2014, as well as depreciation from new assets capitalized in Fiscal Year 2015.

Amortization of intangible assets

For the year ended March 31, 2015, our amortization of intangible assets increased by S\$2.5 million, or 41.0%, from S\$6.1 million for Fiscal Year 2014 to S\$8.6 million for Fiscal Year 2015. This increase is attributable primarily to additions of computer software.

Maintenance

For the year ended March 31, 2015, our maintenance costs decreased by S\$2.2 million, or 3.0%, from S\$73.1 million for Fiscal Year 2014 to S\$70.9 million for Fiscal Year 2015. This decrease is attributable primarily to fewer maintenance works on our buildings and grounds.

Management fees

For the year ended March 31, 2015, our management fees increased marginally by S\$0.2 million, or 0.2%, from S\$129.8 million for Fiscal Year 2014 to S\$130.0 million for Fiscal Year 2015.

Property taxes

For the year ended March 31, 2015, our property taxes decreased by S\$11.0 million, or 24.9%, from S\$44.1 million for Fiscal Year 2014 to S\$33.1 million for Fiscal Year 2015. This decrease is attributable primarily to lower revised annual values of the properties, which are calculated based on the profits method.

Other operating expenses

For the year ended March 31, 2015, our operating expenses decreased by S\$1.9 million, or 2.5%, from S\$74.6 million for Fiscal Year 2014 to S\$72.7 million for Fiscal Year 2015. This decrease is attributable primarily to lower consultancy fees.

Finance income

For the year ended March 31, 2015, our finance income decreased by S\$2.4 million, or 82.8%, from S\$2.9 million for Fiscal Year 2014 to S\$0.5 million for Fiscal Year 2015. This decrease is attributable primarily to the full repayment of inter-company loan amounts from our immediate holding company in the prior year as part of Singapore Power Group's centralized cash management.

Finance costs

For the year ended March 31, 2015, our finance costs increased by S\$8.8 million, or 10.6%, from S\$83.1 million for Fiscal Year 2014 to S\$91.9 million for Fiscal Year 2015. This increase is attributable primarily to an increase in loans.

Tax expense

For the year ended March 31, 2015, our tax expense increased by S\$47.5 million, or 60.5%, from S\$78.5 million for Fiscal Year 2014 to S\$126.0 million for Fiscal Year 2015. This increase is attributable primarily to higher taxable profits for Fiscal Year 2015.

Profit for the year

For the year ended March 31, 2015, our profit for the year increased by S\$214.1 million, or 56.6%, from S\$378.6 million for Fiscal Year 2014 to S\$592.7 million for Fiscal Year 2015. This increase is due to the factors discussed above and it includes revenue recognized of S\$184.0 million arising from the early termination of the previous reset period on March 31, 2015, which has a net profit impact of S\$152.7 million.

Comparison of Fiscal Year 2014 and Fiscal Year 2013

Revenue

For the year ended March 31, 2014, our revenue decreased by S\$9.8 million, or 0.8%, from S\$1,203.6 million for Fiscal Year 2013 to S\$1,193.8 million for Fiscal Year 2014. This decrease is attributable primarily to a lower allowed WACC of 5.42% (which was 6.34% in the previous five-year regulatory period).

Other income

For the year ended March 31, 2014, our other income decreased by S\$12.3 million, or 15.4%, from S\$79.6 million for Fiscal Year 2013 to S\$67.3 million for Fiscal Year 2014. This decrease is attributable primarily to a S\$5.5 million decrease in income from customer projects in Fiscal Year 2014 and a S\$5.6 million receipt for legal cost reimbursement in Fiscal Year 2013.

Expenses

Depreciation of property, plant and equipment

For the year ended March 31, 2014, our depreciation of property, plant and equipment increased by S\$4.4 million, or 1.1%, from S\$391.7 million for Fiscal Year 2013 to S\$396.1 million for Fiscal Year 2014.

Amortization of intangible assets

For the year ended March 31, 2014, our amortization of intangible assets increased by S\$1.3 million, or 27.1%, from S\$4.8 million for Fiscal Year 2013 to S\$6.1 million for Fiscal Year 2014. The increase is attributable primarily to additions of computer software.

Maintenance

For the year ended March 31, 2014, our maintenance costs increased by S\$12.4 million, or 20.4%, from S\$60.7 million for Fiscal Year 2013 to S\$73.1 million for Fiscal Year 2014. This increase is attributable primarily to an increase in fault repair works required for Fiscal Year 2014 based on the condition of our assets, an increase in servicing of network equipment and maintenance of software, an increase in renovation works and higher security costs.

Management fees

For the year ended March 31, 2014, our management fees increased by S\$37.8 million, or 41.1%, from S\$92.0 million for Fiscal Year 2013 to S\$129.8 million for Fiscal Year 2014. This increase is attributable primarily to higher manpower costs arising from salary increment, higher headcount and bonus.

Property taxes

For the year ended March 31, 2014, our property taxes increased by S\$5.1 million, or 13.1%, from S\$39.0 million for Fiscal Year 2013 to S\$44.1 million for Fiscal Year 2014. This increase is attributable primarily to property tax refund due to revised annual value in Fiscal Year 2013.

Other operating expenses

For the year ended March 31, 2014, our operating expenses increased by S\$5.4 million, or 7.8%, from S\$69.2 million for Fiscal Year 2013 to S\$74.6 million for Fiscal Year 2014. This increase is attributable primarily to higher consultancy fees.

Finance income

For the year ended March 31, 2014, our finance income decreased by S\$3.0 million, or 50.8%, from S\$5.9 million for Fiscal Year 2013 to S\$2.9 million for Fiscal Year 2014. This decrease is attributable primarily to lower inter-company loan amounts that we made to our immediate holding company as part of Singapore Power Group's centralized cash management.

Finance costs

For the year ended March 31, 2014, our finance costs decreased by S\$165.9 million, or 66.6%, from S\$249.0 million for Fiscal Year 2013 to S\$83.1 million for Fiscal Year 2014. This decrease is attributable primarily to lower interest rates.

Tax expense

For the year ended March 31, 2014, our tax expense increased by S\$7.7 million, or 10.9%, from S\$70.8 million for Fiscal Year 2013 to S\$78.5 million for Fiscal Year 2014. This increase is attributable primarily to higher taxable profits in Fiscal Year 2014.

Profit for the year

For the year ended March 31, 2014, our profit for the year increased by S\$66.7 million, or 21.4%, from S\$311.9 million for Fiscal Year 2013 to S\$378.6 million for Fiscal Year 2014, due to the factors discussed above.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity have historically been funds generated from operations and debt financing. We aim to strike a balance between optimizing our capital structure and achieving a prudent level of leverage. We anticipate that we will use the net proceeds from the present Program to finance our capital and operating expenditures and for general corporate purposes, unless otherwise disclosed in the relevant Pricing Supplement. Except as discussed in “—Capital Expenditure”, we currently have no further plans to make any major investments.

We believe that our sources of liquidity and capital resources should be sufficient to satisfy present operational requirements.

Liquidity

Cash Flows

The following table sets forth certain information about our cash flows during Fiscal Year 2013, Fiscal Year 2014 and Fiscal Year 2015:

	For the year ended March 31,		
	2013	2014	2015
	(\$ million)		
Profit before taxation.....	382.7	457.1	718.7
Cash generated from operations.....	1,066.4	1,107.7	1,065.5
Net cash inflow from operating activities.....	970.5	1,036.6	970.2
Net cash outflow from investing activities.....	(534.8)	(828.0)	(855.5)
Net cash inflow (outflow) from financing activities.....	178.2	(971.1)	(80.4)
Net increase (decrease) in cash and cash equivalents.....	613.9	(762.5)	34.3
Cash and cash equivalents at beginning of the year/period.....	183.1	797.0	34.5
Cash and cash equivalents at end of the year/period.....	797.0	34.5	68.8

Year Ended March 31, 2015

Net cash inflow from operating activities for the year ended March 31, 2015 totaled S\$970.2 million, mainly comprised S\$1,431.7 million inflow of collection from customers, while outflows comprised S\$366.2 million paid to suppliers and S\$95.8 million paid for tax.

Net cash outflow from investing activities for the year ended March 31, 2015 totaled S\$855.5 million, including S\$845.6 million spent on the purchase of property, plant and equipment such as cable, switchgear and transformers.

Net cash outflow from financing activities for the year ended March 31, 2015 totaled S\$80.4 million, resulting mainly from the payment of S\$264.3 million of dividends to the owner of the Company and S\$194.4 million redemption of borrowings, offset by the repayment of S\$506.8 million loan from the immediate holding company.

Cash and cash equivalents increased by S\$34.3 million for the year ended March 31, 2015 compared to March 31, 2014, from S\$34.5 million as of March 31, 2014 to S\$68.8 million as of March 31, 2015.

Year Ended March 31, 2014

Net cash inflow from operating activities for the year ended March 31, 2014 totaled S\$1,036.6 million, mainly comprised S\$1,444.7 million inflow of collection from customers, while outflows comprised S\$337.0 million paid to suppliers and S\$72.3 million paid for tax.

Net cash outflow from investing activities for the year ended March 31, 2014 totaled S\$828.0 million, including S\$814.3 million spent on the purchase of property, plant and equipment such as cable, switchgear and transformers.

Net cash outflow from financing activities for the year ended March 31, 2014 totaled S\$971.1 million, resulting mainly from S\$1,740.0 million redemption of borrowings and S\$359.0 million repayment of loan note issued to the immediate holding company. These were partly funded by the immediate holding company.

Cash and cash equivalents decreased by S\$762.5 million for the year ended March 31, 2014 compared to March 31, 2013, from S\$797.0 million as of March 31, 2013 to S\$34.5 million as of March 31, 2014.

Year Ended March 31, 2013

Net cash inflow from operating activities for the year ended March 31, 2013 totaled S\$970.5 million, mainly comprised S\$1,383.9 million inflow of collection from customers, while outflows comprised S\$317.5 million paid to suppliers and S\$97.4 million paid for tax.

Net cash outflow from investing activities for the year ended March 31, 2013 totaled S\$534.8 million, including S\$534.9 million spent on the purchase of property, plant and equipment such as cable, switchgear and transformers.

Net cash outflow from financing activities for the year ended March 31, 2013 totaled S\$178.2 million resulting mainly from the S\$458.8 million net proceeds from borrowings, offset by S\$237.0 million in interest payments.

Cash and cash equivalents increased by S\$613.9 million for the year ended March 31, 2013 compared to March 31, 2012, from S\$183.1 million as of March 31, 2012 to S\$797.0 million as of March 31, 2013.

Indebtedness

We aim to strike a balance between optimizing our capital structure and achieving a prudent level of leverage. As of the date of this Offering Circular, we have S\$1.2 billion in undrawn committed credit facilities in total from five banks.

The following table sets forth SP PowerAssets' debt position at the dates indicated:

	As at March 31,			
	2013	2014	2015	2015
	(percentages, except S\$ or U.S.\$)			
Total debt (million) ⁽¹⁾	S\$5,603.3	S\$4,536.5	S\$4,922.8	U.S.\$3,593.3 ⁽²⁾
Total debt/ (total debt and equity) (%).....	62.4	54.6	54.3	

Notes:

- (1) Total debt comprises long-term debt (including current position), short-term bank loans and amount due to immediate holding company (non-trade). The amounts are stated at amortized cost.
- (2) Converted at the Noon Buying Rate for Singapore dollars on March 31, 2015, which was S\$1.37 per U.S.\$1.00.

Interest rates on external debt obligations denominated in Singapore dollar range from 3.06% to 5.07% (2014: 3.06% to 5.07%) per annum. Interest rates on external foreign currency debt obligations range from 0.92% to 4.01% (2014: 0.92% to 4.01%) per annum. Interest rates on the non-trade amounts due to immediate holding company range from 0.80% to 1.97% per annum (2014: 0.49% to 0.89%).

We may from time to time issue notes under the Program. As of March 31, 2015, the outstanding debt under the Program was S\$2.4 billion, HKD0.5 billion, U.S.\$0.6 billion and JPY27 billion. Although the specific terms of those notes may vary, they generally align with those terms set forth in the “Description of the Notes” below. For more information on the outstanding notes issued under the Program as of March 31, 2015, see Note 11 of our audited financial statements for Fiscal Year 2015 included elsewhere in this Offering Circular.

The following table indicates as of March 31, 2015 our debt obligations which are due by periods:

	Payment due by periods				Total
	Within 1 year	After 1 year but within 3 years	After 3 years but within 5 years	More than 5 years	
	(S\$ millions)				
Total debt	1,748.3 ⁽¹⁾	137.1	717.3	2,320.1	4,922.8

Note:

(1) The amount consists of S\$1,165.9 million of amount due to immediate holding company (non-trade) and S\$582.4 million of debt obligations.

Capital Expenditure

Total capital expenditure incurred for Fiscal Year 2013, Fiscal Year 2014 and Fiscal Year 2015 was S\$762 million, S\$963 million and S\$909 million, respectively.

The amount that we spend on capital expenditure is determined primarily by growth as well as renewal from transmission and distribution projects. Capital expenditures may fluctuate from year to year depending on when these projects are incurred. Transmission projects are driven by load growth from consumer and generation connections; as well as renewal of transmission equipment and circuits. Distribution projects are driven mainly by consumer demand.

The EMA has set our price controls for the current five-year regulatory period based on our weighted average cost of capital and our estimated operating and capital expenditures over the next five years.

The following table sets forth our capital expenditure by project category for the years indicated:

	For the year ended March 31,		
	2013	2014	2015
	(S\$ million)		
Transmission projects	490	659	586
Distribution projects	180	196	182
Distribution renewals	37	36	62
SCADA system projects	8	10	12
Others	47	62	67
Total	762	963	909

Based on current planning assumptions, such as load projections and the condition of our assets, in comparison with the periods set out in the table above, we expect higher total capital expenditure to be incurred for each of Fiscal Years 2016 to 2020. The major capital expenditure projects planned over the next five years consist of:

- ✓ development of new 400kV, 230kV and 66kV substation projects and network circuits to support the expected increase in generation capacities and load demand in Jurong Island and Tuas;
- ✓ a new 230kV substation at North Coast to support load growth in Woodlands; and

✓ transmission equipment renewal projects for 230kV and 66kV substations and network circuits.

See “Our Business—Network Enhancement.”

Off-Balance Sheet Arrangements

Other than operating leases for rental set forth below in “—Capital and other Commitments”, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to an investment in our securities.

Capital and other Commitments

The following table lists as of March 31, 2015 information with respect to our capital and other commitments which are committed but not provided for in our financial statements:

Payments due by periods

	Within 1 year	After 1 year but within 3 years	After 3 years but within 5 years	More than 5 years	Total
	(S\$ millions)				
Capital commitments	701.8	1,002.5	150.3	15.2	1,869.8
Operating lease commitments.....	2.6	3.8	3.7	2.1	12.2
Total	704.4	1,006.3	154.0	17.3	1,882.0

Risk Management

We are exposed to specific risks in the conduct of our business and the environment in which we operate. These include foreign currency, interest rate, credit, liquidity, regulatory and supply source failures risks which arise in the normal course of our business. Generally, our overall objective is to manage and minimize our exposure to such risks.

We enter into a variety of derivative financial instruments to manage our exposure to interest rate and foreign currency risk, including forward foreign exchange contracts, interest rate swaps and cross currency interest rate swaps. We do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Our policies for managing each of these risks are as described below.

Foreign currency risk

We are exposed to foreign currency risks from borrowing activities, purchase, supply and installation contracts, and trade creditors which are denominated in a currency other than Singapore dollars. We mitigate our foreign exchange risk by utilizing various hedging instruments.

We enter into cross-currency interest rate swaps to manage exposures arising from foreign currency borrowings, including U.S. dollar, Japanese Yen and Hong Kong dollar. Under cross currency interest rate swaps, we agree to exchange specified foreign currency principal and interest amounts at an agreed future date at a pre-determined exchange rate. Such contracts enable us to mitigate the risk of adverse movements in foreign exchange rates. Except where a foreign currency borrowing is taken with the intention of providing a natural hedge by matching the underlying cash flows, all foreign currency borrowings are swapped back to Singapore dollars.

We use forward foreign currency contracts to substantially hedge foreign currency risk attributable to purchase transactions. The maturities of the forward exchange contracts are intended to match the forecasted progress payments of the supply and installation contracts. Whenever necessary, forward exchange contracts are either rolled over at maturity or translated into foreign currency deposits whichever is more cost efficient.

Interest rate risk

We manage our interest rate exposure for the current regulatory period by maintaining a significant portion of our debt at fixed interest rates for that regulatory period. This is done by the (i) issuance of fixed rate debt; (ii) use of interest rate swaps to convert floating rate debt to fixed rate debt; or (iii) use of cross currency interest rate swaps to convert fixed or floating rate non-functional currency denominated debt to fixed rate functional currency denominated debt.

Our excess funds are principally invested in bank deposits of varying maturities to match our cash flow needs, or deposited with our immediate holding company.

Credit risk

We are exposed to credit risk if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from our financial assets, comprising cash and cash equivalents, trade and other receivables and other financial instruments.

Surplus funds are invested in interest-bearing deposits with financial institutions with good credit ratings assigned by international credit rating agencies. Counterparty risks are managed by limiting exposure to any individual counterparty. Our portfolio of financial instruments is entered into with a number of creditworthy counterparties, thereby mitigating concentration of credit risk.

Counterparty risks on derivatives are generally restricted to any gain or loss when marked to market, and not on the notional amount transacted. As a prudent measure, we enter into derivatives only with financial institutions with good credit ratings assigned by international credit rating agencies.

There is no significant concentration of credit risk of trade receivables. In addition to customers' deposits, we hold guarantees from creditworthy financial institutions to secure the obligations of certain customers.

Liquidity risk

Liquidity risk is the risk that a company will not be able to meet its financial obligations as they fall due. We have adopted prudent liquidity risk management by maintaining sufficient cash and liquid financial assets. We have taken measures to ensure the availability of funding through an adequate level of bank credit lines and the establishment of this Program.

Regulatory risk

Our tariff levels, which are the most significant determinant in our operating results, are subject to price controls set by the EMA. The price controls for our transmission and distribution business are applicable for each regulatory period (which is currently set at five years) from their date of issue and are based on our weighted average cost of capital and our projected operating and capital expenditures. If the actual cost exceeds the projections or our price controls are set too low, our actual costs may exceed our revenues permitted to be collected pursuant to the prevailing price controls, which would have a material adverse effect on our financial performance.

We minimize our regulatory risk by working with the Government and our regulators to ensure that the regulatory framework is economically robust. To achieve favorable regulatory outcomes, we benchmark international regulatory developments and best practice, benchmark our costs and performance to promote efficiency and work closely with the regulator on pricing and consumer-related issues. We also proactively manage our large industrial consumers and seek their feedback on our pricing and services.

We expect to meet with Government officials and regulators on a regular basis to share information with respect to our business. The objective of this close working relationship is to encourage practical policies be adopted by the Government that will allow us to maximize our financial performance and maintain predictable cash flows. We intend to continue to work in consultation with the EMA in order to attain reasonable price controls upon each regulatory reset of our price controls.

Supply source failure

We do not rely on any single supplier for key services or equipment to mitigate against single supply source failures. Terms and conditions for each contract are specific to the nature of goods and services procured.

Defaults in customer payment

We minimize our credit exposure from retail electricity licensees and contestable consumers by requiring a 45-day security deposit in the form of a bank guarantee or cash from retail electricity licensees serving contestable consumers which are designated as “retailer consolidated billing” consumers, and from contestable consumers, which are either designated as “retailer split billing” consumers or direct market participants. These security deposits mitigate our credit risk from retail electricity licensees and contestable consumers. We can increase the security deposits (from the retail electricity licensees) from 45 days to 60 days upon two late payments in a year.

We do not assume non-payment risk of non-contestable electricity consumers as such risks are borne by SP Services, our agent for the collection of our transmission tariffs. As a result, we do not maintain security deposits from such non-contestable consumers. However, non-contestable consumers generally maintain a 45-day security deposit with SP Services. We bill SP Services for transmission and distribution services that we provide to non-contestable consumers. SP Services is under an obligation to pay us the relevant amount due for our services provided to non-contestable consumers regardless of whether SP Services has succeeded in collecting the relevant amounts due from such consumers. SP Services may recover any bad debts through its own regulated tariffs. Therefore, we do not bear any credit risk with respect to the collection of transmission tariff revenue from non-contestable consumers. Under the Electricity Act, the EMA’s functions and duties include securing that electricity licensees, whose prices are controlled by the EMA, are able to provide an efficient service and maintain financial viability. Currently, SP Services’ prices are controlled by the EMA.

Related Party Transactions

We have entered into a range of transactions with entities owned or controlled by Temasek and the Singapore Power Group. We expect to enter into similar transactions in the future. In our ordinary course of business, we have dealt with and will from time to time deal with other companies owned or controlled by Temasek and the Singapore Power Group.

For a description of our significant related party transactions, see Note 21 of our audited financial statements for the years ended March 31, 2015 and 2014 and Note 22 of our audited financial statements for the year ended March 31, 2013 included elsewhere in this Offering Circular. For the purposes of such financial statements, parties are considered to be related to us if we have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where we and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Our immediate and ultimate holding companies are Singapore Power Limited and Temasek respectively. These companies are incorporated in the Republic of Singapore. Temasek is an investment company headquartered in Singapore with a diversified investment portfolio. Accordingly, all the subsidiaries of Temasek are related corporations and are subject to common control.

We engage in a wide variety of transactions with related corporations in the normal course of business on terms similar to those available to other consumers. Such transactions include but are not limited to sales and purchases of power, provision of consultancy and engineering services, leasing of cables and ducts, agency services and financial and banking services. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

All electricity supplied to companies in the Temasek group are related party transactions. The Temasek group has extensive interests in a large number of companies and it is not practical to compile data on the value of electricity sales, or the component relating to transmission and distribution of electricity to the Temasek group. As our rates for electricity transmission and distribution are based on tariffs approved by the EMA, it is not meaningful to present information relating to such income.

Significant Arrangements with the Singapore Power Group

We have the following significant arrangements, directly and indirectly, with Singapore Power Limited and its subsidiaries:

We are party to a Management Services Agreement with the Manager through which agreement we procure management services from the Manager. For further information regarding the Management Services Agreement, see “The Manager and its Employees—Management Services Agreement.” The Manager is party to a Corporate Services Agreement with Singapore Power Limited, pursuant to which the Manager receives various corporate services. For additional information regarding the Corporate Services Agreement, see “The Manager and its Employees—Corporate Services Agreement.”

We are also a party to an Agency Agreement with SP Services whereby SP Services acts as our agent for the calculation, billing and collection of our transmission charges and connection application processing services. For more information regarding the Agency Agreement, see “Our Business—Consumers, Billing and Collection”.

In addition, we are the trustee-manager of the SPCIT Trust. In this capacity, we have entered into a number of contracts with related parties, including, among others, the TSA and the TM Management Services Agreement. For further information regarding the agreements entered into by us in relation to the SPCIT Trust, see “Our Business—Tunnel Services Agreement” and “The Manager and its Employees—TM Management Services Agreement”. As the trustee-manager of the SPCIT Trust, we are generally indemnified under the trust deed constituting the SPCIT Trust against any actions, costs, claims, damages, expenses, penalties or demands to which we may be put as the trustee-manager of the SPCIT Trust, save where such action, cost, claim, damage, expense, penalty or demand is occasioned by fraud, willful default or breach of trust by us or where we have failed to exercise reasonable care and skill.

INDUSTRY AND REGULATION

Information in the section below not relating to us has been derived from sources and publications produced by third parties. Such information has not been independently verified by us, the Arrangers, the Dealers or any of their respective affiliates or advisors. We make no representation as to the correctness or accuracy of such information and, accordingly, such information should not be unduly relied upon.

Structure of the Electricity Industry

The electricity industry in Singapore can be divided into the following principal businesses:

- ✓ generation, which is the production of electricity at electricity generation plants using fossil fuels and other sources of energy;
- ✓ transmission (which is the transfer of electricity from electricity generation plants either to a distribution network or directly to large industrial electricity consumers using a network of high- voltage power cables) and distribution (which is the delivery of electricity to homes and businesses using a network of high voltage and low-voltage power cables);
- ✓ retailing, which is the purchase of electricity by, and its sale to, individual electricity consumers; and
- ✓ the provision of various services and activities relating to the electricity industry, including market support services, and the operation of and trading in the wholesale electricity market.

Electricity transmission involves the transfer of electricity produced at electricity generation plants owned by third parties, which is boosted by transformers to extra high voltages so that it can be economically and efficiently moved long distances over an electricity transmission network to major load centers with minimal power loss. The voltage is then reduced at transmission substations for supply to consumers by means of a low voltage distribution network. Distribution network voltages and equipment capacity are determined by electricity consumer requirements and location.

The practicalities of transferring electricity are such that high-voltage transmission networks are used for the transfer of large amounts of electricity over longer distances with low-voltage distribution networks becoming more economic for the transfer of smaller amounts of electricity over shorter distances.

Because electricity currently cannot be economically stored in large quantities, the output of electricity generation plants must be continuously matched to the demand levels in various load centers in order to ensure the stability of the power system, including desired frequency and voltage levels.

Characteristics of the Singapore Electricity Industry

The commercial and industrial consumers together represent approximately 83% of total electricity consumption in Singapore each year, while residential consumers account for the remaining 17%. The key commercial sector includes transport, community services and business services firms. The major industrial sector encompasses oil refineries, chemical industries and electronic firms.

The aggregate volume of electricity transmitted and distributed in Singapore is affected by the change in Singapore's GDP. The rate of increase in electricity consumption is also affected by additional factors such as the weather, retail price of electricity, increases in energy efficiency and changes in the mix of industries in Singapore.

Electricity also competes with other energy sources, notably natural gas, for some industrial and commercial purposes. However, for many other purposes, including many industrial processes, there is often no practicable substitute for electricity. Demand for electricity and its transmission and distribution varies from day to day and throughout each day, according to the weather, time of year, time of day, the level of economic activity and consumer behavior. Electricity demand tends to be higher during daylight hours due to commercial and industrial activities and electrical appliance use such as air conditioners during this period.

Regulatory History of the Singapore Electricity Industry

The following is a general summary of the laws and regulations of Singapore relating to the business of transmitting and distributing electricity in Singapore. It is for general information only and does not purport to be a comprehensive description or exhaustive statement of the applicable laws and regulations.

The electricity transmission and distribution network of Singapore is currently owned by a single entity, SP PowerAssets, and is essential to Singapore's national interest, economic development and security. Singapore's electricity industry was traditionally vertically integrated and Government-owned. In 1963, the Public Utilities Board (the "PUB"), a statutory board of the Government, was established as the sole electricity, water and gas supplier in Singapore. In 1995, the Government began to implement a number of changes to restructure the Singapore electricity industry.

On October 1, 1995, the PUB transferred certain of its operating businesses into seven successor companies, including a holding company, Singapore Power Limited, and the following companies:

- ✦ three electricity generation licensees, PowerSeraya Limited (subsequently transferred its business to YTL PowerSeraya Pte Ltd) ("PowerSeraya"), Senoko Power Limited (subsequently named Senoko Energy Pte Ltd) ("Senoko Energy") and Tuas Power Limited (subsequently transferred its business to Tuas Power Generation Pte Ltd) ("Tuas Power");
- ✦ an electricity transmission and distribution company, PowerGrid Limited ("PowerGrid"). Further to the restructuring of PowerGrid in 2003, PowerGrid transferred its business to SP PowerAssets;
- ✦ a retail electricity supply company, Power Supply Limited (subsequently named SP Services Limited); and
- ✦ a vertically integrated gas supply company, PowerGas Limited.

Each of these successor companies, except for Tuas Power (which became directly owned by Temasek until its divestment to SinoSing Power Pte Ltd (which is wholly owned by the China Huaneng Group) in 2008), became subsidiaries of Singapore Power Limited. The PUB assumed the role of regulating the electricity industry in Singapore.

On April 1, 1998, the Singapore Electricity Pool (the "SEP") commenced operations as a wholesale electricity market to facilitate the trading of electricity between electricity generation licensees and Power Supply Limited (now known as SP Services Limited), then the sole supplier of electricity in Singapore. The Singapore electricity market is a mandatory electricity spot market while electricity generation licensees and Power Supply Limited (now known as SP Services Limited) are allowed to enter into voluntary contracts to hedge against the volatility of pool prices. PowerGrid was given the responsibility of operating the SEP as system and market operator, providing for pooling and settlement and maintaining system security and stability for the electricity transmission and distribution network.

On March 11, 2000, the Government announced that Singapore's electricity industry would be further liberalized, with the objective of creating a regulatory framework and market structure designed to promote competition while ensuring reliability and security of electricity supply. The Government enacted legislation that created a competitive market framework for the electricity industry in Singapore in March 2001, consisting, *inter alia*, of the Electricity Act and the Energy Market Authority of Singapore Act, Chapter 92B of Singapore (the "EMA Act"). The regulatory regime for the electricity industry established by the Electricity Act is largely based on regulatory regimes implemented in Australia and the United Kingdom which are relatively well developed.

The Electricity Market in Singapore

On April 1, 2001 the Government established a body corporate, the EMA, under the Ministry of Trade and Industry, to regulate, among others, the electricity industry as well as the piped gas industry. As part of the electricity industry restructuring, effective April 1, 2001, PowerGrid transferred its former system operator function to the EMA and former market operator and pooling and settlement responsibilities to the EMC, which was formed as a subsidiary of the EMA to operate the SEP and subsequently the wholesale electricity market in Singapore. As part of this transfer, PowerGrid transferred certain personnel and assets to the EMA and EMC. The EMC was established in 2001 as a joint venture between the EMA and M-co (The Marketplace Company) Pte Ltd. The EMA owns 51 percent and M-co used to hold 49 percent. Singapore Exchange (SGX), through its wholly owned subsidiary Asian Gateway Investment (AGI), acquired the 49 percent stake of EMC from M-co since August 6, 2012.

In addition, as part of the Government's policy of separating ownership of electricity generation assets from ownership of the transmission and distribution network, on April 1, 2001 Singapore Power Limited fully divested its interests in electricity generation licensees Senoko Power and PowerSeraya to Temasek. In 2008, Temasek divested all its interest in Senoko Power (now known as Senoko Energy Pte Ltd) to Lion Power Holdings Pte Ltd, which is owned by a consortium comprising Marubeni Corporation, GDF Suez S.A., The Kansai Electric Power Co., Inc, Kyushu Electric Power Co., Inc. and Japan Bank for International Cooperation; and in 2009, Temasek divested all its interest in PowerSeraya to Sabre Energy Industries Private Limited (which is wholly owned by YTL Power International Berhad). New market rules for the wholesale electricity market took effect on January 1, 2003, and the SEP was terminated and replaced by a new wholesale electricity market.

The EMA was established in April 2001 pursuant to the EMA Act as an independent regulator overseeing, *inter alia*, the electricity industry. The functions and duties of the EMA (as set out in the Electricity Act) include:

- ✓ protecting the interests of consumers with regard to the prices charged and other terms for the supply of electricity, the reliability, availability and continuity of supply of electricity, and the quality of electricity services provided;
- ✓ promoting the efficient use of electricity by consumers and economic efficiency and the maintenance of such efficiency in the electricity industry;
- ✓ performing the function of economic and technical regulator of the electricity industry, including the exercise of licensing and regulatory functions in respect of, the generation, transmission, import, export, trading and retail of electricity, the provision of market support services, the operation of any wholesale electricity market, and the establishment of standards of performance and codes of practice relating to any matter connected with the activities regulated by the EMA;
- ✓ securing that electricity licensees whose prices are controlled by the EMA are able to provide an efficient service and maintain financial viability;
- ✓ ensuring security of supply of electricity to consumers and arranging for the secure operation of the transmission system in accordance with the Market Rules or other codes of practice;
- ✓ protecting the public from dangers arising from the generation, transmission, supply or use of electricity;
- ✓ creating an economic regulatory framework in respect of the generation, transmission, import, export, trading and retail of electricity, the provision of market support services and the operation of any wholesale electricity market which promotes and safeguards competition and fair and efficient market conduct, and prevents the misuse of monopoly or market power, and which provides non-discriminatory access to any wholesale electricity market and to transmission services and market support services;

- ✓ advising the Government on all matters relating to the generation, transmission, trading, retail and use of electricity, the provision of market support services and the operation of any wholesale electricity market; and
- ✓ doing such other things as may be required under the Electricity Act and taking such steps as are necessary or expedient for the effective discharge of its functions and duties under the Electricity Act.

Summary of the Restructured Electricity Industry in Singapore

We are currently the sole licensee for transmission and distribution of electricity in the electricity market in Singapore. We offer open and non-discriminatory access to our transmission and distribution network. Our tariffs for network utilization are subject to regulation by the EMA. We plan, develop, own and maintain the electricity transmission and distribution network that delivers electricity to substantially all electricity consumers in the electricity market in Singapore. We operate our distribution network while a division of the EMA, the Power System Operator (the “PSO”), operates our transmission network to ensure system stability and security.

In addition to ourselves, participants in the electricity market in Singapore include:

- ✓ the EMA, which serves as the regulator of the electricity industry in Singapore;
- ✓ the EMC, which as market operator operates and administers the wholesale electricity market, schedules electricity generation units, loads and our transmission network, facilitates planning and augmentation of the transmission network and provides information and other services to facilitate decisions for investment;
- ✓ the PSO, a division of the EMA, which controls the dispatch of electricity generation units and dispatchable demands in the electricity market, operates and directs the operation of our transmission network, co-ordinates outage and emergency planning, and is responsible for the management of operations and security of the power system;
- ✓ electricity generation licensees, which generate and sell electricity in the wholesale energy market;
- ✓ retail electricity licensees, who either buy electricity directly from the wholesale electricity market or through SP Services to sell to contestable consumers;
- ✓ consumers, who are categorized as either contestable consumers (who may choose their retail electricity licensee or buy electricity directly from the wholesale electricity market) or non-contestable consumers (who may not choose their retail electricity licensee), depending on their average monthly electricity usage (see “—Summary of the Restructured Electricity Industry in Singapore—Electricity Generation and Electricity Retailing— Contestability”); and
- ✓ SP Services, which in its capacity as the only MSSL at present in Singapore, provides services such as meter reading, supplying electricity to non-contestable consumers, preparing bills for non-contestable consumers, and preparing settlement-ready meter data for retail electricity licensees for contestable consumers, and consumer registration and transfer services between retail electricity licensees.

The electricity market in Singapore consists of a wholesale energy market and a retail market.

The Wholesale Energy Market

The wholesale energy market consists of a “real-time” market or spot market for energy, regulation and reserve administered by the EMC, and a procurement market for ancillary services required to maintain the secure operation of the power system.

At every half-hour, the spot market determines:

- ✓ the quantity that each electricity generation facility is to produce;
- ✓ the reserve and regulation capacity to be maintained by each electricity generation facility; and
- ✓ the corresponding wholesale spot market price for electricity.

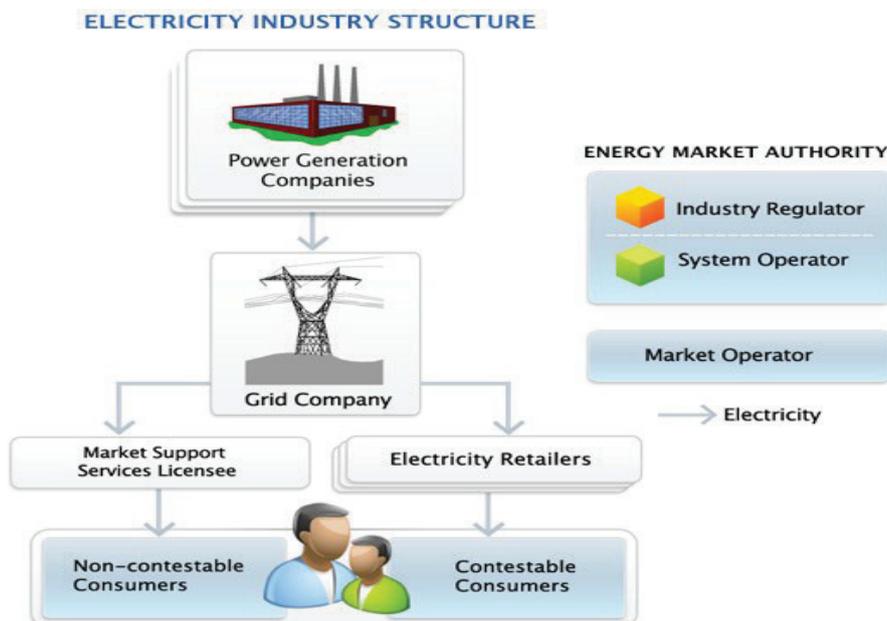
The quantities and prices in the wholesale energy market are based on price-quantity offers made by electricity generation licensees on a half-hourly basis and demand forecasts prepared by the PSO. The overall least-cost dispatch schedule and market prices are determined half-hourly. The price offered in the market for the most expensive generation needed to meet the forecast demand in each half hour period sets the system marginal price.

The Retail Market

Contestability for electricity consumers in the retail market has been introduced in phases. Contestability is the ability of an electricity consumer to choose the entity from whom it purchases its electricity requirements.

Consumers who are contestable may purchase electricity from a retail electricity licensee under a bilateral contract, or from an MSSL, or may purchase electricity directly through the electricity market in Singapore at the wholesale spot rate. The aim of contestability is to enable consumers to exercise choice and therefore benefit from competition. Prior to April 1, 2001, SP Services was the sole supplier of electricity to electricity consumers in Singapore. On April 1, 2001, competition in the market for electricity supply in Singapore began to be phased in, and to date consumers with annual electricity demand of 24MWh or more have become contestable. For a discussion on the liberalization of the retail market, please see “—Summary of the Restructured Electricity Industry in Singapore—Electricity Generation and Retailing—Contestability”.

The figure below illustrates in detail the structure of the electricity industry in Singapore after its restructuring:



Source: Energy Market Authority

Note: In this diagram, SP PowerAssets is represented by the Grid Company.

Electricity Generation and Electricity Retailing

Electricity generation licensees may produce and sell electricity in the wholesale energy market, which is administered by the EMC. Such electricity may be purchased by SP Services, retail electricity licensees and any person which is presently registered as a market participant in the electricity market in Singapore.

Vesting contracts were introduced on January 1, 2004. Vesting contracts are financial contracts between electricity generation licensees and SP Services. These contracts commit electricity generation licensees to selling specified quantities of electricity for various periods at prices stipulated by the EMA, and are designed to control the market power of such electricity generation licensees.

Retail electricity licensees may buy electricity from the wholesale energy market and sell electricity to contestable consumers.

Contestability

Contestability is the ability of an electricity consumer to choose the entity from whom it purchases its electricity requirements. Consumers who are contestable may purchase electricity from a retail electricity licensee under a bilateral contract, or from an MSSSL, or purchase electricity directly from the wholesale energy market or indirectly through SP Services. The aim of contestability is to enable consumers to exercise choice and therefore benefit from competition. Prior to April 1, 2001, SP Services was the sole supplier of electricity to electricity consumers in Singapore. On April 1, 2001, competition in the market for electricity supply in Singapore began to be phased in and Ultra High Tension consumers (those connected to our network at 230kV and above), Extra High Tension consumers (those connected to our network at 66kV) and High Tension consumers (those connected to our network at 22kV or 6.6kV) with electricity demand greater than 2MW were allowed to choose their retail electricity licensee. On January 1, 2003, High Tension consumers with electricity demand equal to 2MW became contestable. On June 1, 2003, High Tension consumers with electricity demand of less than 2MW became contestable. Low Tension consumers (those connected to our network at 400V or 230V) with annual consumption of greater than 240MWh became contestable on August 24, 2003. Low Tension consumers with annual electricity consumption between 120MWh and 240MWh became contestable on December 21, 2003.

As a step towards full retail contestability ("FRC"), the EMA has lowered the contestability threshold, from 120MWh to 96MWh on April 1, 2014, and further to 48MWh on October 1, 2014. The contestability threshold has been further lowered to 24MWh on July 1, 2015. This will allow more non-residential consumers to be eligible for retail contestability. In addition, for a non-residential consumer who has multiple electricity accounts at different locations in Singapore, he can choose to become contestable in respect of any of the locations if his aggregated demand meets the prevailing contestability threshold. The EMA is aiming to implement FRC within the next few years. With FRC, the remaining 1.3 million small consumers, who are mainly residential consumers, will have the option to choose whether they want to remain on regulated tariff or switch to contestable status and buy electricity from retailers.

Contestable consumers who purchase electricity from retail electricity licensees generally receive bills from their retail electricity licensees which itemize charges for electricity provided by retail electricity licensees separately from charges for transmission and distribution services provided by us. Non-contestable consumers receive bills from SP Services acting in its capacity as MSSSL, which do not separately itemize charges for electricity supply and for transmission and distribution services.

Consumers with main meters, to which sub-meters are connected at multi-unit premises such as offices and industrial buildings, will not be contestable until FRC is implemented, which is currently under study by the EMA. A master meter consumer can become contestable if all its sub-meter consumers give consent to aggregate their consumption using the main meter and purchase electricity as a group.

Pooling and Settlement

In general, electricity generation licensees and retail electricity licensees are required to trade electricity through the wholesale energy market and must register as market participants (“Market Participants”) with the EMC. They each must also comply with the Market Rules, which have binding contractual force between Market Participants. The Market Rules stipulate how the electricity market in Singapore is operated and the responsibilities and liabilities of each class of Market Participant. In addition to the electricity generation licensees and retail electricity licensees, our company, SP Services and the EMC are Market Participants. Under the Market Rules, there exist various panels with competency to (i) monitor the adherence to the Market Rules by the participants of the electricity market in Singapore; (ii) resolve disputes relating to payments; (iii) propose and enact amendments to the Market Rules, subject to the EMA’s approval; (iv) oversee the operations of the EMC; and (v) review the EMC’s budgets. The EMA has the right to veto and the power to propose resolutions at meetings of these panels although it does not have other voting rights.

Market participants have the choice of trading electricity either on the spot market or through bilateral contracts. The wholesale spot market, which is administered by the EMC, operates as follows: each electricity generation licensee must submit to the EMC in advance its half-hourly bid prices for electricity to be generated by each of its generating units. The EMC ranks the bid prices of all the electricity generation licensees for each half-hourly settlement period in ascending order. The generating unit with the lowest bid price is selected to produce electricity for sale until the cumulative capacity of all the selected electricity generating units is adequate to meet electricity demand. The bid price of the last, or marginal, generating unit needed to meet demand is the price at which all the electricity generation licensees are paid for the sale of electricity in that settlement period irrespective of their bid prices. Thus, the price offered in the market for the most expensive generation needed to meet the forecast demand in each half-hour period sets the system wide marginal price.

From April 1, 2001 to December 31, 2002, the EMC provided pooling and settlement services to electricity generation licensees and retail electricity licensees participating in the SEP, and since January 1, 2003, the EMC provides such pooling and settlement services to Market Participants in the wholesale energy market. The EMC computes the amount payable by electricity purchasers, including retail electricity licensees, contestable electricity consumers who purchase electricity directly from the wholesale energy market and SP Services, to electricity generation licensees for the purchase of electricity. The EMC then collects payment from these electricity purchasers and makes payments to the electricity generation licensees. The EMC acts as a clearing house for the collection of payments due from electricity purchasers participating in the wholesale energy market and makes on-payments due to electricity generation licensees.

Licensing Regime

The Electricity Act provides that no person shall, *inter alia*, engage in the transmission of electricity, or transmit electricity for or on behalf of a transmission licensee, unless he is authorized to do so by an electricity license granted under the Electricity Act, or is exempted under the Electricity Act. The definition of the word “transmit” in the Electricity Act encompasses the distribution (as this word is used herein) of electricity. In determining whether to grant an electricity license for a licensable activity, the EMA is required to consider, the ability of that person to finance the carrying on of the particular activity; the experience of that person in carrying on the activity, and its ability to perform the duties which would be imposed on that person under the Electricity Act and the electricity license, if granted; whether the person is related to any gas transporter under the Gas Act, Chapter 116A of Singapore; whether or not that person is related to any electricity licensee or any person granted an exemption under the Electricity Act; and the functions and duties of the EMA under the Electricity Act.

No transmission licensee, transmission agent licensee or market support services licensee shall be granted an electricity license to carry out any activity other than the transmission of electricity, the transmitting of electricity for or on behalf of a transmission licensee or the provision of market support services, respectively. No electricity licensee who is authorized by his license to operate any wholesale electricity market shall be granted an electricity license to carry out any activity other than the operation of that market.

An electricity license may include any restriction or condition (whether or not relating to the activities authorized by the electricity license) which appears to the EMA to be requisite or expedient having regard to the functions and duties of the EMA under the Electricity Act. Such conditions may include, *inter alia*, requiring the electricity licensee to:

- ✓ pay to the EMA a fee on the grant of the electricity license or to pay to the EMA periodic fees during the currency of the license or both, of such amount as may be determined by or under the license;
- ✓ enter into any agreement or arrangement on specified terms or on terms of a specified type relating to the electricity licensee's trading or operation or for the connection to or use of any electric line or plant owned or operated by the electricity licensee or the other party to the agreement or arrangement;
- ✓ observe, with such modification or exemption as may be approved by the EMA, specified codes of practice and the Market Rules;
- ✓ maintain specified financial accounting records and prepare financial accounts according to specified principles;
- ✓ appoint, at such intervals and on such terms as the EMA may direct, an independent technical auditor for the purposes specified in the condition;
- ✓ prepare for approval by the EMA guidelines regarding the procedures the electricity licensee must follow in the event of any public emergency;
- ✓ do or not to do such things as are specified in the electricity license or are of a description so specified; and
- ✓ in relation to us as a transmission licensee, carry out any work related to the development of the transmission system or the supply of electricity to any premises.

The electricity license may also include conditions for:

- ✓ controlling or fixing prices to be charged for the services provided by a transmission licensee, market support services licensee or an electricity licensee authorized to operate any wholesale electricity market including the fixing of prices or the rate of increase or decrease in prices; the fixing of a maximum price or maximum rate of increase or minimum rate of decrease in the maximum price; the fixing of an average price or an average rate of increase or decrease in the average price; the setting of pricing policies or principles; the setting of prices with reference to a general price index, the cost of production, a rate of return on assets employed or any specified factor; and the setting of prices with reference to the quantity, location, period or other specified factors relevant to the activities authorized by the license;
- ✓ in the case of a transmission licensee, market support services licensee or an electricity licensee authorized to operate any wholesale electricity market, imposing controls and restrictions, directly or indirectly, on the creation, holding or disposal of shares in the electricity licensee or its shareholders or of interests in the undertaking of the electricity licensee or any part thereof, and imposing restrictions on the carrying on by the electricity licensee of any trade or business which is not related to the activity which the electricity licensee is authorized by its electricity license to carry on; and
- ✓ providing for any one or more of the conditions specified in the electricity license to cease to have effect at such times and in such manner and circumstances as may be specified in or determined by or under the condition.

An electricity license granted to any person shall not be transferable to any other person without the written approval of the EMA and any purported transfer is void. The EMA may modify the conditions of any electricity license in accordance with the Electricity Act if the EMA is satisfied that the modification is requisite or expedient having regard to the functions and duties of the EMA under the Electricity Act.

Powers of the EMA to Control Electricity Licensees

The Minister may, on an application by the EMA, make an order under Section 29 of the Electricity Act if we are unable (or likely to be unable) to pay our debts, a public emergency has occurred or where the Minister considers it in the public interest or in the interest of the security and reliability of electricity supply to the public. The orders which may be made by the Minister under Section 29 of the Electricity Act are (i) a special administration order; (ii) an order requiring us to take any action or to do or not to do any act or thing as the Minister considers necessary; or (iii) an order appointing a person to advise us in the proper conduct of our business. The decision of the Minister is final. A special administration order is an order which allows the EMA to directly or indirectly manage our affairs, business and property for the period during which the order is in force to secure one or more of the objectives stated in Section 28(2) of the Electricity Act, including the security and reliability of the supply of electricity to the public.

Where a special administration order has been made, the EMA may fix the remuneration and expenses to be paid by us to the EMA. The EMA may also fix the remuneration and expenses to be paid by us to any person appointed by the Minister under Section 29 of the Electricity Act to advise us in the proper conduct of our business or undertaking.

The EMA has the power to issue directions to any person, including us, to ensure the reliability of the supply of electricity to the public or the security of the electricity system; to maintain the voltage or reactive flow of power through the transmission system; in the interests of public safety; or as may be necessary to enable the EMA to perform its functions and duties. Any failure to comply with such directions is an offence and may be punished on conviction with a fine and/or imprisonment. In addition, any breach of a direction made by the EMA may be actionable by any person who sustained any loss or damage as a result of that breach, against the person who was required to comply with such direction.

If the EMA is satisfied that we are contravening or have contravened or are likely to contravene any provision of the Electricity Act or our Transmission License, or any code of practice or other standard of performance applicable to us the EMA may issue a direction; and/or require us to provide any form of security on terms as determined by the EMA; and/or require us to pay a financial penalty of an amount not exceeding 10.0% of our annual turnover (as determined from our latest audited accounts) or an amount not exceeding S\$1 million, whichever is higher.

In addition, the EMA may also, if the conditions stated in Section 13 of the Electricity Act are fulfilled, revoke or suspend our Transmission License, and in certain cases, require us to pay a financial penalty of an amount not exceeding 10.0% of our annual turnover (as determined from our latest audited accounts) or an amount not exceeding S\$1 million, whichever is higher.

From a competition perspective, agreements, decisions or concerted practices which have as their object or effect the prevention, restriction or distortion of competition in any wholesale electricity market or the retail electricity market in Singapore are generally prohibited and the EMA may give such directions as it considers appropriate to bring any infringement to an end. We are also prohibited from engaging in any conduct which amounts to an abuse of a dominant position in any wholesale electricity market or retail electricity market in Singapore, if it may affect trade within Singapore. The EMA may direct us to modify or cease any such conduct. Where either prohibition has been infringed, the EMA may also require us to pay a financial penalty of an amount not exceeding 10.0% of our annual turnover (as determined from our latest audited accounts) or an amount not exceeding S\$1 million, whichever is higher, in addition to requiring the provision of any form of security on such terms as may be determined by the EMA.

No person may (whether alone or together with his associates) hold or be in the position to control 12% or more of the equity interest or voting power in us except with the prior written approval of the EMA. In addition, no person may directly or indirectly (whether alone or together with his associates) hold or be in the position to control 30% or more of the equity interest or voting power in us except with the prior written approval of the EMA. If any person acquires any equity interest in us such that that person will hold 5% or more of the total equity interest in us, we will need to notify the EMA in writing. No person may acquire our transmission business as a going concern except with the EMA's prior written approval. The EMA may give its approval to the acquisition of an equity interest or voting power in us in the prescribed threshold if the EMA is satisfied that (a) the person is a fit and proper person; (b) having regard to the person's likely influence we will continue to conduct our business prudently and comply with the provisions of the Electricity Act; and (c) it is in the public interest to do so. The EMA may give its approval to the acquisition of our business as a going concern if the EMA is satisfied that (a) the person acquiring the business is a fit and proper person; (b) the acquisition will not affect the security and reliability of the supply of electricity to the public; and (c) it is in the public interest to do so. Any approval granted by the EMA may be made subject to such conditions as the EMA considers appropriate.

No person may be appointed as our chief executive officer, director or chairman of our board of directors except with the EMA's prior written approval. If any person is appointed without the EMA's approval, the EMA may direct us to remove such person.

Our Transmission License and Our Tariff Regulatory Framework

For a discussion of our electricity Transmission License and our role as a Transmission Licensee in the electricity market in Singapore, see "Our Business—Our Transmission License". For a description of our current tariffs and a detailed discussion of the manner in which our tariffs are regulated by the EMA, see "Our Business—Our Tariff Regulatory Framework".

OUR BUSINESS

Overview

We are the sole provider of electricity transmission and distribution services in Singapore and we own and maintain the electricity transmission and distribution network that delivers power to substantially all electricity consumers in Singapore. As of March 31, 2015, we served approximately 162,000 industrial and commercial electricity consumers and approximately 1.28 million domestic electricity consumers in Singapore. We transmit electricity generated by third parties through our high-voltage, wholly-underground transmission network and distribute that electricity through our lower-voltage, predominantly-underground distribution network to our consumers. The Manager was granted an Electricity License for Transmission Agent Licensee under the Electricity Act on July 27, 2006 to transmit electricity for us or on our behalf, and is itself regulated by the EMA under the Electricity Act.

The Manager manages and operates our business through the Management Services Agreement. For a discussion on Management Services Agreement, please refer to “The Manager and its Employees—Management Services Agreement”.

We were issued a Transmission License dated November 3, 2003 by the EMA. The EMA may terminate our Transmission License by giving us 25 years’ notice, or otherwise in accordance with the Electricity Act.

As of March 31, 2015, our transmission and distribution network within Singapore comprised:

- ✓ more than 21,300 km of cable circuits which are primarily underground;
- ✓ a network of 400kV, 230kV and 66kV transmission facilities, which include substations, switchgear and transformers; and
- ✓ a network of 22kV, 6.6kV and 400V distribution facilities, which include substations, switchgear and transformers.

For a description of the volume of electricity which we transmit and distribute, please see “Selected Financial, Operating and Other Data—Our Operations”.

The quality and reliability of our transmission and distribution network has been fundamental to our success. We achieved reliability benchmarks (comprising SAIDI and SAIFI) which compare favorably with other underground transmission and distribution networks. SAIDI represents the average unplanned outage duration experienced per consumer per annum and SAIFI represents the average number of unplanned interruptions per consumer per annum.

Our business is subject to extensive regulation. The price controls which limit the tariffs we may charge our consumers are subject to regulatory approval by the EMA. In addition, the EMA imposed the SOP Scheme in August 2004. The SOP Scheme is an incident-based penalty only performance scheme. Please refer to a detailed discussion in “—Our Tariff Regulatory Framework—Network Performance Scheme” and “—Our Tariff Regulatory Framework—Performance-Base Regulations and Price Controls set by the EMA”.

We have been assigned an overall corporate credit rating of “Aa2” by Moody’s and “AA” by Standard & Poor’s.

Business Strengths

We believe that the following are our key business strengths that should establish a solid platform for us to execute our business strategy:

Stable and predictable cash flows

Our sole business of electricity transmission and distribution generates stable and predictable cash flows and earnings. Our electricity consumers include a diverse mix of consumers, comprising industrial, commercial and residential consumers. We believe that the diversity of our consumer base helps to shield us from severe fluctuations in electricity demand resulting from downturns in specific industries. We earn stable transmission tariff revenue in respect of all electricity consumers connected to and utilizing our transmission and distribution network, irrespective of which electricity generation licensee supplies the electricity provided to such consumers, subject to applicable price caps. Based on an average taken from Fiscal Years 2013 and 2014, 94.2% of our annual revenue and other income was derived from our regulated transmission revenue, and for Fiscal Year 2015, the percentage was 94.8%. In addition, as part of our regulatory framework, our exposure in a given year to increases or decreases in revenue associated with changes in the aggregate volume of electricity transmitted or distributed on our network is limited to a +/- 2.0% deviation from the original volume forecast incorporated into the price control regulation. If the volume deviation is outside this 2.0% range, our present regulatory framework is such that the EMA will effect price changes in the subsequent Fiscal Year to compensate for such variance in volume.

We believe that our substantial cash flows resulting from our regulated revenue will allow us to maintain a strong interest coverage ratio.

Regulatory regime with incentives for efficiency gains

We operate within a clear regulatory framework and maintain a close working relationship with the EMA. Our transmission and distribution tariffs are subject to price controls based on a performance-based regulatory framework that offers us incentives to earn higher returns through operating and capital expenditure efficiencies. Our price controls are subject to regulatory reset and the approval of the EMA. This performance based regulatory framework allows us to retain the operating and capital efficiency gains achieved during the current five-year regulatory period and it is intended that we subsequently share equally between ourselves and our consumers these efficiency gains in the following regulatory period.

Sole transmission and distribution network in Singapore

We are currently the sole electricity transmission and distribution company in Singapore.

The EMA may not terminate our Transmission License except by giving us 25 years' notice, or otherwise in accordance with the Electricity Act. We believe that the proper functioning of our assets and our business operations is considered strategic to Singapore's economic development and security. Please refer to a detailed discussion in “—Our Tariff Regulatory Framework—Performance-Based Regulation and Price Controls set by the EMA.”

Reliable network and technical performance

We believe that the technical performance of our network (as measured by reliability indices such as SAIDI and SAIFI) generally exceeds those of our comparable peers such as the United Kingdom and the United States. With the technical and engineering expertise of the highly skilled workforce of the Manager and our established maintenance and operating policies and procedures, we have consistently achieved high levels of technical performance with respect to our transmission and distribution assets. We regularly monitor and assess our network assets and implement effective maintenance policies to ensure a high level of network performance and optimal asset service lives. Our key asset management initiatives include comprehensive condition monitoring and asset health index monitoring programs, to implement condition-based maintenance and timely replacement of network assets.

Access to an experienced management team

We have engaged the Manager to manage and operate our business and have thereby gained access to a highly experienced executive management team. The Manager's executives comprise personnel with long-standing electricity transmission and distribution industry experience from a business, engineering and regulatory standpoint. The expertise of the Manager's management team has been demonstrated in our excellent track record with respect to network performance, efficiency and financial performance.

Strategy

Our principal strategic objective is to sustain earnings and to continue the improvement in our operational efficiencies. Building on our business strengths, we have developed the following principal plans and strategies to achieve this objective:

Proactive regulatory management of our business to enhance our financial performance and maintain predictable cash flows

We meet with Government officials and regulators on a regular basis to share information with respect to our business. This close working relationship is to encourage practical policies to be adopted that will allow us to enhance our financial performance and maintain predictable cash flows. We intend to continue to work in consultation with the EMA in order to attain reasonable price controls upon each regulatory reset of our prices. We also intend to negotiate with the EMA reasonable performance standards, benchmarks and targets for our company based on standard industry measures of network performance as part of our regulatory framework.

We will promote strict compliance with regulations affecting all aspects of our business through regular compliance assessments and evaluations. We also seek to enhance regulatory goodwill by regularly monitoring and evaluating the quality of the service that we provide to key consumers and maintaining a strong public image and positive public perception. We hold regular meetings at both senior management as well as operational levels with our key consumers to better understand how we can meet their business and electricity service needs. We also work closely with retail electricity licensees to obtain feedback on our pricing and services regarding contestable consumers. We believe that maintaining superior consumer services will improve our partnership with the EMA and the Government and the regulatory treatment of our business.

Pursue operational efficiencies in the use of our regulated asset base

We have established and implemented best practice procedures to increase the productivity and the level of utilization of our transmission and distribution assets. We plan to achieve this through our ongoing asset management initiatives, the introduction of advanced technology and the proactive review of our current construction, maintenance and refurbishment activities to improve our efficiencies. Leveraging on our maintenance and operation experience and capability in employing diagnostic techniques to monitor the condition and performance of our network, we have adopted a condition-based maintenance regime resulting in cost efficiencies with respect to our maintenance and refurbishment activities. Through load survey and analysis, we have in-depth knowledge of local load characteristics and are better able to plan and develop network capacity to meet demand growth while optimizing investment in network assets. Moreover, we regularly consider various opportunities for the continued identification and progressive realization of synergies in our business operations.

Minimize financial risk through prudent financial management

We will preserve an optimal capital structure and maintain our financial strength through management of key measures, such as capital expenditures, cash flows, leverage and coverage ratios. Specifically, we aim to strike a balance between optimizing our capital structure and achieving a prudent level of leverage.

Maintain high network reliability and quality service

In order to maintain our strong network performance, we take significant measures to prevent major system failures from occurring, including the implementation of condition monitoring systems to detect incipient failures in our network equipment. We have adopted a condition-based maintenance regime, which together with our technical and engineering expertise, the highly skilled workforce of the Manager and our comprehensive maintenance and operating procedures enables us to achieve high network reliability and service quality.

Our condition monitoring systems have been effective in minimizing failures by removing faults at their incipient stage before they develop into failures. In the event of a failure, containment of its impact is two-pronged. Our protection system isolates the fault, and then the contingency built into our network takes over the load without overloading. We believe that the protection system and the contingency provision have been effective in safeguarding the security and stability of our network.

Our Operations

We own an electricity transmission and distribution network. Our business consists of the transmission and distribution of electricity from electricity generation licensees to substantially all electricity consumers in Singapore. In operating this business, we focus on three core areas of activities: network management, network planning and development and regulatory affairs. Through these core activities we maintain a secure and reliable transmission and distribution network that enables transportation of electricity from electricity generation plants to consumers in an economical, efficient, safe and timely manner while meeting the EMA's performance standards.

We serve approximately 1.4 million consumers in Singapore through our high-voltage, wholly-underground transmission network comprising 400kV, 230kV and 66kV cables and our lower-voltage, predominantly underground distribution network comprising 22kV, 6.6kV and 400V cables.

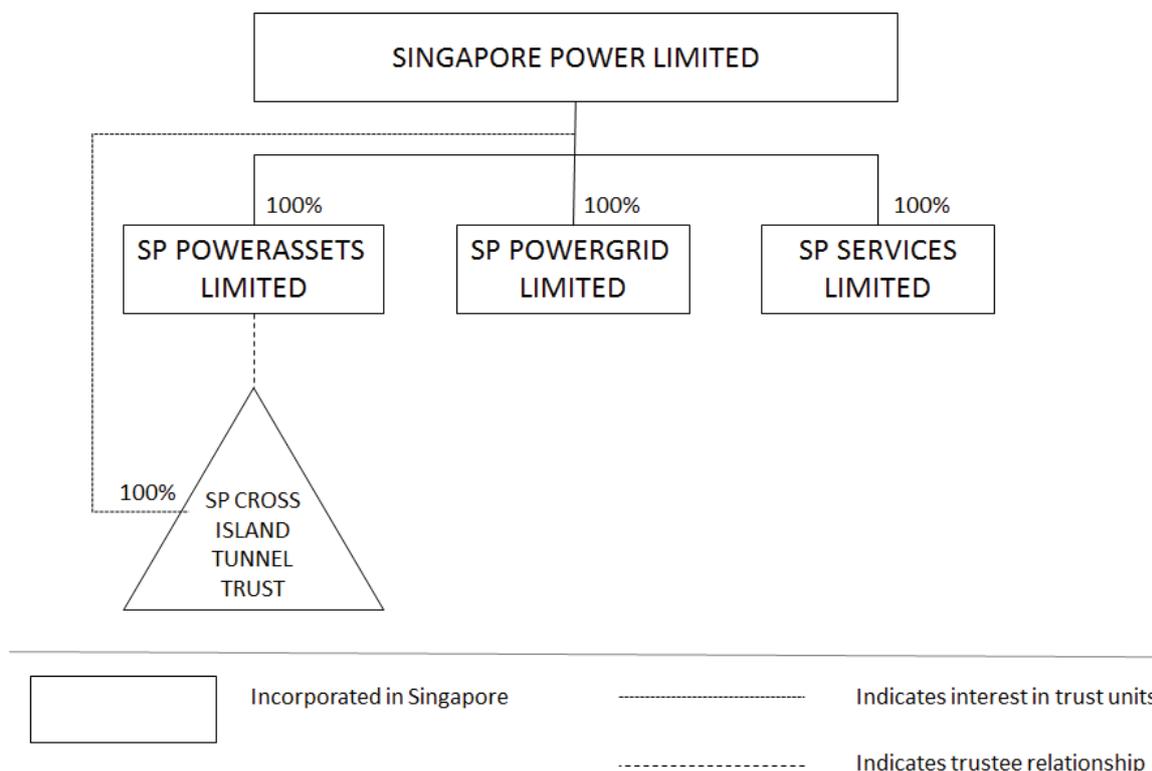
We have grouped our electricity consumers into the following segments:

- ✦ Ultra High Tension electricity consumers (electricity consumers receiving electricity supply at 230kV and above, such as petrochemical companies and oil refineries). These are contestable consumers;
- ✦ Extra High Tension electricity consumers (electricity consumers receiving electricity supply at 66kV, such as wafer fabrication plants). These are mostly contestable consumers;
- ✦ High Tension—Large electricity consumers (electricity consumers receiving electricity supply at 22kV or 6.6kV with a Contracted Capacity of at least 1,700kW, such as manufacturing companies and commercial complexes). These are mostly contestable consumers;
- ✦ High Tension—Small electricity consumers (electricity consumers receiving electricity supply at 22kV or 6.6kV with a Contracted Capacity of less than 1,700kW, such as manufacturing companies and commercial complexes). These are mostly contestable consumers;
- ✦ Low Tension—Large electricity consumers (electricity consumers receiving electricity supply at 400V or 230V, which include large industrial and commercial consumers). These are contestable consumers with Time-of-Day (“TOD”) metering; and
- ✦ Low Tension—Small electricity consumers (electricity consumers receiving electricity supply at 400V or 230V, which include residential consumers and commercial consumers such as small businesses). These are non-contestable consumers.

For more information about our system maximum demand and our electricity transmitted and distributed, please see “Selected Financial, Operating and Other Data—Our Operations”.

Ownership Interests

We are a wholly-owned subsidiary of Singapore Power Limited, which is in turn wholly-owned by Temasek, an investment company headquartered in Singapore with a diversified investment portfolio. The following chart shows the ownership interests of Singapore Power Limited in the shares of the Company, SP PowerGrid Limited and SP Services Limited, and the interests of Singapore Power Limited in SP Cross Island Tunnel Trust.



The Manager

We have engaged the Manager to manage and conduct the Business. We have thereby gained access to a highly experienced executive management team. The management arrangement between us and the Manager allows Singapore Power Limited to maintain control of the management of our transmission and distribution network in Singapore through the Manager which is its wholly-owned subsidiary. This arrangement also benefits us by allowing ownership flexibility. Pursuant to the Management Services Agreement, we have granted to the Manager the exclusive right to manage and conduct the Business, subject to applicable laws, regulations and guidelines. The Manager also manages and conducts, among others, the gas transmission and distribution businesses of PowerGas Limited (a subsidiary of Singapore Power Limited). See “The Manager and its Employees—Management Services Agreement—Management Exclusivity and Duties” for more information regarding our management arrangement with the Manager. We have operated under this management arrangement since October 8, 2003.

Corporate Services Agreement

The Manager is also party to a Corporate Services Agreement with Singapore Power Limited dated October 8, 2003, which was amended with effect from September 24, 2012 (“Corporate Services Agreement”). Pursuant to this agreement (after taking into account the proposed amendments), the Manager receives various corporate services, including, among other things, in the areas of legal and corporate secretarial support, information technology, financial control and treasury, regulatory management, human resources, general and strategic management, corporate strategies, stewardship, and accounting and tax policies, which are utilized by the Manager to facilitate our management and business operations. For additional information regarding the Corporate Services Agreement, see “The Manager and its Employees—Corporate Services Agreement”.

Network Reliability

We believe that the quality and reliability of our transmission and distribution network have been fundamental to our success. Our adoption of industry best practice in asset management has enabled us to deliver electricity to our consumers with fewer interruptions. Our quality network also allows us to deliver electricity to high technology manufacturers that have special needs and reduces our system loss of electricity.

Our operation and control systems are designed to identify, assess and respond promptly and effectively to supply interruptions. Our transmission and distribution network is designed with adequate capacity so that alternative routes are available to deliver electricity when a single circuit is taken out of service for maintenance or due to a fault. We have adopted a range of measures to prevent power failures from cascading in order to contain the number of consumers who may be affected when network service interruptions occur. In the event of a failure, our network protection and contingency systems swiftly isolate faults and our “N minus 1” transmission network architecture provides alternative pathways for electricity to reach consumers, thereby preventing certain network faults from having any or widespread effect on the services we provide to our consumers. We believe that these are effective measures in safeguarding the security and stability of our network as well as the reliability and quality of our transmission and distribution services.

The average useful life of our transmission and distribution equipment and cables is 30 years. While we optimize the life of our assets through best practices in condition monitoring and maintenance, aging equipment that have an adverse impact on network reliability will be replaced.

Our network reliability performance generally exceeds that of our peers in other countries with comparable networks. SAIDI and SAIFI are currently the primary indices for network reliability.

We operate a 24-hour Electricity Service Center to help consumers during electricity supply emergencies. While their main responsibility is with regard to faults in our network, the Electricity Service Center’s customer service officers also help consumers by giving advice on actions to be taken when a fault lies within a consumer’s premises.

For additional information about our system’s performance, please see “Selected Financial, Operating and Other Data—Selected Operating and Other Data of SP PowerAssets”.

Power Quality

Power quality is of particular importance to our high technology manufacturing consumers, which require uninterrupted supplies of high quality electricity with stable technical characteristics, including stable voltage, to perform certain manufacturing functions. Examples of consumers with voltage-sensitive equipment include makers of microchips, wafers and semi-conductors.

In early 2000, we successfully split our 230kV network into two blocks (northern and southern) to enhance the fault handling capability of our network as a whole. This also effectively improved power quality in Singapore by minimizing the impact on consumers sited in one supply block when voltage dips caused by transmission faults occur in the other supply block. With the further splitting of 230kV network into four supply blocks in early 2007, the impact of voltage dips on consumers was further contained. Our comprehensive condition monitoring program for our network assets reduces the frequency of voltage dips caused by equipment and cable failures. The information gathered from this program is also used to help us plan, develop and maintain an efficient and reliable network and maintain power quality. See “Network Maintenance”.

Despite the above efforts, equipment failures and hence voltage dips cannot be totally eliminated. We regularly engage our key customers from industries such as Semiconductor & Electronics, Pharmaceutical, Chemical & Petrochemical, Banking, Essential Services and Tourism & Hospitality to share knowledge and experiences in power quality management to better support these industries.

System Loss

Due to the physical and technological limitations on electrical conduction, systemic loss of electricity is inherent to any transmission and distribution network. Electrical losses for any period are measured by reference to the difference between the number of units entering the transmission and distribution network during the period (as metered or estimated) and the number of units of electricity supplied to electricity consumers for the period.

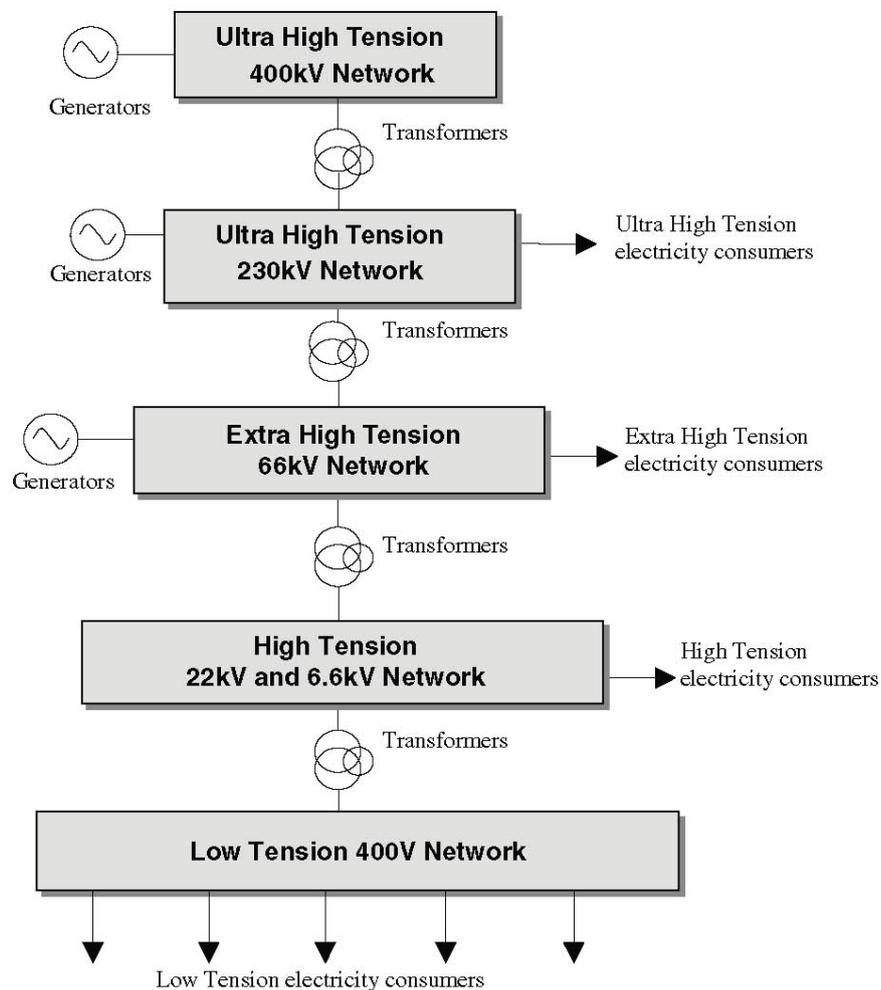
Our Network Assets

The primary components of our transmission and distribution network assets include:

- ✓ cables;
- ✓ interconnectors;
- ✓ substations, switchgear and transformers; and
- ✓ meters.

Electricity generation plants are connected with our transmission substations at 400kV, 230kV and 66kV, with electricity consumers being supplied electricity by us at 230kV, 66kV, 22kV, 6.6kV, 400V and 230V.

The following diagram illustrates the basic structure of our transmission and distribution network:



We describe below each of the primary components of our transmission and distribution network:

Cables

Our primary network assets are electricity transmission and distribution cables. Our electricity transmission network is wholly underground, and substantially all of our electricity distribution cables are also located underground.

In addition, a relatively small amount of our high-voltage transmission cables are laid in cable tunnels, which are special purpose underground conduits constructed at depths of 30 to 40 meters, which may be constructed under land or under bodies of water. Cable tunnels are an alternative to the direct burial of transmission cables. Cable tunnels, once constructed, permit for future system expansion with reduced need for disruptive road openings, as they may be accessed without the need for excavation and generally allow, due to their diameter, for the laying of additional cables within each cable tunnel as network demand increases. Our existing cable tunnels include undersea tunnels through which ultra-high-voltage transmission cables are routed. For a discussion of our cable tunnel expansion plans, please see “—Network Enhancement—Our Transmission Cable Tunnels”.

Interconnectors

With the aim of facilitating mutual energy transfers between Singapore and Malaysia, in 1983 the PUB and TNB, a Malaysian electric utility, brought into service high-voltage electricity transmission cables and related facilities for the transmission of electricity between Singapore and Malaysia (the “Interconnectors”). Pursuant to an agreement dated August 29, 1983 with respect to the Interconnectors which was eventually novated to us on August 29, 2003, we have a 50.0% stake in the Interconnectors and share equally the maintenance of the Interconnectors with TNB. Transfers of electricity between Singapore and Malaysia are netted-off on a regular basis such that net transfers of electricity and net revenues do not arise from the operation of the Interconnectors.

The Interconnectors enable us to transmit electricity in times of need between Singapore and Malaysia to preserve system stability and in order for reserve generating capacity to be available on a shared basis across Singapore and Malaysia in the event that electricity generation plants in Singapore or Malaysia suddenly fail.

Substations, Switchgear and Transformers

Substations are facilities that step-down electricity voltage between the transmission network and the distribution networks. At substations, various circuits of the transmission and distribution network are marshaled together by high voltage switchgear that automatically disconnect faulty transmission or distribution equipment in order to isolate and minimize damage to network assets. The high voltage switchgear found at substations also permits the division of the transmission and distribution network into small sections enabling maintenance to be carried out or supply to be restored locally following a fault. As of March 31, 2015, we had approximately 11,000 transmission and distribution substations in our transmission and distribution network.

A transformer is a device to change electrical voltage from one voltage to another voltage for electricity transmission and distribution purposes as well as to suit consumers’ requested supply voltage. We have approximately 16,100 transformers in our distribution network.

Meters

We own all the meters used to measure the volume of electricity consumed by our consumers for revenue billing. Most of our meters are manually read except for those meters used for contestable consumers where the meters are remotely read via communication links such as telephone lines, Radio Frequency Mesh Network or GSM networks. We maintain meters at consumer premises. Under the applicable market rules, SP Services performs meter reading services in its capacity as MSSL. For a meter that must be read manually, meter data is collected by a meter reader employed by SP Services.

As our consumers become contestable, we are required to install TOD meters to measure their electricity consumption. TOD meters allow consumers' electricity consumption to be captured on a half-hourly basis in line with the market's half-hourly spot prices. TOD meters are capable of storing up to at least two months' worth of such data.

For the purpose of wholesale electricity market settlement, contestable consumers have their TOD meters read remotely on a daily basis. For non-contestable consumers, the billing settlement will be based on manual meter readings.

Protection of Our Network Assets

In the event of a serious network fault, automatic safeguards are in place to contain the effect of the fault and protect the network assets from serious damage or disruption. In the event of generator outage causing a sudden shortage of electricity supply and a decrease in system frequency, automatic load shed schemes are in place to disconnect load in selected areas, thereby regaining the balance of supply and demand and maintaining system stability.

In addition, we have taken a number of preventive measures to protect our key network installations from terrorist attacks. In addition to the deployment of armed and unarmed guards at key transmission installations, technological security measures such as fence intrusion detection systems, CCTV and access control systems have been enhanced at key installations, which are all under 24-hour surveillance. Physical protection measures including anti-crash perimeter walls and barriers, and structural hardening measures have also been implemented at key transmission substations to mitigate the possible impact of any blast attacks. Our transmission cable routes are also patrolled regularly by EMCP field enforcement officers of the Manager. We believe that our underground transmission cables offer comparatively greater protection from acts of terrorism or sabotage than overhead lines due to their comparatively greater difficulty of access and reduced prominence.

We established a Security Command Center in 2004 to monitor all our transmission installations, including cable bridges and district offices. An alternate Security Command Center was also established in 2014 to ensure the continuity of such function. While mitigating measures have been put in place, there can be no assurance that such measures will fully address the risk of terrorist attacks on our infrastructure. Terrorism insurance coverage has also been procured for our key network assets.

See “—Insurance” for a discussion of our insurance policies.

Operation and Control of Our Network

Our transmission network is monitored, controlled and directed 24 hours a day, seven days a week from a Power System Control Center (“PSCC”) which is owned and operated by the EMA. Our distribution network is monitored, controlled and directed 24 hours a day, seven days a week from a Distribution Control Center (“DCC”), which we own and operate. From the PSCC and the DCC, experienced system operators monitor, control and direct the transmission and distribution of electricity throughout Singapore from electricity generating plants to electricity consumers through our transmission and distribution network. In the event of a total failure at the PSCC or DCC, their respective back-up control centers elsewhere in Singapore can take over the operation, control and monitoring responsibilities of the PSCC and DCC. In addition, any of our regional control centers can also take over the operation (except remote switching) and monitoring responsibilities of our DCC.

Transmission

The PSCC balances the supply and demand of electricity in the network. Control signals are sent to electricity generation plants to raise or lower their output in accord with prevailing supply and demand conditions. The PSCC also closely monitors the total on-line electricity generation capacity to ensure that there is sufficient reserve on-line to cater for any unexpected loss of generation and so that such loss may be quickly replaced. Supply from electricity generation plants is dispatched according to a schedule produced daily by the EMC. This schedule is produced by matching the system load forecasted by the system operator against offers from electricity generation licensees.

Distribution

Our DCC is equipped with control systems, including a real-time information board showing the status of the distribution network. Information on our distribution substations and distribution cables is captured and monitored by monitoring equipment installed throughout our distribution network by means of our Supervisory Control and Data Acquisition (“SCADA”) system. Any abnormal condition or failure of equipment in the distribution network detected by this equipment is transmitted back to the DCC for analysis and action. The DCC also maintains voice communications with our highly-skilled engineers in the field.

The SCADA system remotely monitors and controls the entire 22kV distribution network comprising more than 5,000 substations, and approximately 3,000 6.6kV substations. It enables electricity loads to be monitored and controlled centrally from the DCC without requiring personnel being dispatched to the sites. The SCADA system utilizes fiber optic cables, wireless technology, pilot cables and the cable sheaths of our 6.6kV distribution cables to transmit data to the DCC.

Linked to our SCADA system, our Artificial Intelligence System serves as an operator support system, providing information to the operator to diagnose network disturbances for the network operator to carry out quick supply restoration.

Our Facilities Management System (“FMS”) comprises a Network Management and Customer Service (“NMACS”) Sub-System, an Outage Management System (“OMS”) Sub-System and a Gas and Electricity Mapping System (“GEMS”) Sub-System. NMACS keeps records of substations and equipment and their maintenance records for asset management and maintenance planning. OMS supports the operation of the Electricity Service Center and monitors progress of supply restorations. GEMS provides graphical information of network assets for network maintenance, cable fault location, outage management and network planning.

Network Maintenance

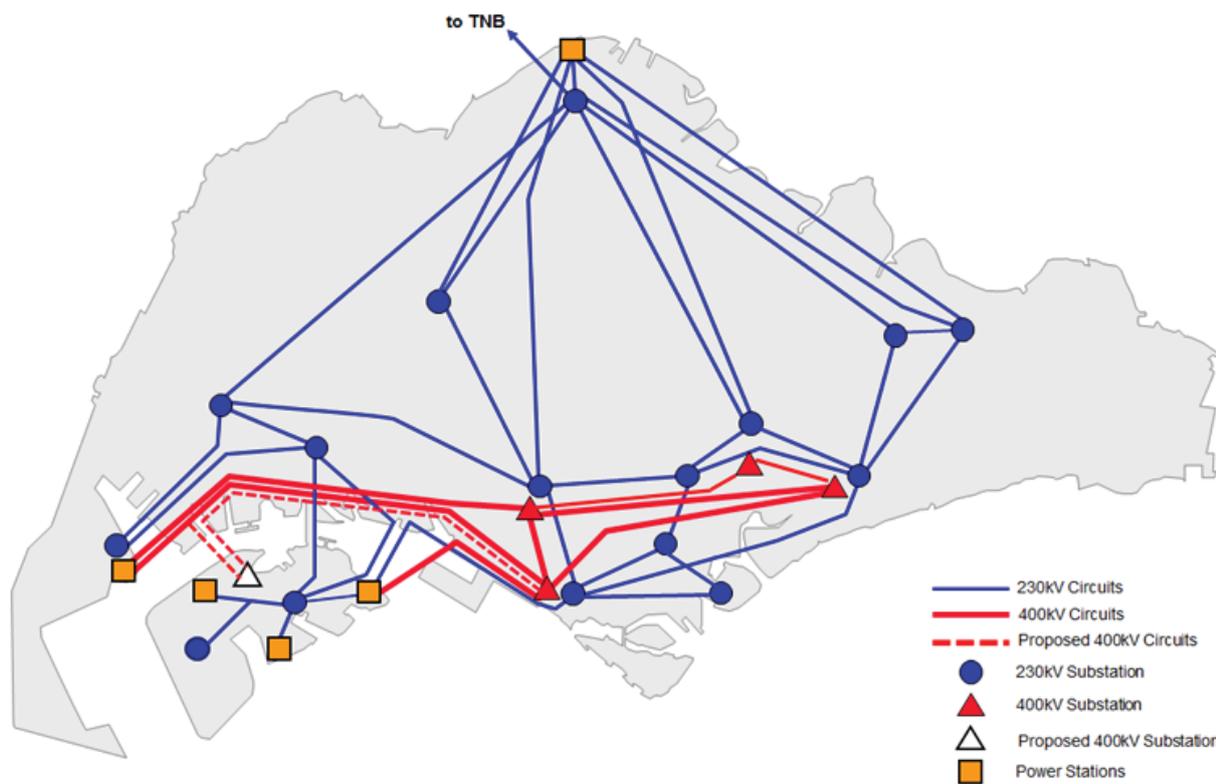
The Manager carries out comprehensive maintenance programs to maintain our assets in good condition, including a condition-based maintenance regime and various condition monitoring programs.

Network maintenance is performed by the employees of the Manager, external service providers, or a combination of both. The Manager regularly monitors the performance and quality of our external contractors. Refurbishment may be required as an asset approaches the end of its useful life span. Refurbishment usually involves the replacement of parts of assets of the transmission and distribution network.

The condition-based maintenance strategy employs diagnostic techniques to monitor the condition and performance of network equipment and cables to help prevent failures that could lead to outages and voltage dips. We believe our comprehensive condition monitoring program enables incipient faults to be detected early and corrective action to be taken before full-blown failures occur. When failures do occur, they are attended to and repair work is carried out promptly to maintain a high level of network operational readiness. Thorough investigations are also carried out on network incidents for identification of root causes, allowing the formulation of both general and specific remedies to prevent recurrences.

Network Enhancement

The following diagram illustrates the location of our existing 400kV and 230kV transmission substations with associated networks in Singapore, together with major existing electricity generation plants owned by third parties:



We are required to plan and develop our transmission and distribution network to ensure that the reliability of electricity supply meets the standards prescribed by the EMA. Area load forecasting is carried out, taking into consideration new loads and existing loads on our network, to identify areas where network reinforcement, reconfiguration or upgrading is necessary.

We carry out development and upgrades to our transmission and distribution network in line with planning criteria set forth in the Transmission Code administered by the EMA. In addition, all transmission network expansion and renewal projects are subject to prior endorsement by the PSO and approval by the EMA.

In order to meet the increase in demand for electricity in Singapore forecasted by the EMA, we have invested heavily in advanced technology and equipment for the upgrading and expansion of our transmission and distribution network (see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditure”).

We will, on an ongoing basis, be replacing our aging 230kV and 66kV circuits as well as equipment as such circuits and equipment reach the end of their respective useful lives.

Jurong Island and Tuas are major industrial hubs with a concentration of petroleum, petrochemical and supporting industries as well as major generation companies. Over the next five years, there will be substantial development in these areas with generation capacities and load demand expected to increase. We will be developing new network infrastructure, including 400kV, 230kV and 66kV substations and associated network circuits to meet these developments.

Our 400kV Transmission Network

Work on the installation of an ultra-high voltage 400kV transmission system commenced in 1995 in order to add new transmission capacity to meet the rising demand for electricity in Singapore, provide for more economic electricity transmission and enhance the fault-handling capability of its transmission network. Three 400kV substations and their associated 400kV circuits were progressively commissioned between 1998 and 2006 to transport bulk electricity from western Singapore to load centers in central and eastern regions of Singapore.

Our 400kV transmission network has been extended to Pulau Seraya Power Station in 2009 and with a power injection point in the city area at Rangoon Road vicinity in 2014 to meet the rapidly increasing demand in the Central Region. West Jurong Island 400kV Substation is scheduled to be commissioned in 2018 to meet the upcoming developments in Jurong Island.

Our 230kV Transmission Network

Our 230kV transmission network supplies 21 supply zones. When load increases in a specific zone, this increase can be met by transferring load to adjacent 230kV supply zones, increasing capacity of existing substation or developing a new 230kV substation in that supply zone.

Our 66kV Transmission Network

Our 66kV transmission network is used for the distribution of power from 230kV primary sources to the area load centers to meet regional load growth. New 66kV substations have been commissioned in various parts of Singapore to serve industrial, commercial and residential projects.

Other Network Enhancement Projects

Other network enhancement projects include the upgrading of our SCADA system, which remotely controls and monitors our entire 22kV network and part of our 6.6kV networks to ensure reliable electricity supply.

Our Transmission Cable Tunnels

Due to land scarcity, it has become increasingly difficult to secure a transmission corridor in Singapore for cable installation. In order to provide a long term solution to secure the cable corridors for future bulk power transmission to meet the ongoing renewal and growth needs, an optimal solution is to build cable tunnels. We have planned progressively to develop a cable tunnel network infrastructure in Singapore to secure underground space for the installation of 400kV and 230kV cables to support network development and renewal plans. Cable tunnels at Seraya, Tuas and Senoko had been built. In addition, another cable tunnel between Harbour Drive and Labrador was completed in June 2009.

We have embarked on the design and construction of the Jurong Island – Pioneer cable tunnel. It is planned in conjunction with the new 400kV substation in Jurong Island and would house the circuits from Jurong Island to mainland.

Tunnels owned under the SPCIT Trust

In addition to the projects described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditure”, a trust (known as the SP Cross Island Tunnel Trust) has been established to undertake the construction and development of two new cable tunnels, totaling 35km, one with an east-west and the other with a north-south alignment for the installation of cables for renewal and extension of the 400kV and 230kV transmission networks. Completion of these two tunnels is expected by 2018 as of the date of this Offering Circular. The cost of this project is projected to be approximately S\$2 billion. We are the trustee-manager of this trust and all of the units in this trust are held by Singapore Power Limited. See “—Our Transmission License—Additional Activities” and “—Tunnel Services Agreement”.

Our Transmission License

Overview

Under the Electricity Act, an electricity license is required by any person to transmit electricity. The word “transmit” is defined in the Electricity Act as conveying electricity by means of a transmission system from an electrical plant to a substation; from one electrical plant to another or from one substation to another; or from a substation or electrical plant to the electrical installation serving the premises of a consumer or, where such premises are not served by an electrical installation, from a substation or electrical plant directly to such premises. The Electricity Act makes it an offense to transmit electricity unless authorized to do so by an electricity license granted by the EMA.

The Electricity Act provides that it is our duty, as a transmission licensee to (a) develop and maintain a reliable, efficient, coordinated and economical electricity transmission system in accordance with such applicable codes of practice and other standards of performance as may be issued or approved by the EMA under the Electricity Act; (b) facilitate competition in the generation and sale of electricity by making our transmission system available to persons authorized to generate, trade or retail electricity or to provide market support services on terms which neither prevent nor restrict such competition; and (c) provide non-discriminatory access to our transmission system for the supply and use of electricity in accordance with the Electricity Act, our Transmission License and the Market Rules. Additionally, it is our duty as an electricity licensee to ensure that we will not do or not omit to do any act which will adversely affect, directly or indirectly, the security and stability of the electricity supplied by any person to consumers.

We are currently the sole Transmission Licensee in Singapore. We were issued with our existing Transmission License dated November 3, 2003 by the EMA.

The EMA may terminate our existing Transmission License by giving us 25 years’ notice, or otherwise in accordance with the Electricity Act. See “Industry and Regulation—Powers of the EMA to Control Electricity Licensees”. Any request by us to terminate our Transmission License is subject to the approval of the EMA and we continue to be bound by the Transmission License until such time as the EMA notifies us in writing. Under the Electricity Act, our Transmission License is not transferable to any other person without the approval in writing from the EMA and any purported transfer of our Transmission License shall be void.

Conditions of Our Existing Transmission License

The main conditions contained in our Transmission License include those set out below.

We are licensed to conduct the Business, and we may also carry on any other activities which the EMA may approve in writing, subject to such conditions as may be imposed by the EMA at the time of approval or any time thereafter. Save as aforesaid, we are not permitted to engage directly or indirectly in any other business activity or voluntarily commit to any liability in relation to such other business activity, or purchase any electricity (other than to the extent required to conduct the Business and any activities approved by the EMA). We must also procure that our subsidiaries and related enterprises do not engage, or seek to obtain from the EMA an electricity license permitting any of them to engage, directly or indirectly in any other business activities or voluntarily commit to any liability in relation to such business activities. In any event, we are not permitted to provide any cross-subsidies between our regulated electricity transmission business and any other business that we have been authorized by the EMA to undertake, or any of our subsidiaries or related enterprises, except as the EMA may otherwise approve in writing. We are not permitted to unduly discriminate in favor of our subsidiaries or related enterprises and, except with the written consent of the EMA, must ensure that all our dealings with our subsidiaries and related enterprises are on an arm’s length basis.

We are required to notify the EMA without delay if there is an impending change in our shareholding structure, whether directly through our immediate parent holding company, or indirectly through our ultimate holding company.

We are required under our Transmission License to appoint only the Manager, who is licensed by the EMA, to meet our requirements for management services of the Business and approved activities, and for the operation and maintenance of our assets. The Management Services Agreement sets out the working and operational requirements between us and the Manager. The EMA may waive or vary any of these requirements.

We pay the EMA an annual license fee in respect of our Transmission License. The amount of the fee is determined by the EMA (in accordance with the terms and conditions as set out in our Transmission License) on or before April 1 of each year, and is to be paid by us by April 30 of each year. If we fail to pay the license fee in full when due, the EMA may require us to pay late payment interest on the unpaid amount.

Governance

None of our directors may be employed by nor hold any office or engagement with any person authorized by an electricity license or exempted from the obligation to hold an electricity license, to engage in the generation, retail, import or export of electricity or trade in any wholesale electricity market. None of our directors may be employed by nor hold any office or engagement with any person authorized by a gas license or exempted from the obligation to hold a gas license, to engage in the shipping or retail of gas, production of town gas or the import of natural gas or liquefied natural gas. We are also not permitted to, directly or indirectly, acquire or hold any shares in any person authorized by an electricity license or gas license, or exempted from the obligation to hold an electricity license or gas license, to engage in any such activities. We have to prepare separate accounts for the Business, in such form as the EMA may require, and provide the EMA with our accounting statements, and procure, in respect of our accounting statements, a report by our auditor addressed to the EMA, stating its opinion as to whether our accounting statements have been properly prepared in accordance with our Transmission License and whether they give a true and fair view of revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the Business. We are required to deliver to the EMA, a copy of the accounting statements together with the auditors' report no later than five months after the end of the relevant financial period.

All information received by us which relates to the Business (other than information which is already publicly available) is confidential and we have to take reasonable measures to protect such information. We cannot use such information for any commercial advantage or any purpose other than that for which such information was provided or for a purpose permitted by our Transmission License, any applicable code of practice or the market rules. If requested by the EMA, we are required to procure from our auditors a certificate to confirm that we are in compliance with our confidentiality obligations under our Transmission License.

If we become aware that we may not have complied with any of the conditions of our Transmission License, or suspect that any other electricity licensee has breached its electricity license or any applicable legislation, we are required to report the same to the EMA and provide the EMA with such assistance and cooperation as the EMA may request in connection therewith.

Access to Our Transmission and Distribution Network

We must provide non-discriminatory access to persons similarly situated for services comprised within the Business and connect any person who wishes to connect to our transmission system. We are also obliged to provide services as may be required to allow connection, disconnection and reconnection to or from our transmission system, and install, maintain and verify the accuracy of meter installations, all in accordance with the Electricity Act, our Transmission License, the Market Rules and the relevant codes, as applicable.

Prices for Our Transmission Services

Our charges for the provision of transmission services are set annually based on a cost recovery methodology, which is developed by us and approved by the EMA, and is subject to a regulated price cap. The EMA's approval must also be obtained for any revisions to the charging structures and charges. We are required to publish the approved charges with such detail as shall be necessary to enable any person to ascertain the fees and charges to which he would become liable for the provision of our transmission services.

Developmental Work

The EMA may from time to time require us to perform or participate in research and development activities. We are also required to participate in the development of any code of practice and standard of performance to be issued by the EMA if such code of practice or standard of performance will directly or indirectly affect the Business.

Additional Activities

We have been authorized to carry out various ancillary activities under our Transmission License, including establishing a business trust (the “Trust”), carrying on the business of acting as a trustee-manager of the SPCIT Trust, and performing the role of the trustee-manager of the SPCIT Trust. Such role includes carrying on (in our capacity as trustee-manager of the SPCIT Trust) the business of constructing, developing, owning, operating, maintaining and managing a North-South cable tunnel, East-West cable tunnel and the related infrastructure, equipment and properties (collectively, the “Tunnels”). Pursuant to such authorized activity, we are required to, *inter alia*, comply with any directions or instructions relating to the Tunnels which may be issued by the EMA and obtain the EMA’s prior written approval for the terms and conditions of the agreement governing the use of the Tunnels (“Tunnel Services Agreement”) and the agreement governing the appointment of the Manager to provide services to us (in our capacity as trustee-manager of the SPCIT Trust) in relation to, *inter alia*, the carrying on of the business of constructing, developing, owning, operating, maintaining and managing the Tunnels (“TM Management Services Agreement”).

For a discussion on the TSA and the TM Management Services Agreement, please refer to “—Tunnel Services Agreement” and “The Manager and its Employees—TM Management Services Agreement” respectively.

Agreements with Market Participants

Pursuant to our Transmission License, we have entered into various agreements with other participants in the Singapore electricity market. With respect to the terms and conditions of our services and network access, we have entered into an Operating Agreement with the PSO, Generation Connection Agreements with electricity generation licensees, Retailer Use of System Agreements with retail electricity licensees and Consumer Connection Agreements (“CCAs”) with electricity consumers and an Agency Agreement with SP Services in its capacity as MSSL. These agreements provide significant limitations on our liability for damages resulting from interruptions in our provision of electricity transmission and distribution services, and each of these agreements was subject to the prior approval of the EMA as part of the implementation of the restructuring of Singapore’s electricity industry.

Pursuant to our Operating Agreement with the PSO, we have authorized the PSO to direct the operation of our transmission network. Agreed procedures also exist between us and the PSO with respect to the connection and disconnection of network equipment. Our Generation Connection Agreements with individual electricity generation licensees provide terms and conditions applicable to the construction and maintenance of connections between electricity generation plants and our transmission network. Pursuant to our Retailer Use of System Agreements with retail electricity licensees, each retailer has assumed the responsibility to pay transmission charges to us in respect of the electricity consumers which are designated “retailer consolidated billing” consumers which they serve and has provided us with a 45-day security deposit with respect to such consumers.

Our CCAs with individual electricity consumers take various forms and come into effect with respect to electricity consumers as they become contestable. CCAs comprise a Form Offer Letter and Standard Terms and Conditions for Transmission Services and set the terms of service applicable to electricity consumers. These terms vary according to the voltage of electricity required by an electricity consumer. The CCAs, approved by the EMA, state the terms and conditions applicable between ourselves and electricity consumers for new connections and, in the case of existing connections, for maintaining connected status.

Competition

Our business is subject to extensive regulation by the EMA. We are dependent on the retention of our Transmission License from the EMA for the conduct of our business. We currently hold the sole Transmission License in Singapore. Because we hold the sole Transmission License currently granted by the EMA, we are effectively the only choice for electricity transmission and distribution services for electricity consumers in Singapore.

We cannot assure that the EMA will not fundamentally alter the existing environment or affect our business in the future. For example, the EMA has the power to:

- ✓ authorize a competing transmission licensee to operate transmission and distribution facilities in Singapore; and
- ✓ permit certain classes of consumers to bypass our electricity transmission and distribution network and obtain electricity supplies through direct connections to electricity generation plants.

Should either of these actions be implemented, our revenues could be reduced and our business and results of operations could be adversely affected. Such actions could also adversely affect our network utilization rate and result in our possessing overbuilt, or “stranded”, network assets and capacity.

Electricity consumers are permitted under the present regulatory regime to self-generate electricity for their own needs. Such self-generated electricity, known as “distributed generation” is not transported through our transmission and distribution network and does not generate transmission tariffs for us, other than certain fixed and variable charges related to such consumers remaining connected to our network for back-up electricity purposes.

Electricity consumers are also permitted in certain circumstances to bypass our electricity transmission and distribution network by receiving electricity supplies through direct connections to electricity generation plants. This is allowed where the electricity consumer and the electricity generation licensee are majority-owned by the same company. In this case, electricity obtained by consumers through bypass is not transported through our transmission and distribution network and does not generate transmission tariffs for us other than certain fixed and variable charges related to such consumers remaining connected to our network for back-up electricity purposes.

Should sufficiently large numbers of our present consumers self-generate electricity for their own needs or should sufficiently large numbers of our consumers bypass our transmission and distribution network by connecting directly to electricity generation plants, there can be no assurance that such distributed generation or network bypass will not deprive us of significant transmission revenues or have a material adverse effect on our business operations and financial performance.

Consumers, Billing and Collection

The electricity consumers served by our transmission and distribution network comprise a diverse mix of industrial, commercial and residential consumers. Diversity in the consumer base helps to shield us from severe fluctuations in electricity demand resulting from downturns in specific industries. No single consumer represents a significant percentage of our revenues or capacity. For the categorization of our group consumers, see “—Our Operations”.

We do not provide billing or settlement services for our transmission tariffs or other charges. Since January 1, 2003, SP Services, a wholly-owned subsidiary of Singapore Power Limited, has been the sole market support services licensee in the Singapore electricity market. We delegate our billing and collection functions to SP Services, as currently required by the terms of our Transmission License. Pursuant to an agency agreement with SP Services, we have appointed SP Services in its capacity as MSSL to act as our agent for the calculation, billing and collection of our transmission charges and connection application

processing services. In return for such services, we pay agency fees to SP Services. This billing and collection arrangement is currently mandated as a condition of our Transmission License and will continue for such period as the EMA considers fit, after which we shall be entitled to continue with such arrangement or make any alternative arrangements as may be permitted by our Transmission License. In addition, SP Services reads our meters in its capacity as MSSSL.

Contestable consumers which are designated as “retailer consolidated billing” consumers and which purchase electricity from retail electricity licensees generally receive bills from their retail electricity licensees which itemize charges for electricity provided by the retail electricity licensees separately from charges for transmission and distribution services provided by us. Contestable consumers, which are either designated as “retailer split billing” consumers or direct market participants, are responsible for settling charges for transmission and distribution services provided by us and receive bills issued by SP Services on our behalf. Non-contestable consumers receive bills from SP Services, acting in its capacity as MSSSL, which do not separately itemize charges for electricity supply and for transmission and distribution services.

Our Tariff Regulatory Framework

Performance-Based Regulation and Price Controls set by the EMA

Our business is subject to extensive legislation. Our network tariffs for the transmission and distribution of electricity are regulated and approved by the EMA pursuant to regulatory price controls. Based on an average taken from Fiscal Years 2013 and 2014, 94.2% of our annual revenue and other income was derived from our regulated transmission revenue, and for Fiscal Year 2015, the percentage was 94.8%. Our future revenue, which are regulated by the EMA, are computed as the value of our regulated asset base multiplied by our regulatory WACC, to which operating expenses, depreciation and taxes are added. The WACC for April 1, 2013 to March 31, 2015 was 5.42%. With the start of the current five-year regulatory period, the EMA has set the WACC for April 1, 2015 to March 31, 2020 at 5.76% (nominal after tax), with a regulated asset base of S\$8.3 billion¹.

The regulatory framework is performance-based, which allows us to retain, during each regulatory period, the benefits of capital and operating efficiency gains achieved in such regulatory period. These benefits are in the subsequent regulatory period shared equally between consumers and us. Under the Management Services Agreement, the Manager in turn receives approximately 40% of our portion of the benefit of capital and operating efficiency gains.

The WACC applicable in future five-year regulatory periods may be higher or lower. Our opening regulated asset base was determined by subtracting the deferred revenue balance from our net book value of fixed assets, where the deferred revenue balance represents our cumulative customer contributions. We are incentivized to reduce our cost of capital by increasing leverage and achieving an optimal capital structure.

Our five-year building block revenue requirement forecast is translated into the five-year price control formula based on five-year forecasts of electricity transmitted and distributed.

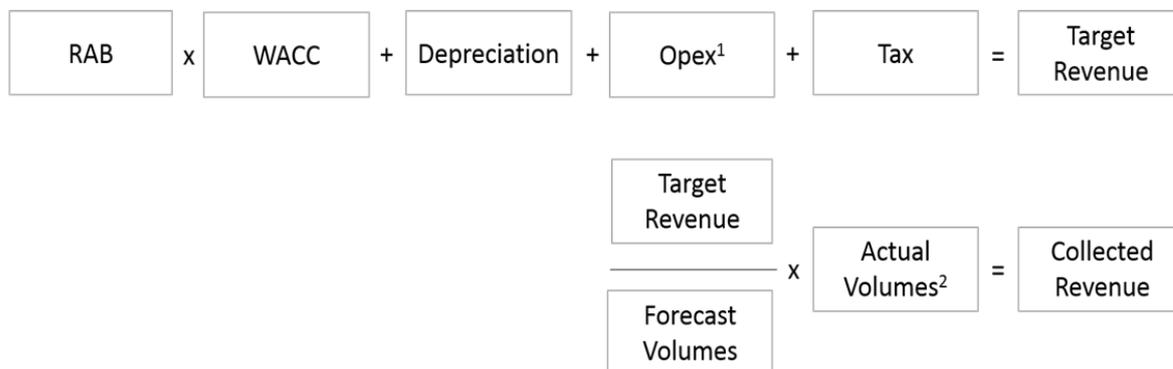
Our average network tariffs are capped pursuant to the five-year price control formula set by the EMA. In setting the annual price caps, the key objective is to ensure that the final resulting tariffs deliver a competitive and efficient outcome to our consumers.

We set our tariffs with respect to our various consumer segments, and have the ability to vary our tariff components for such consumer segments, subject to EMA’s approval.

Under the regulatory framework, we are exposed to certain volume risk. If the volume of electricity that we transmit or distribute is materially different from the level assumed in the building block calculation, our revenues will be affected. We absorb any revenue deviations caused by fluctuations in total volume transmitted or distributed each year within a +/-2.0% deviation from the original volume forecast incorporated into the building block forecast. If the volume deviation is outside this 2.0% range, the EMA will adjust our price controls within the current regulatory period to compensate for such variance in volume.

¹ The regulated asset base used for tariff computation excludes customer contributions.

We also take the risk that the electricity demand projected with respect to particular consumer segments will be different from that assumed in the annual regulatory price cap. Our risk is not limited by the regulator for changes in demand mix between our consumer segments regardless of the total volume deviation from the total volume assumed in the regulatory volume forecast.



Note 1. This may include an efficiency carry-over to reward operational expenditure savings achieved in the previous period.

Note 2. If the Actual Volume deviates more than +/- 2.0% from the Forecast Volume, the EMA will adjust our price controls within the current regulatory period to compensate for such variance in Actual Volume.

Our Network Tariffs

Transmission tariffs generate a substantial portion of our total revenues, and generally include a number of variable components which are usage-sensitive as well as fixed components which are not usage-sensitive. The EMA has approved our implementation of different applicable transmission tariffs by voltage, with different tariffs in effect with respect to Ultra High Tension, Extra High Tension, High Tension—Large, High Tension— Small, Low Tension—Large and Low Tension—Small electricity consumers, reflecting our different cost of providing transmission and distribution services to such classes of electricity consumers.

Ultra High Tension consumers are connected to our network at 230kV and above. These consumers are billed primarily for their Contracted Capacity by means of a Contracted Capacity Charge, which is a fixed charge based on the capacity that the consumer has requested. Ultra High Tension consumers are also billed for units of electricity consumed during peak hours and off-peak hours, and for other, relatively minor, charges such as the Uncontracted Capacity Charges and Reactive Power Charges.

Extra High Tension consumers are connected to our network at 66kV. Extra High Tension consumers pay charges similar to those of Ultra High Tension consumers, with the total transmission tariffs comprising primarily of fixed charges.

High Tension consumers are connected to our network at 22kV or 6.6kV. Such consumers pay charges similar to those of Ultra High and Extra High Tension consumers, with the total transmission tariffs comprising primarily of fixed charges.

Low Tension consumers are connected to our network at 400V or 230V. Our current tariffs further distinguish between Large Low Tension and Small Low Tension consumers.

Low Tension—Large consumers are Low Tension consumers that are contestable and have TOD meters. These consumers are billed separately on the units they consume during the peak and off-peak hours, with a different rate applicable for peak and off-peak hours.

Low Tension—Small consumers are Low Tension consumers that are not contestable. Their metering does not distinguish between peak and off-peak consumption and they are charged a flat rate for all consumption. Unlike Ultra High, Extra High and High Tension consumers, Low Tension consumers do not pay Contracted Capacity, Uncontracted Capacity or Reactive Capacity Charges.

For more details on the network tariffs, please refer to “Selected Financial, Operating and Other Data—Electricity Sales and Consumption in Singapore” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview of Revenue and Expenses—Revenue”.

Network Performance Scheme

The EMA has imposed a network performance scheme, the Standards of Performance (the “SOP Scheme”), on us since August 2004. This is an incident based performance scheme with financial penalties for not meeting the set performance targets. The SOP Scheme applies to power failure incidents, supply restoration and quality of supply. The SOP Scheme with effect from July 1, 2012 is summarized in the table below. No material financial penalties have been paid by SP PowerAssets over the course of the last three Fiscal Years.

Service Dimension	Service Indicator	Service Standard	Performance Target (%)
Reliability of supply	Number of power failure incidents* caused by failure of, damage to, or operation of Licensee’s equipment or cables	0 incidents	100
Quality of supply	Time taken to rectify voltage complaint or limit violation	2 calendar days	95
	Time taken to correct a voltage complaint that requires network reinforcement	6 months	99
	Number of voltage dip incidents* due to failure of, damage to, or operation of Licensee’s equipment or cables	0 incidents	100
Restoration of supply	Time taken to restore electricity supply for each power failure due to failure of, damage to, or operation of Licensee’s equipment or cables rated at 22kV and below	3 hours	100
		2 hours	90

* Only incidents where the Licensee is determined by the Authority to be at fault will be counted.

Dimension	Description	Financial Penalty	
Reliability of supply	Power failure caused by the failure of, damage to, or operation of Licensee's equipment or cables rated at 66kV and above	(i) First incident in the last 365 days - up to SS1 million (ii) Second incident in the last 365 days - up to SS1.5 million (iii) Third and subsequent incident in the last 365 days - up to SS2 million	
	Power failure caused by the failure of, damage to, or operation of Licensee's equipment or cables rated at 22kV except for power transformers	(i) First incident in the last 180 days - up to SS500,000 (ii) Second incident in the last 180 days - up to SS750,000 (iii) Third and subsequent incident in the last 180 days - up to SS1 million	
	Power failure caused by the failure of, damage to, or operation of Licensee's equipment or cables rated at 6.6kV and power transformers rated at 22kV	(i) First incident in the last 30 days - up to SS50,000 (ii) Second and subsequent incidents in the last 30 days - up to SS100,000	
	Quality of supply	Voltage dip due to failure of, damage to, or operation of Licensee's equipment/ cables rated at 66kV or above	(i) First incident in the last 180 days - SS50,000 (ii) Second and subsequent incidents in the last 180 days - SS100,000
		Voltage dip due to failure of, damage to, or operation of Licensee's equipment/ cables rated at 22kV	(i) First incident in the last 90 days - SS10,000 (ii) Second and subsequent incidents in the last 90 days - SS20,000
	Restoration of supply	Time taken to restore electricity supply for each power failure due to failure of, damage to, or operation of Licensee's equipment or cables rated at 22kV and below	(i) Each and every incident where the restoration time exceeds 3 hours - up to SS50,000
Time taken to restore electricity supply for each power failure due to failure of, damage to, or operation of Licensee's equipment or cables rated at 22kV and below		(i) More than 10% of the power failure incidents in each calendar month where the restoration time exceeds 2 hours but does not exceed 3 hours - up to SS50,000	

Source: EMA, 29/6/12

Technical Performance Standards

Technical performance standards are currently in effect with respect to five areas of our performance: availability of electricity, quality of electricity, provision of service, consumer responsiveness and metering services. These technical performance standards are intended to ensure that electricity consumers continue to receive quality services from us. The EMA also compares the reliability of our network with the network reliability of other comparable electricity services providers internationally.

The following sets forth the technical performance standards currently in effect with respect to our company:

<u>Service Dimension</u>	<u>Service Indicator</u>	<u>Service Standard</u>	<u>Performance Target (%)</u>
Availability of supply...	Minimum duration of notice of interruption of supply	7 calendar days	95
Quality of supply	Time taken to rectify voltage complaint or limit violation	2 calendar days	95
	Time taken to correct a voltage complaint which requires network reinforcement	6 months	99
Providing supply	Time taken to implement electrification scheme requiring new substations after takeover of substation (up to 22kV)	10 weeks	90
	Time taken to implement service connection requiring cable installation work after premises to be supplied is ready to receive cable	6 weeks	90
Customer Contact	Time taken to reply to written complaint	7 working days	95
Metering services	Time taken to attend to meter problem upon notification	8 calendar days	95

Source: PUB Regulation Department (now taken over by EMA), 29/12/95

Insurance

Our major transmission assets are insured at their replacement values under an industrial all risks insurance policy. We are also protected against certain third-party claims under a broad-form insurance policy, including third-party property and personal injury claims and claims for sudden pollution liability and product liability. We have also procured terrorism insurance cover for our most important network assets, including the PSCC and our transmission network substations, cable tunnels and terminal buildings. For risks relating to the adequacy of our insurance coverage and a discussion of our uninsurable risks, see “Risk Factors—Our insurance coverage may not be adequate”.

Our insurance policies are underwritten by established international insurers and re-insurers. Our insurance coverage is subject to exclusions and limitations as to coverage and recovery amounts which we believe are standard in the market in which we operate.

We are also advised by Singapore Power Group’s appointed insurance broker. The insurance broker conducts risk assessment, which includes annual physical surveys and regular discussions to update any risk changes that may occur from time to time, and recommends changes to our insurance programs, as necessary. The insurance broker also advises us on the extent of our insurance coverage and the adequacy of sums insured.

Suppliers

We procure switchgear, transformers, cables and related products and services from several suppliers with respect to the development and management of the transmission and distribution network to meet our business needs.

Property

Significant properties that we own or lease primarily comprise our transmission and distribution network assets and its associated real property. The Manager is party to a sub-lease agreement with Singapore Power Limited for the use of office premises. Under the Management Services Agreement, we are required to reimburse the Manager for rental expenses incurred by the Manager in the discharge of its obligations to us. For Fiscal Year 2015, we have reimbursed the Manager about S\$2.2 million for rental expenses.

Tunnel Services Agreement

SP PowerAssets Limited (in its personal capacity) (the “Tunnel User”) entered into a Tunnel Services Agreement with SP PowerAssets Limited (in its capacity as trustee-manager of the SPCIT Trust) (the “Trustee-Manager”) on June 7, 2013 (“TSA”).

Save as otherwise defined in this section, capitalized terms used in this section shall have the meaning given to them in this Offering Circular.

Term of the TSA

The term of the TSA commences from June 7, 2013 and ends on the 40th anniversary of the date on which the Tunnels are completed (as determined in accordance with the terms of the TSA) (both dates inclusive), unless earlier terminated in accordance with the terms of the TSA (“Term”).

Construction of Tunnel

The TSA provides that the Trustee-Manager will enter into design and construction contracts in relation to the construction of the Tunnels, and that the Tunnels will be constructed in accordance with agreed specifications. The Tunnels are scheduled to be completed on June 30, 2018 or such later date as may be agreed between the Tunnel User and the Trustee-Manager (“Scheduled Completion Date”).

Operating Procedures

Under the TSA, the Tunnel User and the Trustee-Manager will agree on operating procedures in relation to the Tunnels, including, *inter alia*, rules, procedures and guidelines governing the access to and use of the Tunnels, environmental, health and safety matters, the security of the Tunnels, and the maintenance and repair of the Tunnels.

Services to be provided by the Trustee-Manager

The TSA provides that, during the period commencing from the date on which the Tunnels are completed (as determined in accordance with the terms of the TSA) until the termination of the Term, the Tunnel User shall be provided with, *inter alia*:

- (i) the right to use, occupy and physically access the Tunnels and such structures and/or buildings comprising part of the Tunnels (or such spaces within such structures and buildings); and
- (ii) services relating to the maintenance and repair of the Tunnels.

The Tunnel User shall generally have unfettered access to the Tunnels, subject to all relevant laws, regulations and guidelines and the terms of the TSA.

Security, Maintenance and Emergencies

Under the TSA, the Trustee-Manager is responsible for procuring, at its own cost and expense, security in respect of the Tunnels in accordance with the terms of the TSA.

The Trustee-Manager shall inform the Tunnel User of any urgent or emergency works that need to be carried out with regard to the Tunnels and the estimated period during which the Tunnel User’s rights to access the Tunnels will be suspended, and seek to avoid or minimize damage to the Tunnel User’s equipment when carrying out such works.

Fees

The TSA prescribes specific provisions to address adjustments to, and any apportionment of, the Tunnel Tariff (being tariff for the use of the Tunnels chargeable or charged by the Tunnel User to consumers) and the Transmission Tariff (being tariff for electricity transmission services chargeable or charged by the Tunnel User to consumers) in respect of any period of time.

The fees payable to the Trustee-Manager in relation to each month is an amount equal to the difference between:

- (i) the aggregate of the Tunnel Tariff billed to consumers and which have not been the subject of a billing advice previously provided in respect of any previous month; and
- (ii) the aggregate of the Tunnel Tariff (or any part thereof) previously billed to consumers and written off during such month in accordance with such policies as may be agreed between the parties to the TSA from time to time.

The Tunnel User is not obliged to make payment of any fees to the Trustee-Manager that would be attributable to the Tunnel Tariff (or any amount thereof) that the Tunnel User has previously billed to customers and written off in accordance with such policies as may be agreed between the Tunnel User and the Trustee-Manager.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview of Revenue and Expenses—Revenue” for a discussion of the recognition of tariffs and fees relating to the Tunnels.

Indemnity

The TSA provides for various indemnities by the Tunnel User and the Trustee-Manager, including, *inter alia*:

- (i) an indemnity by the Tunnel User in respect of any damage to the Tunnels caused or contributed by the Tunnel User or any of the Tunnel User’s officers, employees, agents and contractors (“Tunnel Indemnity”); and
- (ii) indemnities by the Trustee-Manager in respect of:
 - (a) any damage to the Tunnel User’s equipment caused or contributed by the Trustee-Manager or any of its officers, employees, agents and contractors (“SPPA’s Equipment Indemnity”);
 - (b) any and all fines or penalties imposed by the EMA on the Tunnel User which is attributable to any delay in meeting the Scheduled Completion Date due to any negligence, fraud, dishonesty or default of the Trustee-Manager (“Scheduled Completion Date Indemnity”); and
 - (c) any and all fines or penalties imposed by the EMA on the Tunnel User which is attributable to any suspension of the Tunnel User’s rights to access the Tunnels, save as prescribed, and in the manner set out, under the TSA (“Suspended Access Indemnity”).

Limitation of Liability

The TSA generally limits the aggregate liability of either the Tunnel User or the Trustee-Manager in respect of all causes of action arising in relation to the TSA, save for any payment obligation under the TSA, including, *inter alia*:

- (i) the aggregate liability of the Trustee-Manager in respect of all causes of action arising under the SPPA’s Equipment Indemnity, the Scheduled Completion Date Indemnity and the Suspended Access Indemnity; and

- (ii) the Tunnel User's aggregate liability in respect of all causes of action arising under the Tunnel Indemnity.

Any liability of or indemnity by the Trustee-Manager under the TSA is limited to the assets of the SPCIT Trust over which the Trustee-Manager has recourse and shall not extend to any personal or other assets of the Trustee-Manager or its shareholders, directors, officers or employees.

Termination

The TSA sets out termination provisions by which either the Tunnel User or the Trustee-Manager may terminate the TSA. Any termination of the TSA is subject to the prior written consent of the EMA.

Consequences of Termination

The TSA sets out a mechanism for payment, upon the termination of the TSA, in respect of services that have already been provided by the Trustee-Manager under the TSA but not yet invoiced up to the date of termination.

The TSA also provides for the vacation, handing over and reinstatement of the Tunnels to its original condition upon the termination of the TSA.

Step-in Rights

The TSA provides that the Tunnel User is entitled, but is not obliged to, step-in and take possession and control of the whole or part of the Tunnels ("Step-in Rights") (i) upon the insolvency of the SPCIT Trust, (ii) upon any breach of the TSA by the Trustee-Manager giving rise to a right of termination under the TSA, or (iii) where required pursuant to a special administration order issued to the Tunnel User under Section 28 of the Electricity Act or any direction issued by the EMA.

The Tunnel User's payment obligations under the TSA continue to apply while the Tunnel User is exercising the Step-in Rights.

Amendments to the TSA

The TSA provides that subject to the prior written approval of the EMA, the Tunnel User and the Trustee-Manager may from time to time review the TSA and make amendments and revisions to it as appropriate.

Dispute Resolution

The TSA provides for dispute resolution mechanisms, which mechanisms may include arbitration.

Legal and Regulatory Proceedings

We are not involved in any legal or arbitration proceedings that may have, either individually or in the aggregate, a material adverse effect on our financial position or results of operations, and we are not aware that any such proceedings are pending or threatened.

We may commence some potential litigation or arbitration proceedings relating to work carried out and services rendered by our contractors or suppliers in the ordinary course of business relating to the transmission and distribution of electricity. Due to the nature of these proceedings, we are not able to predict the ultimate outcomes of these proceedings, some of which may be less than favorable or unfavorable to us. However, we do not expect the outcome of these proceedings, either individually or in the aggregate, to have a material adverse effect on our financial position or results of operations.

Risk Management

We are exposed to specific risks in the conduct of our business and the environment in which we operate. These include foreign currency, interest rate, credit, liquidity, regulatory and supply source failures risks which arise in the normal course of our business. Generally, our overall objective is to manage and minimize our exposure to such risks. For details on our policies for managing each of these risks, please refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Risk Management”.

Possible Future Restructuring

In order to optimize our capital structure and achieve other corporate objectives, we may change our organizational form to a trust structure. Any change to a trust structure will require the approval of our shareholders and the relevant authorities. Approval from the Noteholders will not be required if the change to a trust structure meets the conditions specified in the “Description of the Notes—Consolidation, Merger and Sale of Assets”.

Our parent company, Singapore Power Limited, may also sell part of its interest in us from time to time, subject to receipt of necessary approvals. We are uncertain when or if such sales will occur.

OUR BOARD OF DIRECTORS

Board of Directors

The following table sets forth the members of our Board of Directors:

<u>Name</u>	<u>Position</u>
Mr Wong Kim Yin	Chairman
Mr Lim Howe Run	Director
Ms Lim Chor Hoon	Director
Mr Chuah Kee Heng	Director
Ms Lena Chia Yue Joo	Director

Mr Wong Kim Yin is the Chairman of our Company. He is the group Chief Executive Officer and a director of Singapore Power Limited. He is also the Chairman of PowerGas Limited, SP Telecommunications Pte Ltd, SPI Management Services Pty Limited and Enterprise Business Services (Australia) Pty Ltd. His other directorships include SP Services Limited, CITIC Resources Holdings Ltd and SeaTown Holdings Pte Ltd. He is also a member of the Board of Governors, Singapore Polytechnic.

Mr Wong was formerly Senior Managing Director, Investments at Temasek International (Pte) Ltd, where he had been responsible for investments in various sectors, including the energy, transportation and industrial clusters prior to joining Singapore Power Limited. Prior to Temasek, he was with The AES Corporation, a global power company listed on the New York Stock Exchange.

Mr Wong holds a Bachelor of Science degree from the National University of Singapore and a Master of Business Administration from University of Chicago.

Mr Lim Howe Run is a director of our Company. He is the Head, Regulatory Management and Strategic Investments at Singapore Power Limited. Prior to his appointment as Head, Regulatory Management and Strategic Investments, he held various positions in general management, strategic investments, risk management, asset management and business development within Singapore Power Group.

Mr Lim also serves on the boards of directors of several companies including PowerGas Limited, Singapore Power International Pte Ltd and SGSP (Australia) Assets Pty Ltd.

Mr Lim holds a Bachelor of Engineering (Mechanical) degree from the National University of Singapore.

Ms Lim Chor Hoon is a director of our Company. She is the Head of Human Resource at Singapore Power Limited and is overall responsible for the Human Resource policies and programs of Singapore Power Limited.

Ms Lim has more than 25 years of experience in human resources and prior to joining Singapore Power Limited in 2010, she was with the NOL Group as Vice President, Talent Management and Global Learning and Development and Temasek Holdings (Private) Limited as Director, Human Resource. She had also worked in GuocoLand Limited, United Overseas Bank Group and the National University of Singapore.

Ms Lim is also a director of the boards of PowerGas Limited and SP Training and Consultancy Company Pte Ltd.

She holds a Bachelor of Science in Psychology from the University of Wisconsin (Madison) and a Graduate Diploma in Personnel Management and has attended the International Program in HR Leadership at IMD International at Lausanne, Switzerland.

Mr Chuah Kee Heng is a director of our Company. He is currently Head, Strategic Development in Singapore Power Limited. Mr Chuah's professional career began in a U.S. bank. After four years in banking, he joined Temasek Holdings (Private) Limited where he was involved in investments in various sectors. He was in Temasek for eight years before joining Singapore Power Limited and his last position was Director, Portfolio Management.

Mr Chuah sits on the boards of directors of several companies including PowerGas Limited, SP Telecommunications Pte Ltd and Singapore District Cooling Pte Ltd.

Mr Chuah holds a Bachelor's Degree (First Class) in Electronics Engineering from University College London. He also holds a Masters in Applied Finance from University of Adelaide and an MBA from the Booth School of Business, University of Chicago.

Ms Lena Chia Yue Joo was appointed to the board of directors of our Company on April 1, 2015. She is the Chief Legal Officer and General Counsel of Singapore Power Limited. A former member of Temasek's senior management team, Ms Chia was previously the Managing Director of Regulations division of Temasek Holdings (Private) Limited from January 1, 2005 to June 9, 2014. Prior to joining Temasek, Ms Chia was a lawyer in private practice until 1994, when she joined the Singapore Technologies group as an in-house counsel. She held various positions in the Singapore Technologies group, the last being Director, Legal, of Singapore Technologies Pte Ltd.

Ms Chia also sits on the boards of directors of several companies including PowerGas Limited, SP Telecommunications Pte Ltd and SPI Management Services Pty Limited.

Ms Chia holds a Bachelor of Law (Honors) degree from the National University of Singapore and has been admitted as an advocate and solicitor of the Supreme Court of Singapore. Ms Chia has also attended the Advanced Management Program at Harvard Business School in 2012.

Committees

Currently, the Board does not have any committees of directors.

Role of the Manager

The Manager manages and conducts the Business on our behalf. For more information about the Manager, see "The Manager and its Employees".

Employees

Currently, we rely on the ability of the Manager to attract and retain highly skilled managerial personnel to operate the Business. For information regarding the employees of the Manager that operate the Business, see "The Manager and its Employees".

We pay the Manager annual Manpower Costs Recovery Charges which represent a direct reimbursement of its staff costs, pursuant to the Management Services Agreement. See "The Manager and its Employees—Management Services Agreement—Fees".

THE MANAGER AND ITS EMPLOYEES

We have engaged the Manager to manage and conduct the Business. We have thereby gained access to a highly experienced executive management team. The management arrangement between our Company and the Manager allows Singapore Power Limited to maintain control of the management of our transmission and distribution network in Singapore through the Manager which is its wholly-owned subsidiary. This arrangement also benefits the Company by allowing ownership flexibility.

Pursuant to the Management Services Agreement, we have granted to the Manager the exclusive right to manage and conduct the Business, subject to applicable laws, regulations and guidelines. We have operated under this management arrangement since October 8, 2003. The Manager also manages and conducts, among others, the gas transmission and distribution businesses of PowerGas Limited (a subsidiary of Singapore Power Limited). The Manager is also party to a Corporate Services Agreement with Singapore Power Limited dated October 8, 2003, which was amended with effect from September 24, 2012. Pursuant to this agreement (after taking into account the proposed amendments), the Manager receives various corporate services, including in the areas of legal and corporate secretarial support, information technology, financial control and treasury, regulatory management, and human resources, which are utilized by the Manager to facilitate our management and business operations, which terms are subject to our approval.

The Manager's executives comprise personnel with long-standing electricity transmission and distribution industry experience from a business, engineering and regulatory standpoint. The Manager is a wholly-owned subsidiary of our parent company, Singapore Power Limited. The issued and paid-up capital of the Manager is S\$10 million.

Board of Directors

The following table sets forth the members of the Board of Directors of the Manager:

<u>Name</u>	<u>Position</u>
Mr Wong Chit Sieng	Chairman
Mr Peter Leong Weng Kwai	Director
Ms Tay Gueh Poh Jeanne	Director
Mr Michael Chin Yong Kok	Director

Mr Wong Chit Sieng is the Chairman of the Manager. He is also the Chief Information Officer of Singapore Power Limited and oversees the group wide delivery of Information and Communications Technology applications and services for the Singapore Power Group of companies. He is also the Chairman of the boards of directors of Singapore District Cooling Pte Ltd and Trusted Source Pte Ltd, and a board member of several other companies including SP Telecommunications Pte Ltd. Mr Wong has over 30 years' experience in strategic business IT planning and the development and management of banking and utilities application systems.

Prior to his appointment as Chief Information Officer of Singapore Power Group, Mr Wong was Head (Information Systems), Singapore Power Limited and Managing Director, SP Services Limited. Before joining Singapore Power Limited, he held the post of Director of Operations and Principal Consultant of S1 Corporation Asia Pacific and Japan (a U.S. listed banking software company, "**S1 Corporation**"). Immediately prior to joining S1 Corporation, he was Senior Vice President of the Overseas Union Bank, Singapore for nine years. He had also served 10 years in the Chase Manhattan Bank N.A as Vice President in varied capacities (Regional Systems Development Audit Manager, System Development Manager for Singapore and Indonesia, and Project Director for the Chase Asia Regional Data Centre).

Mr Wong has a Bachelor of Business Administration degree with Distinction and a Master of Business Administration from the Royal Melbourne Institute of Technology, Australia. He also graduated from Harvard Business School's Advanced Management Program in 2009.

Mr Peter Leong Weng Kwai is a director of the Manager. He has been the Managing Director of the Manager since April 2013. For a biography of Mr Leong, see “—Senior Management”

Ms Tay Gueh Poh Jeanne is a director of the Manager. She is also the Managing Director of SP Services Limited, and is a director of SGSP (Australia) Assets Pty Ltd and SP Training and Consultancy Company Pte Ltd.

Ms Tay has been with the Singapore Power Group for more than 15 years and has held senior positions in Corporate Communications and Business Development. Ms Tay has worked as a media and communications specialist in both private and public sector companies. She was awarded the Public Service Medal in 2009 for her community work.

Ms Tay graduated from the National University of Singapore with a degree in Economics.

Mr Michael Chin Yong Kok is a director of the Manager. He is also the Managing Director (Special Projects) of the Manager. For a biography of Mr Chin, see “—Senior Management”.

Senior Management

The following table sets forth the members of the senior management of the Manager:

Name	Position
Mr Peter Leong Weng Kwai	Managing Director
Mr Michael Chin Yong Kok	Managing Director (Special Projects)
Mr Chew Min Lip	Head of Department (Asset Management)
Mr Han Tek Fong	Head of Department (Electricity Operations)
Mr Cheng See Tau	Head of Department (Gas Operations)
Dr Yoon Kok Thean	Head of Department (Operations Governance)
Mr Chen Chin Lam	Head of Department (Properties & Infrastructure)
Ms Loong Hui Chee	Managing Director (Finance)

Mr Peter Leong Weng Kwai is Managing Director of the Manager. He holds a Bachelor of Engineering (Electrical) with Distinction from the Royal Melbourne Institute of Technology and a Master of Science (Electrical) from the National University of Singapore. Mr Leong is a registered Professional Engineer with the Professional Engineers Board, Singapore. He is also the Chairman of the Electrical and Electronics Standards Committee of the Singapore Standards Council, and the Singapore National Committee of International Electrotechnical Commission since April 2011 and April 2014 respectively.

Mr Leong spent 18 years of his career with Singapore Institute of Standards and Industrial Research, which was subsequently merged with the National Productivity Board to form the Productivity Standards Board. Prior to joining the Manager in 2009, Mr Leong was the Managing Director (Engineering) with United Premas Ltd.

Mr Michael Chin Yong Kok is the Managing Director (Special Projects) of the Manager. He holds a Bachelor of Science, First Class Honours and a Master of Science from the University of Manchester and a Master of Business Administration from the National University of Singapore.

Mr Chin started his career as an engineer in the Public Works Department and progressed to a range of senior management roles in both technical and commercial disciplines. Prior to joining SP PowerGrid, he was the Executive Vice President (Projects) at Resorts World Sentosa (“RWS”) at Genting Singapore PLC. Prior to RWS, he held the appointment of an Executive Vice President of Corporate Development and Properties at Singapore Press Holdings Ltd (SPH). He has extensive project management experience and assumed major roles in the successful development of several prominent projects in Singapore, namely, the Paragon, Sky@Eleven condominium and most recently RWS.

Mr Chew Min Lip is Head of Department (Asset Management). He holds a Bachelor of Engineering (Electrical) (First Class Honors) from the National University of Singapore. Mr Chew is a registered Professional Engineer with the Professional Engineers Board, Singapore. He attended the Senior Management Program, Leadership & Governance at the Lee Kuan Yew School of Public Policy, National University of Singapore in 2007 and Global Leaders program in 2013.

Mr Chew joined the Public Utilities Board in 1985 which was subsequently corporatized in 1995 as the Singapore Power Group. In 1998, he was posted to SP Telecommunications Pte Ltd (“SP Tel”). He joined the Manager in 2003. Except for the period where he was with SP Tel, Mr Chew has been involved extensively in the planning, engineering, construction, asset management, operations and maintenance aspects of the electricity transmission and distribution business.

Mr Han Tek Fong is Head of Department (Electricity Operations) of the Manager. He holds a Bachelor of Engineering (Electrical) from the National University of Singapore. Mr Han is a registered Professional Engineer with the Professional Engineers Board, Singapore and has also attended the International Executive Program at INSEAD, France in 2006.

Mr Han joined the Public Utilities Board, predecessor of the Manager in 1985 upon graduation. He has over 30 years of extensive experience in the electricity transmission and distribution business covering key responsibilities such as planning and maintenance of the distribution management system, incident investigations, failure analysis and life-cycle management of network assets. In recent years, he has been performing a leadership role in the planning and development of electricity network infrastructure including the operation and maintenance of the network.

Mr Cheng See Tau is Head of Department (Gas Operations) of the Manager. He holds a Bachelor of Engineering (Electrical) and a Master of Science (Industrial Engineering) from the University of Singapore. He attended the Program for Global Leadership at Harvard Business School in 2000. He is a registered Professional Engineer, Singapore and Chartered Engineer, U.K. He is also a senior member of the Institution of Engineers, Singapore and a member of the Institution of Engineering and Technology, U.K.

He joined the Public Utilities Board, the predecessor of the Manager in 1976 as an electrical engineer. He has over 30 years of experience in the electricity transmission and distribution business. He leads the gas transmission and distribution operations from 2012.

Mr Chen Chin Lam is Head of Department (Properties & Infrastructure) of the Manager. He joined the Manager in July 2014. He holds a Bachelor of Science (Engineering) and MBA from Loughborough University and Bradford University respectively, and trained in Quality and Certification by Japanese Standards Association under Japan International Cooperation Agency framework. In 2003, he attended Asian International Executive Program at INSEAD.

He started his career in a statutory board, responsible for management system certification/consulting/training, including regional responsibility for business development. Since 2001, Mr Chen had been in various management roles in property and building related services.

Ms Loong Hui Chee is Managing Director (Finance) of the Manager, responsible for the Company’s financial affairs. She joined Singapore Power Limited in 2007 as Head, Financial Management and Planning before assuming her current role with the Manager in 2011. Prior to Singapore Power Limited, Ms Loong worked in Singapore Telecommunications Limited and spent several years in America, Australia and United Kingdom in various accounting and treasury roles.

Ms Loong holds an Honours Degree in Accountancy from the Nanyang Technological University and is a Chartered Accountant of Singapore.

Employees

The employees that conduct the Business are provided by the Manager. Currently, we rely on the ability of the Manager to attract and retain highly skilled managerial personnel to conduct the Business.

We pay the Manager annual Manpower Costs Recovery Charges, which represent a direct reimbursement of its staff costs, pursuant to the Management Services Agreement. See “—Management Services Agreement—Fees”.

As of April, 2015, the Manager employed more than 1,400 executives and non-executives in engineering and technical jobs for its electricity operations. The remuneration package of most of the Manager’s non-executive employees is established through a collective bargaining process. The Manager’s standard remuneration package comprises salary, bonus and benefits such as annual leave, family care leave, medical leave, medical benefits and flexible benefits. Apart from the above, employees may also receive work-related allowances such as shift allowances and transport reimbursement.

The Manager also provides contributions for all employees to the CPF, a mandatory comprehensive social security savings program for workers in their retirement that is funded by employer and employee contributions.

The Manager does not currently have an employee stock option plan.

The Manager encourages employee training and development and its employees, based on our business requirements, may participate in various training programs. In addition to in-house courses, employees can be nominated for external courses, seminars, industrial visits and external attachments as part of the Manager’s life-long learning initiatives.

Labor Relations

Most of the Manager’s employees are represented by a single employees’ union, Union of Power and Gas Employees (“UPAGE”). As of April, 2015, 90.0% of non-executives are represented by the union through the Collective Agreement (“CA”) signed in October, 2013. The CA is valid for 3 years till February, 2016. The quantum of employee bonuses and compensation increments are discussed separately with union on an annual basis, with a performance appraisal process used to determine variable bonus and promotion.

We believe that the Manager’s relationship with its employees is good. No work stoppages or other labor disruptions have occurred or are threatened.

Management Services Agreement

We originally entered into a management services agreement with the Manager on October 8, 2003. The agreement was supplemented on November 3, 2003, and amended and restated with effect from April 1, 2010. The Management Services Agreement may be amended from time to time by agreement between us and the Manager.

Management Exclusivity and Duties

Under the Management Services Agreement, we have granted the Manager the exclusive right, and the Manager shall be under a duty, to do or cause to be done all things reasonably necessary for the efficient and proper management and conduct of the Business, all in accordance with the terms and conditions of the Management Services Agreement and all applicable laws, regulations and guidelines, including the selection and engagement on our behalf of agents, consultants, advisors and contractors. The term of the Management Services Agreement commences from October 8, 2003 and continues until our Transmission License or the Manager’s Transmission Agent License expires or terminates, or upon earlier termination of the Management Services Agreement in accordance with its terms.

The scope of the Manager’s duties and services under the Management Services Agreement includes, *inter alia*:

- (i) the negotiation and execution on our behalf of all contracts and agreements in the conduct of the Business;
- (ii) the supervision and control of the operation of and the maintenance and repairs to and upgrading of our transmission system;

- (iii) the supervision and control of the Manager’s employees in the discharge or performance of their duties;
- (iv) the retention and maintenance of all accounting and other records relating to the Business required by and in accordance with the requirements of all applicable laws and regulations and the preparation of all accounts relating to the Business in accordance with the requirements of all applicable laws;
- (v) the initiation or commencement of any action at law or in equity, either in our name or in the name of the Manager in connection with the management and the conduct of the Business and the defense of any claim against us arising from the conduct of the Business and the supervision of the conduct of any and all such actions and claims;
- (vi) the selection and appointment of advisors, consultants and other experts on our behalf for the performance of services in connection with the conduct of the Business;
- (vii) the taking of all such action as shall be necessary or appropriate to comply with all laws and regulations and requirements of any government and appropriate departments and statutory authorities or bodies having jurisdiction over any matter respecting the operation and maintenance of the transmission system and the provision of electricity transmission services, including, without limitation, assisting us in maintaining all licenses and permits necessary or appropriate for the conduct of the Business;
- (viii) the management of the funds and assets of the Business;
- (ix) the submission of applications to S&P and Moody’s for credit ratings each Fiscal Year (as defined below);
- (x) making all submissions to the EMA with respect to the Business, including regulatory reset submissions and pricing and tariffs submissions;
- (xi) dealing with all customers of the Business, including tending to customer complaints; and
- (xii) generally, the performance, supervision, direction and control of the management and conduct of the Business, including, but not limited to, the making of all payments and disbursements to the extent funds are available from the operating account(s).

Annual Plan

The Manager is required under the Management Services Agreement to submit to us, not later than 60 days prior to the beginning of each Fiscal Year during the term of the Management Services Agreement, an annual plan for the Business for that Fiscal Year (the “Annual Plan”). The Annual Plan must include, among other matters:

- (i) estimated profit and loss and cash-flow projections of the Business;
- (ii) a recommended budget for:
 - (a) repairs and maintenance to our transmission system;
 - (b) renovations, alterations, rebuilding, replacements, additions and improvements in and to our transmission system;
 - (c) expenditure to be incurred for reimbursement to the Manager;
 - (d) expenditure to be incurred in connection with the matters relating to the management and the conduct of the Business; and

- (e) expenditure in relation to the maintenance of insurance policies;
- (iii) the business, sales and marketing objectives and strategies of the Business;
- (iv) a review of and comparison with the previous Fiscal Year's Annual Plan and actual performance of the Business;
- (v) a description of the employment policies and terms and the wage and remuneration structure of the Manager's employees applicable at the time;
- (vi) an analysis of the results of operation of the Business; and
- (vii) the amount of the Gross Revenues (as defined in "—Fees—Base Incentive Fee" below), the Capital Expenses, the Operating Expenses (each as defined in "—Reimbursement by the Manager—Excess Operating Expenses/Excess Capital Expenses" below), the Capex Efficiency Carryover Sharing Amount, the Opex Efficiency Carryover Sharing Amount (each as defined in "—Reimbursement by the Manager—Capex Efficiency Carryover Sharing Amount/Opex Efficiency Carryover Sharing Amount" below) and the Capex Incentive Fee (as defined in "—Fees" below) (where applicable) projected for that Fiscal Year based on the projections and budget in the Annual Plan, and the amount of the projected manpower costs and incentive fees.

"Fiscal Year" means any period commencing on the first (1st) day of April and ending at midnight on the thirty-first (31st) day of March of the next calendar year provided that the last Fiscal Year in the Term shall end on the date on which the Term expires or terminates.

"Term" means the period commencing as from the Commencement Date and continuing until and unless it is terminated in accordance with the terms of the Management Services Agreement and if not so terminated, expiring at midnight of the Expiry Date.

"Commencement Date" means October 8, 2003 or such earlier or later date as the Parties may agree in writing as the Commencement Date for the purpose of the Management Services Agreement.

"Expiry Date" means the date on which any of the following shall first occur:

- (i) the expiry or termination by the EMA of the Transmission License; or
- (ii) the expiry or termination by the EMA of the Transmission Agent License.

Within 30 days of the Manager's submission of the Annual Plan to us, we are required to review and notify the Manager in writing of the revisions, if any, which we propose to make to the Annual Plan. Thereafter, we and the Manager will meet to discuss the Annual Plan and any proposed revisions within 14 days. Nevertheless, we may, at any time before the commencement of the Fiscal Year to which the Annual Plan relates, require the Manager to revise the Annual Plan. Under the Management Services Agreement, the Manager is required to effect such revision but no revision shall be made if it would preclude the Manager from managing and conducting the Business in accordance with applicable laws, regulations and guidelines (including, without limitation, the EMA Directions (as defined below)) or would cause the Manager to infringe any applicable laws, regulations and guidelines (including, without limitation, the EMA Directions).

"EMA Directions" means any and all requests, directions or guidelines of the EMA issued or given under Section 17 of the Electricity Act applicable to the management or the conduct of the Business, and "EMA Direction" means any one of them.

During the course of any Fiscal Year, the Manager may submit to us a proposal for the revision of the Annual Plan relating to that Fiscal Year. Under the Management Services Agreement, we are not permitted to delay or withhold our agreement to such revision unreasonably, including in the following situations:

- (i) after the occurrence of any Force Majeure Event to the extent such revision is reasonable, having regard to the effect of such event on our transmission system or the management and the conduct of the Business and the actions required to be taken as a consequence; or
- (ii) to the extent such revision is reasonably required to comply with any applicable laws, regulations and guidelines and any modification or addition thereof (including, without limitation, the EMA Directions).

“Force Majeure Event” means any event the occurrence of which is beyond the reasonable control of the Manager and which the Manager is unable to avoid despite the exercise of reasonable foresight and diligence and shall include, *inter alia*, any act of war or terrorism, any natural disaster, any epidemic and the promulgation of or taking effect of any change, addition or amendment of the applicable laws, regulations and guidelines.

Operating Guidelines

Under the Management Services Agreement, we and the Manager will agree on guidelines for the conduct of the Business (the “Operating Guidelines”).

Business Expenses, Revenues and Profits

Under the Management Services Agreement, we are required to reimburse the Manager for all sums and expenditure incurred by the Manager in the discharge of its duties and obligations in the management and conduct of the Business, including, *inter alia*, all sums paid and expenses incurred by the Manager under the Corporate Services Agreement, which terms are subject to our approval. See “—Corporate Services Agreement”. Without prejudice to the generality of the foregoing, we have agreed with the Manager that we will bear and will not in any way claim or recover from the Manager:

- (i) any and all Operating Expenses and/or Capital Expenses (each as defined in “—Reimbursement by the Manager” below) and any and all increases thereof; and
- (ii) any and all reduction or loss of Gross Revenues (as defined in “—Fees—Base Incentive Fee” below) and/or Gross Operating Profit (which is defined in the Management Services Agreement to mean in relation to any Fiscal Year or period, the amount derived by deducting from the Gross Revenues for that Fiscal Year or period the Operating Expenses for that Fiscal Year or period),

howsoever incurred, caused or occurring, other than by fraud or dishonesty on the part of the Manager, or fraud or dishonesty on the part of the Manager’s employee which has been authorized or sanctioned by the Manager. However, the foregoing shall not *inter alia*: (a) affect or diminish the liability of the Manager under “— Reimbursement by the Manager” to make payment to us; or (b) impose any obligation on the Manager to provide any funds for the management and operation of our transmission system and/or the conduct of the Business.

In the event that we exercise our right to terminate the Management Services Agreement, the Manager will be required by the Management Services Agreement to terminate the employment of all the Manager’s employees who immediately prior to the termination of the Management Services Agreement or expiry of the term of the Management Services Agreement are engaged in the management and conduct of the Business, and we are obliged under the Management Services Agreement to reimburse the Manager in respect of all sums payable and all liabilities incurred by the Manager under the contracts of employment of the Manager’s employees and the applicable collective agreement for or arising from such termination of their employment by the Manager.

Reimbursement by the Manager

Excess Operating Expenses/Excess Capital Expenses

In the event that the total Operating Expenses in any Fiscal Year exceeds the Prescribed Opex Amount for that Fiscal Year, the Manager has agreed under the Management Services Agreement to pay us the sum equal to 40.0% of the excess, subject to the limit set out in “—Excess Operating Expenses/Excess Capital Expenses—Limitation of Liability” below.

In the event that the total Capital Expenses in any Regulatory Period (as defined below) exceeds the Prescribed Capex Amount for that Regulatory Period, the Manager has also agreed under the Management Services Agreement to pay us the sum equal to 1.5% of the excess, subject to the limit set out in “—Excess Operating Expenses/Excess Capital Expenses—Limitation of Liability” below.

“Auditor” means an approved company auditor or auditors as defined in Section 4 of the Companies Act for the time being appointed as auditor or auditors of the Transmission Licensee.

“Capital Expenses” means all expenses of the Business which constitute, or are regarded as, capital expenses by the application of the accounting standards, policies and practices adopted or applied in the audit of the accounts of the Business by the Auditor.

“Operating Expenses” means all expenses of the Business based on accounting standards, policies and practices adopted or applied in the audit of the accounts of the Business by the auditor, which will include the Manpower Costs Recovery Charges and exclude depreciation, amortization and expenses and payments in respect of property taxes, the Performance Incentive Fees and the Capex Incentive Fee (as defined in “—Fees—Determination of Capex Incentive Fee Amount” below).

“Prescribed Capex Amount” in relation to any Regulatory Period means the total amount of Capital Expenses provided in the Regulatory Submission and approved by the EMA for that Regulatory Period.

“Prescribed Opex Amount” in relation to any Fiscal Year means the total amount of Operating Expenses provided in the Regulatory Submission and approved by the EMA for that Fiscal Year.

“Regulatory Period” means the period for which the rates or tariffs chargeable by the Transmission Licensee for the transmission of electricity or for the provision of any services by the Transmission Licensee under any license granted under the Electricity Act have been determined or set by the EMA.

“Regulatory Submission” means our regulatory submission to and approved by the EMA for the purpose of determining or setting the rates or tariffs chargeable for the transmission of electricity or the provision of other services.

Excess Operating Expenses/Excess Capital Expenses - Limitation of Liability

The total liability of the Manager to make the payments described above to us with respect to the Operating Expenses or the Capital Expenses in each case with respect to any Fiscal Year or Regulatory Period (as the case may be) shall not exceed S\$5 million, unless such amounts are due solely to the Manager’s negligence and are not recoverable by us in the next Fiscal Year or Regulatory Period (as the case may be).

Capex Efficiency Carryover Sharing Amount/Opex Efficiency Carryover Sharing Amount

We have also agreed with the Manager under the Management Services Agreement that in the event that the Capex Efficiency Carryover Amount or the Opex Efficiency Carryover Amount with respect of that Regulatory Period is negative, the Manager shall be obligated to pay us a sum equal to 40% of the Capex Efficiency Carryover Amount or the Opex Efficiency Carryover Amount respectively (the “Capex Efficiency Carryover Sharing Amount” or the “Opex Efficiency Carryover Sharing Amount” respectively), subject to the limit set out in “—Capex Efficiency Carryover Sharing Amount/Opex Efficiency Carryover Sharing Amount—Limitation of Liability” below.

Under the Management Services Agreement, the Capex Efficiency Carryover Amount of any Regulatory Period will be regarded as negative if the aggregate Capital Expenses for that Regulatory Period exceeds the aggregate of the Prescribed Capex Amount for that Regulatory Period. Under the Management Services Agreement, the Opex Efficiency Carryover Amount of any Regulatory Period will be regarded as negative if the aggregate Operating Expenses for that Regulatory Period exceeds the aggregate of the Prescribed Opex Amount for that Regulatory Period.

“Capex Efficiency Carryover Amount” means the amount approved by the EMA as the Capex Efficiency Carryover Amount referred to in the Capex Efficiency Carryover Scheme in the Regulatory Submission.

“Opex Efficiency Carryover Amount” means the amount approved by the EMA as the Opex Efficiency Carryover Amount referred to in the Opex Efficiency Carryover Scheme in the Regulatory Submission.

Capex Efficiency Carryover Sharing Amount/Opex Efficiency Carryover Sharing Amount-Limitation of Liability

The total liability of the Manager to make the payments described above to us with respect to the Capex Efficiency Carryover Sharing Amount or the Opex Efficiency Carryover Sharing Amount in each case with respect to any Regulatory Period shall not exceed S\$5 million, unless such amounts are due solely to the Manager’s negligence and are not recoverable by us in the next Regulatory Period.

Fees

We have agreed with the Manager under the Management Services Agreement to pay to the Manager manpower costs recovery charges (the “Manpower Costs Recovery Charges”), performance incentive fees (the “Performance Incentive Fees”), and an incentive fee (the “Capex Incentive Fee”) for each Fiscal Year or Regulatory Period (as the case may be) during the term of the Management Services Agreement in the manner summarized below.

The Manpower Costs Recovery Charges are designed to provide compensation to the Manager for manpower costs and related expenses (including bonuses, incentive payments and the cost of all compensation or payments and other employment benefits) incurred by the Manager in relation to the performance of its obligations under the Management Services Agreement, as reasonably determined by the Manager and notified to us.

The Performance Incentive Fees and the Capex Incentive Fee are to incentivize the Manager to pursue efficiencies in operating and capital expenditures.

Determination of Performance Incentive Fees Amount

The Performance Incentive Fees, in relation to any Fiscal Year, is the total of the Capital Works Fee, the Opex Incentive Fee, the Capex Efficiency Carryover Incentive Fee, the Opex Efficiency Carryover Incentive Fee and the Base Incentive Fee (each as defined below) for that Fiscal Year. The payment of the Performance Incentive Fees may be reduced (up to one hundred percent) as discussed in “—Incentive Fees are Subject to Reduction” below.

Capital Works Fee

“Capital Works Fee” in relation to any Fiscal Year means a fee of an amount derived as follows, less any fee reductions (as discussed in “—Incentive Fees are Subject to Reduction” below):

$$\text{CWF} = 1\% \times (\text{RAB1} - \text{RAB2})$$

Where:

“CWF” is the Capital Works Fee for such Fiscal Year during the term of the Management Services Agreement;

“RAB1” is the RAB of that Fiscal Year during the term of the Management Services Agreement; and

“RAB2” is the RAB of the Fiscal Year immediately preceding that Fiscal Year during the term of the Management Services Agreement, provided always that RAB1 exceeds RAB2. In the event that RAB2 exceeds or is equal to RAB1, the Capital Works Fee shall be zero.

For the purpose of the determination of the Capital Works Fee set out above, the following term bears the meaning ascribed to it below:

“RAB” in relation to any Fiscal Year, means the aggregate amount of our fixed assets as at the last day of that Fiscal Year less our deferred income balance as at the last day of that Fiscal Year.

Opex Incentive Fee

“Opex Incentive Fee” in relation to any Fiscal Year means a fee of an amount equal to 40.0% of the amount, if any, by which the Prescribed Opex Amount for that Fiscal Year exceeds the total Operating Expenses for that Fiscal Year, less any fee reductions (as discussed in “—Incentive Fees are Subject to Reduction” below).

Capex Efficiency Carryover Incentive Fee

“Capex Efficiency Carryover Incentive Fee” means a sum equal to 40.0% of the amount of the Capex Efficiency Carryover Amount approved by the EMA for such Fiscal Year in such Regulatory Period, if the Capex Efficiency Carryover Amount is positive.

Under the Management Services Agreement, the Capex Efficiency Carryover Amount of any Regulatory Period will be regarded as positive if the aggregate of the Prescribed Capex Amount for that Regulatory Period exceeds the aggregate of the Capital Expenses for that Regulatory Period.

Opex Efficiency Carryover Incentive Fee

“Opex Efficiency Carryover Incentive Fee” means a sum equal to 40.0% of the amount of the Opex Efficiency Carryover Amount approved by the EMA for such Fiscal Year in such Regulatory Period, if the Opex Efficiency Carryover Amount is positive.

Under the Management Services Agreement, the Opex Efficiency Carryover Amount of any Regulatory Period will be regarded as positive if the aggregate of the Prescribed Opex Amount for that Regulatory Period exceeds the aggregate of the Operating Expenses for that Regulatory Period.

Base Incentive Fee

“Base Incentive Fee” in relation to any Fiscal Year means a fee of an amount equal to 0.75% of the Gross Revenues (as defined below) of that Fiscal Year, less any fee reductions (as discussed in “—Incentive Fees are Subject to Reduction” below).

“Gross Revenues” means all the revenue and income derived from the conduct of the Business and shall include all subsidy payments, business interruption insurance payments, governmental allowances and any form of incentive payments, benefits or compensation from any source whatsoever which are attributable to the conduct of the Business, but excluding all payments received in respect of taxes or levies charged or imposed on the sale or supply of goods or services. Further, for the purposes of determining the Base Incentive Fee in relation to any Fiscal Year only, “Gross Revenues” shall exclude, *inter alia*, income arising from any financing activity, rebates, subsidies and grants pursuant to changes in tax standards or government policies or budgets not specifically related to the gas and electricity businesses, and any cash or contributions in-kind received by us from any customers in such Fiscal Year.

Incentive Fees are Subject to Reduction

The Performance Incentive Fees for any Fiscal Year may be subject to a percentage reduction in the event that any fines and penalties are imposed on us solely due to any act or omission of the Manager. The percentage reduction to be applied is determined as follows:

- (i) in the event that the Aggregate Regulatory Liability (as defined below) for that Fiscal Year is more than S\$5 million, but less than or equal to S\$6 million, 5.0% of the total amount of the Performance Incentive Fees for that Fiscal Year;

- (ii) in the event that the Aggregate Regulatory Liability for that Fiscal Year is more than S\$6 million, but less than or equal to S\$7 million, 10.0% of the total amount of the Performance Incentive Fees for that Fiscal Year;
- (iii) in the event that the Aggregate Regulatory Liability for that Fiscal Year is more than S\$7 million, but less than or equal to S\$8 million, 20.0% of the total amount of the Performance Incentive Fees for that Fiscal Year;
- (iv) in the event that the Aggregate Regulatory Liability for that Fiscal Year is more than S\$8 million, but less than or equal to S\$9 million, 50.0% of the total amount of the Performance Incentive Fees for that Fiscal Year;
- (v) in the event that the Aggregate Regulatory Liability for that Fiscal Year is more than S\$9 million, but less than or equal to S\$10 million, 75.0% of the total amount of the Performance Incentive Fees for that Fiscal Year; and
- (vi) in the event that the Aggregate Regulatory Liability for that Fiscal Year is more than S\$10 million, 100.0% of the total amount of the Performance Incentive Fees for that Fiscal Year.

“Aggregate Regulatory Liability” means the aggregate of all fines and penalties imposed by the EMA on us in any Fiscal Year for breaches or non-compliance of applicable laws, regulations and guidelines resulting solely from an act or omission of the Manager, less any and all amounts which we are able to recover from any person other than the Manager in relation to such breach or non-compliance of such applicable laws, regulations and guidelines.

Determination of Capex Incentive Fee Amount

“Capex Incentive Fee” in relation to any Regulatory Period, means a fee of an amount equal to 1.5% of the Capex Savings (as defined below) for such Regulatory Period, less any reduction for each Fiscal Year in such Regulatory Period where the Performance Incentive Fees in relation to such Fiscal Year were reduced. The percentage reduction applied will be the same percentage reduction applied to the Performance Incentive Fees in such Fiscal Year where the Performance Incentive Fees were reduced.

“Capex Savings” in relation to any Regulatory Period, means the amount by which the Prescribed Capex Amount for that Regulatory Period exceeds the total Capital Expenses for that Regulatory Period (if any), following any adjustment by the EMA of the Prescribed Capex Amount for that Regulatory Period pursuant to any relevant laws, regulations and guidelines.

Payment of Manpower Costs Recovery Charges and Performance Incentive Fees

We will provisionally pay the Manpower Costs Recovery Charges and the Performance Incentive Fees for each Fiscal Year in equal monthly installments in the course of that Fiscal Year, based on the relevant fee amount stated in the Annual Plan for that Fiscal Year.

The actual amount of the Manpower Costs Recovery Charges and the Performance Incentive Fees for each Fiscal Year shall be determined based on the audited accounts of the Business for that Fiscal Year. Accordingly, if the actual amount is less than the monthly payments made by us (as discussed in the preceding paragraph), the Manager will pay, or if the actual amount is greater than the monthly payments made by us, we will pay, the difference, in either case, within seven business days after the audited accounts have been approved by our Board of Directors.

The Capex Incentive Fee is based on the audited accounts of the Business for each Fiscal Year in the Regulatory Period. It shall be paid within seven business days after the audited accounts for the last Fiscal Year in that Regulatory Period have been approved by our Board of Directors.

Review of Fees

90 days before the end of any Regulatory Period, the Manager shall issue us a written notice to jointly review the bases upon (and the components comprised within) which the Manpower Costs Recovery Charges, the Performance Incentive Fees, and the Capex Incentive Fee are determined for the next Regulatory Period. In the event that we are unable to reach an agreement with the Manager on the changes to the bases (and the components) within 30 days of such written notice, the Manager shall submit any disagreement on the changes to the bases (and the components) for dispute resolution in accordance with “—Dispute Resolution” below.

We and the Manager may also review the bases on (and the components comprised within) which the Manpower Costs Recovery Charges, the Performance Incentive Fees and the Capex Incentive Fee are determined:

- (i) where there is any material change in the scope of the Business or our assets which are required for the conduct of the Business;
- (ii) where there is any material increase in the services and duties of the Manager under the Management Services Agreement; and
- (iii) on such other date(s) as the parties may agree.

Replacement of SP PowerGrid Business Senior Executives

In the event that we submit a written request to the Manager for the replacement of any or all the SP PowerGrid Business Senior Executives (which are defined in the Management Services Agreement as any of the employees of the Manager who is holding appointment as the Manager’s Managing Director or Chief Executive Officer, or any employee of the Manager whose duties require him to report directly to either the Manager’s Managing Director or Chief Executive Officer, or any other employee of the Manager who is classified as a SP PowerGrid Business Senior Executive by agreement between ourselves and the Manager from time to time) on any of the grounds set out below, the Manager shall be required under the Management Services Agreement to replace such SP PowerGrid Business Senior Executive(s):

- (i) such SP PowerGrid Business Senior Executive(s) had, in our reasonable opinion, committed a serious breach or breaches of their duties as SP PowerGrid Business Senior Executive(s); or
- (ii) such SP PowerGrid Business Senior Executive(s) had, in our reasonable opinion, committed an act of dishonesty or willful misconduct which materially and adversely affects the Manager’s ability to perform its obligations under this Agreement.

The Manager has agreed with us under the Management Services Agreement that it will not employ any person as a SP PowerGrid Business Senior Executive who was previously employed by the Manager as a SP PowerGrid Business Senior Executive and whose employment had been terminated by the Manager pursuant to our request as described above, without first obtaining our prior written consent.

Termination

Each party is entitled to terminate the Management Services Agreement immediately by giving notice thereof to the other party at any time after the occurrence of any of the following events subject, however, to the prior consent of the EMA:

- (i) the other party becomes insolvent or admits in writing its inability to pay its debts when due;
- (ii) the other party passes a resolution for its winding up or dissolution or any order of court is made for the appointment of a liquidator or judicial manager in respect of the other party or the appointment of any receiver over the whole or any part of the other party’s assets, save for an amalgamation or reconstruction approved by the first mentioned party;
- (iii) the making of any special administration order by the EMA referred to in Section 28 of the Electricity Act in relation to the other party;

- (iv) where the other party is the Manager, the failure of the Manager to effect any replacement of SP PowerGrid Business Senior Executives as described in “—Replacement of SP PowerGrid Business Senior Executives” above and failure to commence and continue taking prompt and appropriate action to fully rectify or remedy such failure and the effects of such failure within 30 days after our notice to the Manager of such failure;
- (v) where we are the other party, we materially breach any provision (other than a provision for payment of any sum to the Manager) and, in the case of a breach capable of remedy, fail to fully remedy such breach within 180 days after receipt of a written notice from the Manager or we commit any breach of any provision for payment of any sum to the Manager and fail to fully remedy such breach within 30 days after receipt of a written notice from the Manager; or
- (vi) where we are the other party, the expiry or termination of our Transmission License or the Manager’s Transmission Agent License (unless such termination is caused by the Manager).

We are also entitled to terminate the Management Services Agreement (with the prior consent of the EMA) by giving the Manager at least 90 days’ written notice in the event that any law or regulation is enacted or amended in Singapore or any EMA Direction is issued or given which prohibits or restricts us from engaging and/or continuing to engage any person to manage and conduct the Business on our behalf.

Handback Plan and Transitional Assistance

The Manager is required to develop a manual describing all of the activities, tasks and processes which must be undertaken consequent upon expiration or termination of the term of the Management Services Agreement so that we or another contractor are, *inter alia*, able to manage and conduct the Business and perform the Manager’s obligations under the Management Services Agreement (“Handback Plan”).

Upon expiry of the Management Services Agreement (other than as a result of the expiry or termination by the EMA of our Transmission License) or upon termination by us or the Manager (other than as a result of the expiry or termination of our Transmission License or the Manager’s Transmission Agent License), the Manager is required to implement the Handback Plan and must take all reasonable steps to assist us or the new contractor in the assumption of our/its responsibilities, and will receive reasonable compensation for its assistance (provided that, in the case of a new contractor, such contractor is appointed within a reasonable time to replace the Manager). We and the Manager are required to work together and in consultation and each use our reasonable endeavors to minimize the costs and expenses of implementing the Handback Plan. On the date of termination of the Management Services Agreement, we must pay the Manager the costs it incurred as a result of the termination and in implementing the Handback Plan.

In addition, save for the expiry of the Management Services Agreement following the expiry or termination by the EMA of our Transmission License or where the Manager has terminated the Management Services Agreement following the expiry or termination of our Transmission License or the Manager’s Transmission Agent License, the Manager is required to, for a period of ninety (90) days prior to the date of termination, allow our employees or nominees to closely observe the performance by the Manager of its obligations and particular employees of the Manager who are engaged in the provision of services to us and to procure that its employees use their best endeavors to answer any queries our employees or nominees may raise. The Manager’s obligation to provide such transitional assistance is subject to the provisos that it does not materially hinder or obstruct the performance by the Manager of its obligations or materially compromise any of our or the Manager’s obligations under any applicable occupational, health and safety standards or laws and that we give reasonable prior written notice of such requirement and provide names and details of our relevant employees or nominees.

Governance

Under the Management Services Agreement, the Manager has agreed, at least once every Fiscal Year during the term of the Management Services Agreement and whenever requested by us, to furnish us with a report setting out the compliance of the Business with reference to, among other things, the Electricity Act and any subsidiary legislation made thereunder, the Market Rules, the Electricity Codes (as defined below), the EMA Directions (if any), the terms of our Transmission License, the terms of the Management Services Agreement and the Operating Guidelines, and will furnish a copy of such report to our Audit Committee or our Board of Directors and to the Manager's audit committee or board of directors. The Manager has also agreed to ensure that sufficient internal controls have been implemented in relation to the management and conduct of the Business during the term of the Management Services Agreement.

"Electricity Codes" means any and all codes of practice as may from time to time be issued by the EMA pursuant to Section 16 of the Electricity Act.

Revisions to the Management Services Agreement

We and the Manager may from time to time review the Management Services Agreement and make amendments and revisions to it as appropriate.

Dispute Resolution

In the event that a dispute, controversy or difference between us and the Manager arises in connection with the Management Services Agreement, each of us and the Manager is required under the Management Services Agreement to use our best endeavors to discuss in good faith and achieve an amicable resolution of such dispute, controversy or difference. If such dispute, controversy or difference is not resolved within a period of thirty (30) days commencing from the date of service of the notice of the dispute, controversy or difference, the dispute controversy or difference, or such part thereof which has not been resolved shall be escalated to a dispute resolution panel for determination. The Management Services Agreement further provides that if such dispute, controversy or difference remains unresolved, we and the Manager may settle the dispute, controversy or difference by arbitration in accordance with the Arbitration Rules of the Singapore International Arbitration Center.

TM Management Services Agreement

SP PowerAssets Limited (in its capacity as the Trustee-Manager entered into a Management Services Agreement with SP PowerGrid Limited (the "Tunnel Manager") on June 7, 2013 ("TM MSA"). Subject to the prior written consent of the EMA, the TM MSA may be amended from time to time by agreement between the Trustee-Manager and the Tunnel Manager.

Save as otherwise defined in this section, capitalized terms used in this section shall have the meaning given to them in this Offering Circular.

Management Exclusivity and Duties

Under the TM MSA, the Trustee-Manager has engaged the Tunnel Manager on an exclusive basis to manage, conduct and carry on the Business on the Trustee-Manager's behalf during the Term.

The term of the TM MSA commences from the Commencement Date (being April 1, 2013 or such earlier or later date as the Trustee-Manager and the Tunnel Manager may agree in writing to be the Commencement Date for the purpose of the TM MSA) and continues until and unless it is terminated in accordance with the terms of the TM MSA ("Term").

The Tunnel Manager shall operate and maintain the Tunnels, or procure that the Tunnels be operated and maintained, in accordance with, *inter alia*, the TSA. See "Our Business —Tunnel Services Agreement".

“Business” means the business of constructing, developing, operating, maintaining and managing the Tunnels, and any business, undertaking or activity associated with, incidental and/or ancillary to the foregoing. The scope of the Tunnel Manager’s duties and services under the TM MSA includes, *inter alia*:

- (i) the negotiation and execution on the Trustee-Manager’s behalf of all contracts and agreements in the management, conduct and carrying on of the Business;
- (ii) the supervision and control of the construction, development, operation and maintenance of, repairs to and upgrading of the Tunnels;
- (iii) making all submissions on the Trustee-Manager’s behalf to the EMA with respect to the Business, including providing assistance to SP PowerAssets Limited (in its personal capacity) in relation to regulatory reset submissions and pricing and tariffs submissions to the EMA; and
- (iv) generally, the performance, supervision, direction and control of the management, conduct and carrying on of the Business.

Annual Plan

The Tunnel Manager is required under the TM MSA to submit to the Trustee-Manager, not later than 60 days prior to the beginning of each Fiscal Year during the Term, an annual plan for the Business for that Fiscal Year (the “Annual Plan”). The TM MSA sets out mechanisms for the approval of, and revisions to, the Annual Plan.

Business Expenses, Revenues and Profits

Under the TM MSA, the Trustee-Manager is required to reimburse the Tunnel Manager for all sums and expenditure incurred by the Tunnel Manager in the discharge of its duties and obligations in the management, conduct and carrying on of the Business. Without prejudice to the foregoing, the Trustee-Manager will bear and will not claim or recover from the Tunnel Manager:

- (i) any and all Operating Expenses and/or Capital Expenses and any and all increases thereof; and
- (ii) any and all reduction or loss of Gross Revenues (which is defined in the TM MSA to mean all revenue and income derived from the management, conduct and carrying on of the Business, but excluding all payments received in respect of taxes or levies charged or imposed on the sale or supply of goods or services) and/or Gross Operating Profit (which is defined in the TM MSA to mean, in relation to any Fiscal Year or period, the amount derived by deducting from the Gross Revenues for that Fiscal Year or period the Operating Expenses for that Fiscal Year or period),

howsoever incurred, caused or occurring, other than by fraud or dishonesty on the part of the Tunnel Manager, or fraud or dishonesty on the part of the employee which has been authorized or sanctioned by the Tunnel Manager. This shall not, *inter alia*, (a) affect or diminish the liability of the Tunnel Manager to make payment to the Trustee-Manager, or (b) impose any obligation on the Tunnel Manager to provide any funds for the management and operation of the Tunnels and/or the management, conduct and carrying on of the Business.

“Operating Expenses” means all expenses of the Business based on the accounting standards, policies and practices adopted or applied in the audit of the accounts of the Business by the auditor, which will include the manpower costs recovery charges and exclude depreciation, amortization and expenses and payments in respect of property taxes, the performance incentive fees and the capital expenditure incentive fees.

“Capital Expenses” means all expenses of the Business which constitute, or are regarded as, capital expenses by the application of the accounting standards, policies and practices adopted or applied in the audit of the accounts of the Business by an approved company auditor for the time being appointed as the Trustee-Manager’s auditor.

Reimbursement by the Tunnel Manager

Excess Operating Expenses/Excess Capital Expenses

The Tunnel Manager has agreed under the TM MSA to pay the Trustee-Manager certain sums (subject to the limits prescribed in the TM MSA) in the event the total Operating Expenses in any Fiscal Year exceeds the Prescribed Opex Amount for that Fiscal Year or the total Capital Expenses in any Regulatory Period exceeds the Prescribed Capex Amount for that Regulatory Period.

“Prescribed Capex Amount” in relation to any Regulatory Period means the total amount of Capital Expenses provided in the Regulatory Submission and approved by the EMA for that Regulatory Period.

“Prescribed Opex Amount” in relation to any Fiscal Year means the total amount of Operating Expenses provided in the Regulatory Submission and approved by the EMA for that Fiscal Year.

“Regulatory Period” means the period commencing from the Commencement Date and ending on March 31, 2013 (both dates inclusive), and each period of five calendar years (or such other period as the EMA may from time to time stipulate) thereafter, provided that the last Regulatory Period for the Term shall end on the date the Term is terminated.

“Regulatory Submission” means the Trustee-Manager’s regulatory submission to and approved by the EMA for the purpose of determining or setting the rates or tariffs chargeable for or in respect of the use of the Tunnels.

Capex Efficiency Carryover Sharing Amount/Opex Efficiency Carryover Sharing Amount

Under the TM MSA, the Tunnel Manager shall be obligated to pay the Trustee-Manager certain sums (subject to the limits prescribed in the TM MSA) in the event that the Capex Efficiency Carryover Amount or the Opex Efficiency Carryover Amount with respect to the immediately preceding Regulatory Period is negative.

“Capex Efficiency Carryover Amount” means the amount approved by the EMA as the Capex Efficiency Carryover Amount referred to in the Capex Efficiency Carryover Scheme in the Regulatory Submission.

“Opex Efficiency Carryover Amount” means the amount approved by the EMA as the Opex Efficiency Carryover Amount referred to in the Opex Efficiency Carryover Scheme in the Regulatory Submission.

Fees

The Trustee-Manager has agreed with the Tunnel Manager under the TM MSA to pay to the Tunnel Manager manpower costs recovery charges, performance incentive fees, and a capital expenditure incentive fee for each Fiscal Year or Regulatory Period (as the case may be) during the Term.

Incentive Fees are Subject to Reduction

The performance incentive fees for any Fiscal Year may be subject to a percentage reduction in the event that any fines and penalties are imposed on the Trustee-Manager solely due to any act or omission of the Tunnel Manager.

Payment of Manpower Costs Recovery Charges and Performance Incentive Fees

The Trustee-Manager will provisionally pay the manpower costs recovery charges and the performance incentive fees for each Fiscal Year in equal monthly installments in the course of that Fiscal Year, based on the relevant fee amount stated in the Annual Plan for that Fiscal Year.

The actual amount of the manpower costs recovery charges and the performance incentive fees for each Fiscal Year shall be determined based on the audited accounts of the Business for that Fiscal Year. Payments will be reconciled within seven business days after the audited accounts have been approved by the Trustee-Manager’s Board of Directors.

The Trustee-Manager will pay the capital expenditure incentive fee after the end of each Regulatory Period based on the audited accounts of the Business for each Fiscal Year in such Regulatory Period.

Review of Fees

The TM MSA provides for mechanisms for the review of the bases upon (and the components comprised within) which the manpower costs recovery charges, performance incentive fees, and the capital expenditure incentive fee are determined for the next Regulatory Period.

Replacement of Senior Executives

The Trustee-Manager may request for the replacement of any employee of the Tunnel Manager who is classified as a senior executive under the TM MSA in prescribed circumstances, and the Tunnel Manager shall as soon as practicable thereafter, cause such senior executive(s) to cease to be involved in the management, conduct and carrying on of the Business.

Termination

The TM MSA sets out termination provisions by which either the Tunnel Manager or the Trustee-Manager may terminate the Term. Any termination of the Term is subject to the prior written consent of the EMA.

Handback Plan and Transitional Assistance

The Tunnel Manager is required to develop a manual describing all of the activities, tasks and processes which must be undertaken consequent upon termination of the Term so that the Trustee-Manager or another contractor is able to manage, conduct and carry on the Business and perform the Tunnel Manager's obligations under the TM MSA ("Handback Plan").

The TM MSA prescribes mechanisms for the Handback Plan to be implemented where the TM MSA is terminated under prescribed circumstances.

Indemnity and Limitation of Liability

The TSA provides for various indemnities by the Tunnel Manager and the Trustee-Manager. Such indemnities include, *inter alia*, an indemnity by the Trustee-Manager in respect of all damages, costs, claims, liabilities and injuries suffered by the Tunnel Manager or any of its officers or employees to the extent caused by or arising directly from the Tunnel Manager's provision of services under the TM MSA (save where otherwise prescribed under the TM MSA).

The TM MSA generally limits the aggregate liability of either the Tunnel Manager or the Trustee-Manager in respect of any and all causes of action arising in any Fiscal Year in relation to the TM MSA. The cap on either party's liability varies depending on when the cause of action arises.

Any obligation or liability of or indemnity by the Trustee-Manager under the TM MSA is limited to the assets of the SPCIT Trust over which the Trustee-Manager has recourse and shall not extend to any personal or other assets of the Trustee-Manager or its shareholders, directors, officers or employees.

Governance

Under the TM MSA, the Tunnel Manager has agreed, at least once every Fiscal Year during the Term and whenever requested by the Trustee-Manager, to furnish the Trustee-Manager with a report setting out the compliance of the Business with reference to, *inter alia*, the terms of the TM MSA. The Tunnel Manager has also agreed to ensure that sufficient internal controls have been implemented in relation to the management, conduct and carrying on of the Business during the Term.

Dispute Resolution

The TM MSA provides for dispute resolution mechanisms, which mechanisms may include arbitration.

Corporate Services Agreement

The Manager is party to a Corporate Services Agreement with Singapore Power Limited dated October 8, 2003, which was amended with effect from September 24, 2012 (“Corporate Services Agreement”). Pursuant to this agreement (after taking into account the proposed amendments), the Manager receives various corporate services, including, among other things, in the areas of legal and corporate secretarial support, information technology, financial control and treasury, regulatory management, human resources, general and strategic management, corporate strategies, stewardship, and accounting and tax policies, which are utilized by the Manager to facilitate our management and business operations. In addition, the Chief Financial Officer of Singapore Power Limited is also assuming responsibilities as our Chief Financial Officer. The Chief Financial Officer will provide services to us pursuant to the Corporate Services Agreement to which Singapore Power Limited and the Manager are each a party. We reimburse the Manager for the expenses incurred by the Manager (which form part of the expenses that we are required to reimburse under the Management Services Agreement). See “—Management Services Agreement—Business Expenses, Revenues and Profits”.

The fees payable by the Manager to Singapore Power Limited under the Corporate Services Agreement is the amount determined by Singapore Power Limited on an arm’s length basis, calculated based on cost plus mark up. The Manager also provides purchasing services for Singapore Power Limited under the Corporate Services Agreement.

The fees payable by Singapore Power Limited to the Manager under the Corporate Services Agreement is the amount determined by the Manager as being equal to the monetary amount of actual operating expenditure (or proportion thereof) for the relevant period incurred or attributed by the Manager for providing such services plus a margin of 5.0%.

Singapore Power Limited and the Manager have agreed under the Corporate Services Agreement that:

- (i) neither party shall be liable to the other party for any loss of revenue, profits or indirect or consequential loss whether or not caused by any breach of any obligations under the Corporate Services Agreement; and
- (ii) the total liability of either party to the other party in respect of any claim, liability, expense, cost, loss or damage caused by any and all breaches of the Corporate Services Agreement occurring in any Fiscal Year shall not exceed S\$1 million or the fees liable to be paid under the Corporate Services Agreement, whichever is the lower.

CONTROLLING SHAREHOLDER

We are a wholly-owned subsidiary of Singapore Power Limited, which in turn is wholly owned by Temasek, an investment company headquartered in Singapore with a diversified investment portfolio. Temasek is wholly owned by the Minister for Finance, a body corporate constituted under the Minister for Finance (Incorporation) Act, Chapter 183 of Singapore.

Limit on Shareholding

Under the Electricity Act, where a person has acquired an equity interest in us and the EMA is satisfied that:

- (i) that person holds an equity interest in us or controls voting power in us which meets or is in excess of any of the prescribed limits described in the section “Industry and Regulation—Powers of the EMA to Control Electricity Licensees” (the “Prescribed Limits”), without first obtaining the approval of the EMA;
- (ii) any condition of approval imposed on that person has not been complied with;
- (iii) that person has furnished false or misleading information or documents in connection with an application for the EMA’s approval; or
- (iv) the EMA would not have granted its approval had it been aware, at that time, of circumstances relevant to that person’s application for such approval,

the EMA may direct the transfer or disposal of all or any of the equity interest held by the person or any of his associates (as defined in the Electricity Act) (the “specified equity interest”) within such time and subject to such conditions as the EMA considers appropriate, restrict the transfer or disposal of the specified equity interest, or make such other direction as the EMA considers appropriate. Where the EMA has issued such direction to direct the transfer or disposal, or restrict the transfer or disposal, of the specified equity interest, notwithstanding the provisions of any other written law or anything contained in our memorandum or articles of association, trust deed or other constitution relating to us:

- (i) no voting rights shall be exercisable in respect of the specified equity interest unless the EMA expressly permits such rights to be exercised;
- (ii) no equity interest shall be issued or offered (whether by way of rights, bonus or otherwise) in respect of the specified equity interest unless the EMA expressly permits such issue or offer; and
- (iii) except in our winding up, no payment shall be made by us (whether by way of dividends or otherwise) in respect of the specified equity interest unless the EMA expressly authorizes such payment,

until the transfer or disposal is effected in accordance with the direction or until the direction is revoked, as the case may be.

In view of the foregoing, our articles of association currently restrict any person, whether alone or together with his associates, from holding an equity interest in us or be in a position to control voting power in us which meets or is in excess of any of the Prescribed Limits, without first obtaining the approval of the EMA.

In addition, our Directors may require any person or, as the case may be, any person who together with his associates, holds an equity interest in us or is in a position to control voting power in us which meets or is in excess of any of the Prescribed Limits described above, without first obtaining the approval of the EMA:

- (i) to transfer or dispose of all or any part of the equity interest concerned within such time and subject to such conditions as the EMA considers appropriate; and/or
- (ii) pending the aforesaid disposal, to suspend the voting rights of the equity interest concerned held by such person or persons or the holder or holders thereof (as the case may be); and/or
- (iii) restrict the transfer or disposal of the equity interest concerned held by such person or persons or the holder or holders thereof (as the case may be) as the EMA considers appropriate.

DESCRIPTION OF THE NOTES

General

The particular terms of any Notes sold will be described in an accompanying supplement to this Offering Circular (a “Pricing Supplement”). The terms and conditions set forth in “Description of the Notes” below will apply to each Note unless otherwise specified in the applicable Pricing Supplement and in such Note.

Notes governed under the laws of the State of New York shall be issued under an amended and restated indenture dated as of November 28, 2014 (as amended, supplemented or otherwise modified and in effect from time to time, the “Indenture”) between the Company and The Bank of New York Mellon, as Trustee. Notes governed under the laws of Singapore shall be issued under an amended and restated supplemental trust deed dated as of November 28, 2014 (as amended, supplemented or otherwise modified and in effect from time to time, the “Supplemental Trust Deed”) between the Company and The Bank of New York Mellon, as Trustee, which is supplemental to the Indenture. References to the “Indenture” shall, where applicable, include references to the “Supplemental Trust Deed”.

The following summary of certain provisions of the Indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture, including the definitions therein of certain terms. Wherever particular Sections or defined terms of the Indenture are referred to, such Sections or defined terms shall be deemed to be incorporated herein by reference. Capitalized terms used in this “Description of the Notes” that are not otherwise defined shall have the same meaning given to such terms as in the Indenture.

The Notes are direct, unsecured and unsubordinated obligations of the Company. The Notes will rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company, other than with respect to obligations preferred by statute or operation of law.

The Indenture provides that the Notes may be issued in one or more series thereunder (Indenture § 301). All Notes of one issuance need not be issued at the same time and, unless otherwise provided, an issuance may be reopened under the Indenture, without the consent of any holder, for issuances of additional Notes which will be consolidated and form one series with the Notes of the previous issuance; provided that, in the case of Bearer Notes that are issued under TEFRA D and are initially represented by interests in a Temporary Global Note exchangeable for interests in a Permanent Global Note or definitive Bearer Notes, such consolidation will occur only upon certification of non-U.S. beneficial ownership and exchange of interests in the Temporary Global Note for interests in the Permanent Global Note or definitive Bearer Notes (Indenture § 301). Each series of Notes shall mature on such dates, bear interest at such rates and have such other terms and provisions not inconsistent with the Indenture as the Company may determine.

The Notes offered hereby are limited to an aggregate principal amount (or, in the case of Notes issued at a discount from their principal amount, Notes that may be paid in two or more installments or Indexed Notes, the aggregate initial offering price) at any time outstanding of up to S\$8,000,000,000 or, in the case of Notes denominated in a currency other than Singapore dollars (“Foreign Currency Notes”), the approximate equivalent thereof at the Program Exchange Rate of such foreign currencies on the date the Company agreed to issue such Notes. The maximum amount that may be issued under the Program may be increased pursuant to the terms of the Program. Unless otherwise specified in the applicable Pricing Supplement, each Note will mature on a date three months or more from its date of original issuance (the “Original Issue Date”), as selected by the relevant Dealer and agreed to by the Company.

The Notes will be issuable only in fully registered or bearer form and in such Specified Denominations and integral multiples as specified in the relevant Pricing Supplement. Notes sold pursuant to Rule 144A under the Securities Act will be in denominations of U.S.\$200,000 (in the case of Notes not denominated in U.S. dollars, the equivalent thereof in such foreign currency or composite currency, rounded down to the nearest 1,000 units of such foreign currency or composite currency). In addition, Notes sold pursuant to Section 4(a) (2) of the Securities Act or in a transaction otherwise exempt from registration under the Securities Act shall be in denominations of U.S.\$250,000 (or in the case of Notes not denominated in U.S. dollars, the equivalent thereof in such foreign currency or composite currency, rounded down to the nearest 1,000 units of such foreign currency or composite currency). Notes which are admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as of the date of issue of the relevant Notes). Notes denominated in Singapore dollars will have a minimum denomination of S\$200,000.

The Notes may be issued as Original Issue Discount Notes. An Original Issue Discount Note is a Note, including any Note that does not provide for the payment of interest prior to Maturity, which is issued at a price lower than the principal amount thereof and which provides that upon redemption or acceleration of the Stated Maturity thereof, the amount payable to the holder of such Note will be determined in accordance with the terms of the Note, but will be an amount less than the amount payable at the Stated Maturity of such Note. Original Issue Discount Notes (and certain other Notes) may be treated as issued with original issue discount for U.S. federal income tax purposes.

Notes denominated in a currency other than Singapore dollars will be redeemable, at the option of the Company, prior to their Stated Maturity in the event that the Company is obliged to pay any of the additional amounts described in “—Payments of Additional Amounts”. In addition, the applicable Pricing Supplement will indicate either that a Note cannot otherwise be redeemed prior to its Stated Maturity or that a Note will be redeemable at the option of the Company on or after a specified date prior to its Stated Maturity at a specified price or prices (which may include a premium), together with accrued interest to the date of redemption. The applicable Pricing Supplement will also indicate either that the Company will not be obligated to redeem a Note at the option of the holder thereof or that the Company will be so obligated. If the Company will be so obligated, the applicable Pricing Supplement will indicate the period or periods within which (or, if applicable, the event or events upon the occurrence of which) and the price or prices at which the applicable Notes will be redeemed, in whole or in part, pursuant to such obligation and the other detailed terms and provisions of such obligation.

Unless otherwise provided in the Pricing Supplement, the Company shall have the option to purchase all or any of the Variable Rate Notes at their Redemption Price on any date on which interest is due to be paid on such Notes and the Holders of such Notes shall be bound to sell such Notes to the Company accordingly. To exercise such option, the Company shall give irrevocable notice to the Holders of such Notes within the Issuer’s Purchase Option Period specified in the applicable Pricing Supplement. Such Notes may be held, resold or surrendered to the Trustee for cancellation. The Notes so purchased, while held by or on behalf of the Company, shall not entitle the holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of §§ 501 to 515 and 1301 of the Indenture.

In the case of a purchase of only some of the Variable Rate Notes, the notice to Noteholders shall also contain the certificate numbers of such Notes to be purchased, which shall have been drawn by or on behalf of the Company in such place and in such manner as may be agreed between the Company and the Trustee, subject to compliance with any applicable laws. So long as the Variable Rate Notes are listed on the SGX- ST, the Company shall comply with the rules of the SGX-ST in relation to the publication of any purchase of Variable Rate Notes.

If so provided in the Pricing Supplement, each Holder shall have the option to have all or any of his Variable Rate Notes purchased by the Company at their Redemption Price on any Interest Payment Date and the Company will purchase such Variable Rate Notes accordingly. To exercise such option, a Holder shall deposit any Variable Rate Notes to be purchased with the relevant Paying Agent at its specified office together with all Coupons (if applicable) relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the relevant Paying Agent within the Holders' VRN Purchase Option Period specified in the applicable Pricing Supplement. Any Variable Rate Notes so deposited may not be withdrawn without the prior consent of the Company. Such Variable Rate Notes may be held, resold or surrendered to the Trustee for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Company, shall not entitle the holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of §§ 501 to 515 and 1301 of the Indenture. For as long as Bearer Notes issued in accordance with TEFRA D are represented by a Temporary Global Note, such an option shall not be available unless the certification required under TEFRA D with respect to non-U.S. beneficial ownership has been received by the Issuer or the Paying Agent.

Except as ordered by a court of competent jurisdiction or as required by law, the Company, the Trustee and any agent of the Company or the Trustee may (a) for the purpose of making payment thereon or on account thereof deem and treat the bearer of any Bearer Global Note, Definitive Bearer Note, Receipt, Coupon or Talon and the registered holder of any Registered Global Note or Definitive Registered Note as the absolute owner thereof and of all rights thereunder free from all encumbrances, and shall not be required to obtain proof of such ownership or as to the identity of the bearer of any Bearer Global Note, Definitive Bearer Note, Receipt, Coupon or Talon or of the registered holder of any Registered Global Note or Definitive Registered Note, and (b) for all other purposes deem and treat:

- (i) the bearer of any Definitive Bearer Note, Receipt, Coupon or Talon and the registered holder of any Definitive Registered Note; and
- (ii) each person for the time being shown in the records of any of the Clearing Systems, or such other additional or alternative clearing system approved by the Company and the Trustee, as having a particular principal amount of Notes credited to his securities account,

as the absolute owner thereof free from all encumbrances and shall not be required to obtain proof of such ownership (other than, in the case of any Person for the time being so shown in such records of any Clearing Systems, a certificate or letter of confirmation signed on behalf of the relevant Clearing System or any other form of record made by any of them) or as to the identity of the bearer of any Bearer Global Note, Definitive Bearer Note, Receipt, Coupon or Talon or of the registered holder of any Registered Global Note or Definitive Registered Note (Indenture § 308).

Unless otherwise specified in the applicable Pricing Supplement, the Notes will not be subject to any sinking fund or analogous provisions.

The Issuer shall maintain a paying agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Union Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive.

Procedures for the Payment of Principal and Interest

Procedures for the payment of principal and interest on the Notes will vary depending on whether such Note is a Registered Note or a Bearer Note.

Registered Notes

Payment of the principal of and any premium or interest on Registered Notes will be made to the registered holders thereof at the specified office of the relevant Paying Agents in the currency or currency unit specified on the face of the Registered Note; provided, that if the Registered Note is a Registered Global Note, payments shall be made to the account designated by the Depositary. Notwithstanding the foregoing, a registered holder of U.S.\$10,000,000 (or its foreign currency equivalent) or more in aggregate principal amount of such Registered Notes having the same Interest Payment Date will be entitled to receive payments of interest, other than interest due at Maturity, by wire transfer of immediately available funds to an account at a bank located in the City of New York (or other location consented to by the Company) if appropriate wire transfer instructions have been received by the Paying Agent or any other paying agent in writing not less than 15 calendar days prior to the applicable Interest Payment Date (Indenture § 311).

Interest on any Registered Note which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Registered Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such interest next preceding each Interest Payment Date; provided, however, that interest payable at Maturity will be payable to the Person to whom principal shall be payable. The first payment of interest on any interest-bearing Registered Note originally issued between a Regular Record Date and an Interest Payment Date will be made on the second Interest Payment Date following the Original Issue Date of such Registered Note to the registered owner on the Regular Record Date immediately preceding such second Interest Payment Date (Indenture §307).

Bearer Notes

Payments of principal and interest on Bearer Global Notes will be made in a manner specified in the relevant Bearer Global Notes against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of the relevant Paying Agent outside of the United States. A record of each payment of principal and any payment of interest will be made on each relevant Bearer Global Note by the relevant Paying Agent and such record will be prima facie evidence that the payment in question has been made, absent manifest error.

Payments of principal and interest on Definitive Bearer Notes will be made against presentation or surrender, as the case may be, of such Definitive Bearer Note at the specified office of the relevant Paying Agent outside of the United States. Payments of interest in respect of Definitive Bearer Notes will be made only against surrender of Coupons and payments of principal will be made only against surrender of Receipts, in each, at the office of the relevant Paying Agent outside of the United States.

Notwithstanding the foregoing, if payments of interest and/or principal on a Bearer Global Note or a Definitive Bearer Note will be made in U.S. dollars, then such payments may be made in the United States if:

- (a) the Company has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Company, adverse tax consequences to the Company (Indenture § 309).

Subject to the restrictions on resale set forth in “Notice to Purchasers and Holders of Registered Global Notes and Transfer Restrictions” of this Offering Circular, the Notes may be presented for registration of transfer or exchange at the specified office of the relevant Paying Agent. No service charge will be made for any transfer or exchange of such Notes, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith (Indenture § 305).

Events of Default

The Indenture provides that, if any Event of Default (other than an Event of Default specified in paragraphs (e) and (f) below) with respect to Notes of any series at the time Outstanding occurs and is continuing, either the Trustee or the Holders of not less than 25.0% in principal amount of the outstanding Notes of that series may, by notice as provided in the Indenture, declare the principal amount (or, if the Notes of that series are Original Issue Discount Notes, such portion of the principal amount as may be specified in the applicable Pricing Supplement) of all of the Notes of that series to be due and payable immediately and upon such declaration such principal amount (or specified amount) shall become immediately due and payable (Indenture § 502). If an Event of Default specified in paragraphs (e) and (f) below with respect to Notes of any series at the time Outstanding occurs, then the principal amount (or, if the Notes of that series are Original Issue Discount Notes, such portion of the principal amount as may be specified in the applicable Pricing Supplement) of all of the Notes of that series shall, without any act by the Trustee or the Holders of such Notes, become immediately due and payable without presentment, demand, protest or other notice of any kind. Upon certain conditions at any time after such acceleration or declaration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee under the Indenture, the Act of Holders of 75.0% in principal amount of the outstanding Notes of that series, by written notice to the Company and the Trustee, may rescind and annul such acceleration or declaration of acceleration and its consequences on behalf of the holders of all Notes of that series (Indenture § 502).

Unless otherwise provided in the applicable Pricing Supplement, each of the following shall be an Event of Default with respect to the Notes of any series (Indenture § 501):

- (a) failure to pay any interest on any Note when due and payable, and continuance of such default for a period of 14 days;
- (b) failure to pay principal of (and premium, if any, on) or the Redemption Price of any Note when due and payable, and continuance of such default for a period of seven days;
- (c) failure to make any sinking fund payment (if any) in respect of any Note when due or beyond any period of grace provided with respect thereto;
- (d) failure by the Company to perform any other covenant or warranty of the Company (other than a covenant expressly included in the Indenture solely for the benefit of one or more series of Notes other than such series of Notes), continued for 30 days after written notice by the Trustee or the Holders of at least 25.0% in principal amount of the outstanding Notes of that series;
- (e) (i) the entry by a court having jurisdiction in the premises of a decree or order for relief in respect of the Company or any Principal Subsidiary in any voluntary case or proceeding under any applicable bankruptcy, insolvency, reorganization, winding up (other than a reorganization or winding up under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency), sequestration or other similar law or (ii) the entry by a court having jurisdiction in the premises of a decree or order adjudging the Company or any Principal Subsidiary a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any Principal Subsidiary under any applicable law (other than any reorganization, arrangement, adjustment or composition for the purposes of amalgamation or reconstruction while solvent) or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any Principal Subsidiary or any substantial part of the property of the Company or such Principal Subsidiary (having an aggregate book value in excess of S\$100,000,000) or ordering the winding up or liquidation of the affairs of the Company or any Principal Subsidiary (other than a reorganization, winding up or liquidation under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency), and any such decree or order for relief or any such other decree or order shall continue unstayed and in effect for a period of 60 consecutive days;

- (f) commencement by the Company or any Principal Subsidiary of a voluntary case or proceeding under any applicable bankruptcy, insolvency, reorganization (other than a reorganization, winding up or liquidation under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency) or other similar law or any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company or any Principal Subsidiary to the entry of a decree or order for relief in respect of the Company or such Principal Subsidiary in an involuntary case or proceeding under any applicable bankruptcy, insolvency, reorganization (other than a reorganization, winding up or liquidation under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency) or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company or any Principal Subsidiary or the filing by the Company or any Principal Subsidiary of a petition or answer or consent seeking reorganization (other than a reorganization, winding up or liquidation under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency) or relief under any such applicable law, or the consent by the Company or any Principal Subsidiary to the filing of such petition or to the appointment or the taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any Principal Subsidiary or of any substantial part of its respective property (having an aggregate book value in excess of S\$100,000,000), or the making by the Company or any Principal Subsidiary of an assignment for the benefit of creditors, or the taking of action by the Company or any Principal Subsidiary in furtherance of any such action;
- (g) the failure by the Company or any Principal Subsidiary to pay when due and payable, after the expiration of any applicable grace period, any portion of the principal of, or involuntary acceleration of the maturity of, indebtedness for borrowed money of or guaranteed by the Company or any Principal Subsidiary having an aggregate principal amount outstanding in excess of S\$100,000,000 (or its equivalent in another currency); or
- (h) any other event provided for with respect to Notes of such series as specified in the relevant Pricing Supplement.

The Holders of not less than a majority in aggregate principal amount of outstanding Notes of a series may waive any past default with respect to such Notes, except a default in the payment of principal, premium or interest or in respect of other provisions requiring the consent of the Holder of each Note of such series (Indenture § 513).

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case of an Event of Default, the Trustee will be under no obligation to any of the Holders of Notes of such series unless such Holders shall have offered to the Trustee security and/or indemnity satisfactory to it (Indenture § 603). Subject to such provisions for the indemnification of the Trustee, the Holders of a majority in aggregate principal amount of the outstanding Notes of such series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee (Indenture § 512).

The Indenture provides that the Trustee will, within 90 days after the occurrence of any default with respect to the Notes of any series, give to the Holders of Notes of such series notice of such default known to it, unless such default shall have been cured or waived; provided that, except in the case of a default in the payment of principal of or premium or interest on or any sinking fund installment with respect to the Notes of such series, the Trustee shall be protected in withholding such notice if it determines that the withholding of such notice is in the interest of such Holders (Indenture § 602).

The Company is required to furnish to the Trustee annually a statement as to performance or fulfillment of its obligations under the Indenture and as to the absence of default or specifying any such default (Indenture § 1005).

Payments of Additional Amounts

Pursuant to the Indenture, the Company will agree duly and punctually to pay the principal of and premium and interest, if any, on the Notes and Coupons when and as the same shall become due and payable, whether at Stated Maturity, upon acceleration, or by call for redemption. The Company will agree that any amounts to be paid by it under the Indenture and Notes and Coupons denominated in currencies other than Singapore dollars will be paid without deduction or withholding for any and all present and future taxes, levies, imposts or other governmental charges whatsoever imposed, assessed, levied or collected by or for the account of the Republic of Singapore and, if different, the jurisdiction of organization or formation of the Company, or any political subdivision or taxing authority thereof or therein (as such jurisdiction may be changed from time to time pursuant to the terms of the Indenture) (the “Relevant Taxing Jurisdiction”), or if deduction or withholding of any such taxes, levies, imposts or other governmental charges shall at any time be required by the Relevant Taxing Jurisdiction, the Company shall pay such additional amounts in respect of any such principal, premium, interest and sinking fund payment as may be necessary in order that the net amounts paid to the Holders of such Notes and Coupons or to the Trustee or any Paying Agent, as the case may be, pursuant to the Indenture and such Notes and Coupons after such deduction or withholding shall equal the respective amounts of principal, premium, interest, and sinking fund payment as specified in such Notes and Coupons, to which the Holders thereof or the Trustee would be entitled if no such deduction or withholding had been made; provided that the foregoing shall not apply to any such tax, levy, impost or other governmental charge (1) which would not be payable or due but for the fact that the beneficial owner or the Holder of such Notes is a domiciliary, national or resident of, or engaging in business (whether through a branch, agency or otherwise) or maintaining a permanent establishment or being physically present in, the Relevant Taxing Jurisdiction or otherwise having some connection with the Relevant Taxing Jurisdiction other than the holding or ownership of a Note, or receiving income therefrom, or the enforcement of a Note, (2) which would not be payable or due but for the fact that, where presentation is required, such Note was presented more than 30 days after the date such payment became due or was provided for, whichever is later, except to the extent that the Holder thereof would have been entitled to additional amounts on presenting the same for payment on or before the expiration of 30 days, (3) which would not be payable or due but for the failure to comply (following a request on reasonable notice from the Company) with any certification, identification or other reporting requirements concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction of the Holder or beneficial owner of such Note, if compliance is possible pursuant to the provisions of any statute or regulation or by any practice of the Relevant Taxing Jurisdiction as a condition to or requirement of relief or exemption from such tax, levy, impost or other governmental charge, (4) where such withholding or deduction is pursuant to European Union Council Directive 2003/48/EC or any other directive amending, implementing or replacing such Directive or any law implementing or complying with, or introduced in order to conform to, such directive, or (5) which would not be payable or due but for the fact that the Note was presented, where presentation is required, by a Holder who would be able to avoid such withholding or deduction by presenting the Note to another Paying Agent, (6) that is imposed in respect of any estate, inheritance, gift, sales, transfer or similar taxes or (7) which would not have been so imposed if the beneficial owner of such Note had been the Holder of such Note or which, if the beneficial owner of such Note had been the Holder of such Note, would have been excluded pursuant to clauses (1) through (6) inclusive above.

In addition, any amounts to be paid on the Notes will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Internal Revenue Code, any current or future regulations or official interpretation thereof, any agreement entered into pursuant to Section 1471(b) of the Internal Revenue Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Internal Revenue Code, and no additional amounts will be required to be paid on account of any such deduction or withholding.

In relation to Notes and Coupons denominated in Singapore dollars, the Company is not required to pay any additional amounts in respect of any and all present and future taxes, levies, imposts or other governmental charges whatsoever imposed, assessed, levied or collected by or for the account of the Relevant Taxing Jurisdiction (Indenture § 1001).

Interest

Unless otherwise indicated in the applicable Pricing Supplement, interest-bearing Notes will bear interest at either (a) a fixed rate (a “Fixed Rate Note”), (b) a floating rate determined by reference to an interest rate formula (a “Floating Rate Note”), which may be adjusted by adding or subtracting the Spread and/or multiplying by the Spread Multiplier or (c) a variable rate (a “Variable Rate Note”). Each interest-bearing Note will bear interest from and including its Original Issue Date or from and including the most recent Interest Payment Date (or, in the case of a Floating Rate Note with daily or weekly Interest Reset Dates, the day following the Regular Record Date immediately preceding such Interest Payment Date) with respect to which interest on such Note (or any predecessor Note) has been paid or duly provided for at the fixed rate per annum, or at the rate per annum determined pursuant to the interest rate formula, stated therein and in the applicable Pricing Supplement until the principal thereof is paid or made available for payment.

Interest rates, or interest rate formulae, are subject to change by the Company from time to time, but no such change will affect any Note already issued or as to which an offer to purchase has been accepted by the Company.

Fixed Rate Notes

The applicable Pricing Supplement relating to a Fixed Rate Note will designate a fixed rate of interest per annum payable on such Note. Unless otherwise indicated in the applicable Pricing Supplement, (1) the Interest Payment Date(s) with respect to Fixed Rate Notes shall be either annually or semiannually and (2) the Regular Record Date(s) for Fixed Rate Notes shall be the date that is 15 calendar days prior to each Interest Payment Date, whether or not such date is a Business Day. Unless otherwise indicated in the applicable Pricing Supplement, interest payments for Fixed Rate Notes shall be the amount of interest accrued from and including (1) the Original Issue Date or (2) the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be, to but excluding the relevant Interest Payment Date and interest on such Notes will be computed on the basis of the Day Count Fraction specified in the applicable Pricing Supplement or, if no Day Count Fraction is specified, on the basis of a 360-day year of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed, and in the case of Notes denominated in Singapore dollars, on the basis of a 365-day year and the actual number of days elapsed.

In any case where any Interest Payment Date, redemption date or Stated Maturity of any Fixed Rate Note is not a Business Day at any place of payment, then payment of principal of or any premium or interest on such Note need not be made at such place of payment on such date, but may be made on the next succeeding Business Day at such place of payment with the same force and effect as if made on the Interest Payment Date, redemption date or at the Stated Maturity, provided that no interest shall accrue for the period from and after such Interest Payment Date, redemption date or Stated Maturity, as the case may be.

Floating Rate Notes and Variable Rate Notes

The applicable Pricing Supplement relating to a Floating Rate Note will designate an interest rate formula for such Floating Rate Note. Such formula may be: (a) the Commercial Paper Rate, in which case such Note will be a Commercial Paper Rate Note, (b) the Prime Rate, in which case such Note will be a Prime Rate Note, (c) the CD Rate, in which case such Note will be a CD Rate Note, (d) EURIBOR, in which case such Note will be a EURIBOR Note, (e) SIBOR, in which case such Note will be a SIBOR Note, (f) the Swap Rate, in which case such Note will be a Swap Rate Note, (g) variable rate, in which case such Note will be a Variable Rate Note, (h) the Federal Funds Rate, in which case such Note will be a Federal Funds Rate Note, (i) LIBOR, in which case such Note will be a LIBOR Note, (j) the Treasury Rate, in which case such Note will be a Treasury Rate Note, (k) the CMT Rate, in which case such Note will be a CMT Rate Note or (l) such other interest rate formula as is set forth in such Pricing Supplement. The applicable Pricing Supplement for a Floating Rate Note will also specify the Spread and/or Spread Multiplier, if any, and the maximum or minimum interest rate limitation, if any, applicable to each Note. In addition, such Pricing Supplement will define or specify for each Floating Rate Note the following terms, if applicable: Calculation Dates, Initial Interest Rate, Interest Payment Dates, Regular Record Dates, Index Maturity, Interest Determination Dates and Interest Reset Dates with respect to such Notes. Unless otherwise specified in the applicable Pricing Supplement, the relevant Paying Agent will act as Calculation Agent with respect to the Floating Rate Notes.

The rate of interest on each Floating Rate Note will be reset daily, weekly, monthly, quarterly, semiannually, annually, or such other time or date as specified in the applicable Pricing Supplement. Each date on which the rate of interest on Floating Rate Notes is reset as set forth below is hereinafter referred to as an “Interest Reset Date”. Except as otherwise provided in the next sentence, and unless otherwise specified in the applicable Pricing Supplement, the date on which the rate of interest on Floating Rate Notes (other than SIBOR Notes, Swap Rate Notes and Variable Rate Notes) is reset will be, in the case of Floating Rate Notes which reset daily, each Market Day; in the case of Floating Rate Notes (other than Treasury Rate Notes) which reset weekly, the Wednesday of each week; in the case of Treasury Rate Notes which reset weekly, the Tuesday of each week, except as provided below; in the case of Floating Rate Notes which reset monthly, the third Wednesday of each month; in the case of Floating Rate Notes which reset quarterly, the third Wednesday of March, June, September and December; in the case of Floating Rate Notes which reset semiannually, the third Wednesday of two months of each year, as indicated in the applicable Pricing Supplement; and in the case of Floating Rate Notes which reset annually, the third Wednesday of one month of each year, as indicated in the applicable Pricing Supplement; provided, however, that (a) the interest rate in effect from the Original Issue Date of a Floating Rate Note (or that of a predecessor Note) to but excluding the first Interest Reset Date with respect to such Floating Rate Note will be the Initial Interest Rate (as set forth in the applicable Pricing Supplement) and (b) unless otherwise specified in the applicable Pricing Supplement, the interest rate for the 10 days immediately prior to Maturity will be that in effect on the tenth day preceding such Maturity. If any Interest Reset Date for any Floating Rate Note would otherwise be a day that is not a Market Day with respect to such Note, such Interest Reset Date shall be the next succeeding Market Day with respect to such Notes, except that if such Note is a LIBOR Note and the next succeeding such Market Day falls in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Market Day.

The Interest Determination Date pertaining to an Interest Reset Date for a Commercial Paper Rate Note (the “Commercial Paper Interest Determination Date”), a Prime Rate Note (the “Prime Rate Interest Determination Date”), a CD Rate Note (the “CD Rate Interest Determination Date”), a Federal Funds Rate Note (the “Federal Funds Interest Determination Date”), a CMT Rate Note (“the CMT Rate Interest Determination Date”) or a EURIBOR Note (the “EURIBOR Interest Determination Date”) will be the second Market Day preceding such Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date for a LIBOR Note (the “LIBOR Interest Determination Date”) will be London Market Day preceding such Interest Reset Date. The Interest Determination Date for a SIBOR Note (the “SIBOR Interest Determination Date”) or a Swap Rate Note (the “Swap Rate Interest Determination Date”) will be the second Singapore Market Day preceding such Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date for a Treasury Rate Note (the “Treasury Interest Determination Date”) will be the day on which Treasury bills are normally auctioned for the week in which such Interest Reset Date falls, or if no auction is held for such week, the Monday of such week (or, if Monday is a legal holiday, the next succeeding Market Day) and the Interest Reset Date will be the Market Day immediately following such Treasury Interest Determination Date. Treasury bills are usually sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that such auction may be held on the preceding Friday. If an auction is held for such week on Monday or the preceding Friday, such Monday or preceding Friday shall be the Treasury Interest Determination Date for such week, and the Interest Reset Date for such week shall be the Tuesday of such week (or, if such Tuesday is not a Market Day, the next succeeding Market Day). If the auction for such week is held on any day of such week other than Monday, then such date shall be the Treasury Interest Determination Date and the Interest Reset Date for such week shall be the next succeeding Market Day.

Unless otherwise specified in the applicable Pricing Supplement, the “Calculation Date,” where applicable, pertaining to any Interest Determination Date will be the first to occur of (a)(i) in the case of any CD Rate Interest Determination Date, Commercial Paper Interest Determination Date, Treasury Interest Determination Date, Federal Funds Interest Determination Date or CMT Rate Interest Determination Date, the tenth day after such interest determination date or, if any such day is not a Market Day, the next succeeding Market Day or (ii) in the case of any Prime Rate Interest Determination Date, LIBOR Interest Determination Date, EURIBOR Interest Determination Date, SIBOR Interest Determination Date or Swap Rate Interest Determination Date, such interest determination date, and (b) the Market Day preceding the applicable Interest Payment Date or the Stated Maturity (or the date of redemption or repayment, if any), as the case may be.

A Floating Rate Note may have either or both of the following: (a) a maximum interest rate limitation, or ceiling, on the rate of interest which may accrue during any interest period; and (b) a minimum interest rate limitation, or floor, on the rate of interest which may accrue during any interest period. In addition to any maximum interest rate which may be applicable to any Floating Rate Note, the interest rate on the Floating Rate Notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States federal law of general application. Under present New York law, the maximum rate is 25.0% per annum on a simple interest basis. This limit does not apply to Notes in which U.S.\$2,500,000 or more has been invested.

The Interest Payment Date with respect to a Floating Rate Note will be the third Wednesday of the month or months specified in the applicable Pricing Supplement, provided that in the case of a SIBOR Note, a Swap Rate Note or a Variable Rate Note, the Interest Payment Date shall be each date which falls the number of months specified as the Interest Period (as defined below) in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined below) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If, pursuant to the preceding sentence, an Interest Payment Date with respect to any Floating Rate Note would otherwise be a day that is not a Market Day with respect to such Note, such Interest Payment Date shall be the next succeeding Market Day with respect to such Note, except that if such Note is a LIBOR Note, a EURIBOR Note, a SIBOR Note, a Swap Rate Note or a Variable Rate Note and the next succeeding such Market Day falls in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding Market Day. If the date for payment of the principal or any premium or interest on any Floating Rate Note at Maturity is not a Business Day at any place of payment, then such payment of principal, premium or interest need not be made on such date at such place of payment, but may be made on the next succeeding Business Day at such place of payment with the same force and effect as if made on the date for such payment of the principal, premium or interest and no interest shall accrue from and after any such date for payment.

Unless otherwise indicated in the applicable Pricing Supplement, the Regular Record Date for Floating Rate Notes shall be the date that is 15 calendar days prior to each Interest Payment Date, whether or not such date shall be a Market Day. Unless otherwise specified in the applicable Pricing Supplement, interest payments for Floating Rate Notes shall be in the amount of interest accrued from and including (a) the Original Issue Date or (b) the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be, to but excluding the Interest Payment Date; provided, however, that if the Interest Reset Dates with respect to any Floating Rate Note are daily or weekly, unless otherwise specified in the applicable Pricing Supplement, interest payable on any Interest Payment Date will include interest accrued from and including (a) the Original Issue Date or (b) the day following the most recent Regular Record Date in respect of which interest has been paid or duly provided for, as the case may be, to but excluding the day following the Regular Record Date immediately preceding such Interest Payment Date. Notwithstanding the foregoing, interest payable at Maturity will include interest accrued to but excluding the date of Maturity. Unless otherwise specified in the applicable Pricing Supplement, the interest accrued on a Floating Rate Note for any period will be calculated by multiplying the face amount of such Floating Rate Note by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each day in such period. The interest factor (expressed as a decimal rounded upwards, if necessary, as described below) for each such day is computed by dividing the interest rate (expressed as a decimal rounded upwards, if necessary, as described below) applicable to such day by, unless otherwise specified in the applicable Pricing Supplement, 360, in the case of Commercial Paper Rate Notes, Prime Rate Notes, CD Rate Notes, Federal Funds Rate Notes, LIBOR Notes, EURIBOR Notes, SIBOR Notes, Swap Rate Notes, Variable Rate Notes or by the actual number of days in the year, in the case of Treasury Rate Notes and CMT Rate Notes. All percentages resulting from any calculation of the interest rate on Floating Rate Notes will be rounded, if necessary, to the nearest one-hundredth thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g. 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655) and 9.876544% (or .09876544) being rounded to 9.87654% (or .0987654)), and all Singapore dollar amounts used in or resulting from such calculation on Floating Rate Notes will be rounded to the nearest cent, or in the case of Foreign Currency Notes, the nearest unit (with one-half cent or unit being rounded upwards). Unless otherwise indicated in the applicable Pricing Supplement, the interest rate in effect with respect to a Floating Rate Note on any day

that is not an Interest Reset Date will be the interest rate determined as of the Interest Determination Date pertaining to the immediately preceding Interest Reset Date (or if there is none, the Initial Interest Rate), and the interest rate in effect on any day that is an Interest Reset Date will be the interest rate determined as of the Interest Determination Date pertaining to such Interest Reset Date, subject in either case to any maximum or minimum interest rate limitation referred to above; provided, however, that the interest rate in effect for the 10 calendar days prior to Maturity shall be the interest rate in effect on the tenth calendar day prior to Maturity.

Upon the request of the holder of any Floating Rate Note or the Company, the Calculation Agent (which shall be the relevant Paying Agent unless otherwise specified in the applicable Pricing Supplement) will provide the interest rate then in effect, and, if determined, the interest rate which will become effective on the next Interest Reset Date or for the next Interest Period (in the case of SIBOR Notes, Swap Rate Notes or Variable Rate Notes) as a result of a determination made on the most recent Interest Determination Date with respect to such Floating Rate Note. The Company will procure that, so long as any SIBOR Note, Swap Rate Note or Variable Rate Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required). If any Reference Bank is unable or unwilling to continue to act as a Reference Bank, the Company will appoint another bank to act in its place.

Interest rates on Floating Rate Notes will be determined by the Calculation Agent as follows:

Commercial Paper Rate Notes

Each Commercial Paper Rate Note will bear interest at the interest rate (calculated with reference to the Commercial Paper Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, “Commercial Paper Rate” means, with respect to any Commercial Paper Interest Determination Date, the Money Market Yield (calculated as described below) of the rate on such date for commercial paper having the Index Maturity specified in the applicable Pricing Supplement set forth in H.15(519) under the caption “Commercial Paper—Nonfinancial”. In the event that such rate is not published prior to 3:00 p.m., New York City time, on the Calculation Date pertaining to such Commercial Paper Interest Determination Date, then the Commercial Paper Rate shall be the Money Market Yield of the rate on such Commercial Paper Interest Determination Date for commercial paper having the Index Maturity specified in the applicable Pricing Supplement as published in H.15 Daily Update under the heading “Commercial Paper/Nonfinancial”. If by 3:00 p.m., New York City time, on such Calculation Date such rate is not yet published in either H.15(519) or H.15 Daily Update, the Commercial Paper Rate for that Commercial Paper Interest Determination Date shall be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered rates, as of 11:00 a.m., New York City time, on that Commercial Paper Interest Determination Date, of three leading dealers of commercial paper in the City of New York selected by the Calculation Agent for commercial paper having the Index Maturity specified in the applicable Pricing Supplement placed for an industrial issuer whose bond rating is “Aa,” or the equivalent, from a nationally recognized rating agency; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate will be the Commercial Paper Rate in effect on such Commercial Paper Interest Determination Date. “Money Market Yield” shall be a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where “D” refers to the per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal; and “M” refers to the actual number of days in the interest period for which interest is being calculated.

Prime Rate Notes

Each Prime Rate Note will bear interest at the interest rate (calculated with reference to the Prime Rate and the Spread and/or Spread Multiplier, if any) specified and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, “Prime Rate” means, with respect to any Prime Rate Interest Determination Date, the rate set forth on such date in H.15(519) under the heading “Bank prime loan”. In the event that such rate is not published prior to 3:00 p.m., New York City time, then the Prime Rate will be the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the heading “Bank Prime Loan”. In the event such rate is not published in either H.15(519) or H.15 Daily Update, then the Prime Rate will be the arithmetic mean of the rates of interest publicly announced by three major banks in the City of New York as such banks’ U.S. dollar prime rate or base lending rate as in effect for that Prime Rate Interest Determination Date. If fewer than three such rates but more than one are provided for the Prime Rate Interest Determination Date, the Prime Rate will be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by 360 as of the close of business on such Prime Rate Interest Determination Date by at least two of the three major money center banks in the City of New York selected by the Calculation Agent from which quotations are requested. If fewer than two quotations are provided, the Prime Rate shall be determined on the basis of the rates furnished in the City of New York by the appropriate number of substitute banks or trust companies organized and doing business under the laws of the United States, or any State thereof, in each case having total equity capital of at least U.S.\$500,000,000 and being subject to supervision or examination by Federal or State authority, selected by the Calculation Agent to provide such rate or rates, provided, however, that if the banks or trust companies selected as aforesaid by the Calculation Agent are not quoting rates as set forth above, the “Prime Rate” in effect for such Interest Reset Period will be the same as the Prime Rate for the immediate preceding Interest Reset Period (or, if there was no such Interest Reset Period, the rate of interest payable on the Prime Rate Notes for which such Prime Rate is being determined shall be the Initial Interest Rate).

CD Rate Notes

Each CD Rate Note will bear interest at the interest rate (calculated with reference to the CD Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, “CD Rate” means, with respect to any CD Rate Interest Determination Date, the rate on such date for negotiable certificates of deposit having the Index Maturity specified in the applicable Pricing Supplement as published in H.15(519) under the heading “CDs (Secondary Market)”. In the event that such rate is not published prior to 3:00 p.m., New York City time, on the Calculation Date pertaining to such CD Rate Interest Determination Date, then the CD Rate shall be the rate on such CD Rate Interest Determination Date for negotiable certificates of deposit having the Index Maturity specified in the applicable Pricing Supplement as published in H.15 Daily Update under the heading “CDs (Secondary Market)”. If by 3:00 p.m., New York City time, on such Calculation Date such rate is not published in either H.15(519) or H.15 Daily Update, the CD Rate for that CD Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the secondary market offered rates, as of 10:00 a.m., New York City time, on that CD Rate Interest Determination Date, of three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in the City of New York selected by the Calculation Agent, for negotiable U.S. dollar certificates of deposit of major United States money market banks with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Supplement in a denomination of U.S.\$5,000,000; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate will be the CD Rate in effect on such CD Rate Interest Determination Date.

Federal Funds Rate Notes

Each Federal Funds Rate Note will bear interest at the interest rate (calculated with reference to the Federal Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement “Federal Funds Rate” means, with respect to any Federal Funds Interest Determination Date, the rate on such date for Federal Funds having the Index Maturity specified in the applicable Pricing Supplement as published in H.15(519) under the heading “EFFECT” as displayed on the Reuters Screen FEDFUNDS1 Page. In the event that such rate is not published prior to 3:00 p.m., New York City time, on the Calculation Date pertaining to such Federal Funds Interest Determination Date, then the Federal Funds Rate will be the rate on such Federal Funds Interest Determination Date as published in H.15 Daily Update or such other recognized electronic source used for the purpose of displaying such rate under the heading “Federal funds (effective)”. If by 3:00 p.m., New York City time, on such Calculation Date such rate does not appear on Reuters Screen FEDFUNDS1 Page or is not published in either H.15(519), H.15 Daily Update or such other recognized source, the Federal Funds Rate for that Federal Funds Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the rates, prior to 9:00 a.m., New York City time, on that Federal Funds Interest Determination Date, for the last transaction in overnight U.S. dollar Federal Funds arranged by three leading brokers of Federal Funds transactions in the City of New York selected by the Calculation Agent; provided, however, that if the brokers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate will be the Federal Funds Rate in effect on such Federal Funds Interest Determination Date.

LIBOR Notes

Each LIBOR Note will bear interest at the interest rate (calculated with reference to LIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, LIBOR will be determined by the Calculation Agent in accordance with the following provisions:

- (a) With respect to any LIBOR Interest Determination Date, LIBOR will be determined on the basis of the offered rate for deposits of not less than U.S.\$1,000,000 having the Index Maturity specified in the applicable Pricing Supplement, commencing on the second London Market Day immediately following such LIBOR Interest Determination Date, which appears on (1) if “LIBOR-LIBO” is specified in the applicable Pricing Supplement, the relevant screen page as specified in the Pricing Supplement (or such other page as may replace such page on that service for the purpose of displaying London interbank offered rates of major banks for deposits in U.S. dollars) or (2) if “LIBOR” is specified in the applicable Pricing Supplement, the relevant screen page as specified in the applicable Pricing Supplement (or such other page as may replace any such page on that service for the purpose of displaying London interbank offered rates of major banks for deposits in U.S. dollars) in each case as of 11:00 a.m., London time, on that LIBOR Interest Determination Date. If no such offered rate appears, LIBOR for such LIBOR Interest Determination Date will be determined as described in (b) below.
- (b) With respect to a LIBOR Interest Determination Date on which no rate appears on the relevant screen page as specified in the applicable Pricing Supplement as described in (a) above, LIBOR will be determined on the basis of the rates at approximately 11:00 a.m., London time, on such LIBOR Interest Determination Date at which deposits in U.S. dollars having the Index Maturity specified in the applicable Pricing Supplement are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Calculation Agent and in a principal amount equal to an amount of not less than U.S.\$1,000,000 that in the Calculation Agent’s judgment is representative for a single transaction in such market at such time. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR for such LIBOR Interest Determination Date will be the arithmetic mean of such quotations as determined by the Calculation Agent. If fewer than two quotations are provided, LIBOR for such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on such LIBOR Interest Determination Date by three major banks in the City of New York, selected by the Calculation Agent, for loans in U.S. dollars to leading European banks having the specified Index Maturity and in a principal amount equal to an amount of not less than U.S.\$1,000,000 that in the Calculation Agent’s judgment

is representative for a single transaction in such market at such time; provided, however, that if fewer than three banks selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR will be the LIBOR in effect on such LIBOR Interest Determination Date.

EURIBOR Notes

Each EURIBOR Note will bear interest at the interest rate (calculated with reference to EURIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, EURIBOR will be determined by the Calculation Agent in accordance with the following provisions:

- (a) With respect to any EURIBOR Interest Determination Date, EURIBOR will be determined on the basis of the offered rate for deposits of not less than the equivalent of U.S.\$1,000,000 in euros having the Index Maturity specified in the applicable Pricing Supplement, commencing on the second London Market Day immediately following such EURIBOR Interest Determination Date, which rate appears on the Reuters Screen EURIBOR01 Page (or such other page as may replace any such page on that service for the purpose of displaying Euro-zone interbank offered rates of major banks) as of 11:00 a.m., Brussels time, on that EURIBOR Interest Determination Date. If no such offered rate appears, EURIBOR for such EURIBOR Interest Determination Date will be determined as described in (b) below.
- (b) With respect to a EURIBOR Interest Determination Date on which no rate appears on the Reuters Screen EURIBOR01 Page described in (a) above, EURIBOR will be determined on the basis of the rates at approximately 11:00 a.m., Brussels time, on such EURIBOR Interest Determination Date at which deposits in euros having the Index Maturity specified in the applicable Pricing Supplement are offered to prime banks in the Euro-zone interbank market by the four major banks in the Eurozone Interbank market selected by the Calculation Agent and in a principal amount equal to an amount of not less than U.S.\$1,000,000 that in the Calculation Agent's judgment is representative for a single transaction in such market at such time. The Calculation Agent will request the principal Euro-zone office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, EURIBOR for such EURIBOR Interest Determination Date will be the arithmetic mean of such quotations as determined by the Calculation Agent. If fewer than two quotations are provided, EURIBOR for such EURIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., Brussels time, on such EURIBOR Interest Determination Date, by four major banks in the Euro-zone selected by the Calculation Agent, for loans in euros to leading European banks having the specified Index Maturity and in a principal amount equal to an amount of not less than U.S.\$1,000,000 that in the Calculation Agent's judgment is representative for a single transaction in such market at such time, provided, however, that if fewer than four banks selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, EURIBOR will be the EURIBOR in effect on such EURIBOR Interest Determination Date.

Treasury Rate Notes

Each Treasury Rate Note will bear interest at the interest rate (calculated with reference to the Treasury Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, "Treasury Rate" means, with respect to any Treasury Interest Determination Date, the rate for the most recent auction of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified in the applicable Pricing Supplement on the display on the Reuters Screen USAUCTION10 Page or Reuters Screen USAUCTION11 page under the heading "INVEST RATE". If not so published by 3:00 p.m., New York City time, on the Calculation Date pertaining to such Treasury Interest Determination Date, the "Treasury Rate" means the auction rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) for those Treasury Bills as announced by the United States Department of the Treasury. In the event that the results of the auction of Treasury Bills having the Index Maturity specified in the applicable

Pricing Supplement are not published or reported as provided above by 3:00 p.m., New York City time, then the Treasury Rate will be the rate as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the heading “U.S. Government Securities/Treasury Bills/Auction high”. In the event that the results of the auction of the Treasury bills having the Index Maturity specified in the applicable Pricing Supplement are not published or reported as provided above by 3:00 p.m., New York City time, on such Calculation Date, or if no such auction is held in a particular week, then the Treasury Rate shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates as of approximately 3:30 p.m., New York City time, on such Treasury Interest Determination Date, of three leading primary United States government securities dealers selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the specified Index Maturity; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate will be the Treasury Rate in effect on such Treasury Interest Determination Date.

CMT Rate Notes

Each CMT Rate Note will bear interest at the interest rate (calculated with reference to the CMT Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Supplement.

Unless otherwise indicated in an applicable Pricing Supplement, “CMT Rate” means, with respect to any CMT Interest Determination Date, the rate displayed for the Index Maturity designated in such CMT Rate Note as set forth in H.15(519) under the caption “Treasury constant maturities,” for the Designated CMT Maturity Index (as defined below) for (i) if the Reuters Screen Page specified in the applicable Pricing Supplement is Reuters Screen FRBCMT Page, the rate on such CMT Interest Determination Date and (ii) if the Reuters Screen Page specified in the applicable Pricing Supplement is Reuters Screen FEDCMT Page, the week or the month, as applicable, ended immediately preceding the week in which the related CMT Interest Determination Date occurs. If such rate is no longer displayed on the relevant page, or if not displayed by 3:00 p.m., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Interest Determination Date will be the rate for Treasury Securities at “constant maturity” for the Designated CMT Maturity Index as published in the relevant H.15(519) under the caption “Treasury constant maturities”. If such rate is no longer published, or if not published by 3:00 p.m., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Interest Determination Date will be rate for the Designated CMT Maturity Index for the CMT Interest Determination Date with respect to the related CMT Interest Reset Date as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published H.15(519). If such information is not provided by 3:00 p.m., New York City time, on the related Calculation Date, then the CMT Rate for the CMT Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity, based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on the CMT Interest Determination Date by three leading primary United States government securities dealers (each a “Reference Dealer”) in the City of New York (which may include the Agents or their affiliates) selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent after consultation with the Company, and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for the most recently issued direct non-callable fixed rate obligations of the United States (“Treasury Notes”) with an original maturity of approximately the Designated CMT Maturity Index and remaining term to maturity of not less than such Designated CMT Maturity Index minus one year. If the Calculation Agent cannot obtain three such Treasury Notes quotations, the CMT Rate for such CMT Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on the CMT Interest Determination Date of three Reference Dealers in the City of New York (from five such Reference Dealers selected by the Calculation Agent, after consultation with the Company, and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for Treasury Notes with an original maturity of the number of years that is the next highest to the Designated CMT Maturity Index and a remaining term to maturity closest to the Designated CMT Maturity Index and in an amount of at least U.S.\$100,000,000. If three or four (and not five) of such Reference Dealers are quoting as described above, then the CMT Rate

will be based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of such quotes will be eliminated: provided, however, that if fewer than three Reference Dealers selected by the Calculation Agent are quoting as described herein, the CMT Rate for such Interest Reset Date will be the same as the CMT Rate in effect on such CMT Interest Determination Date. If two Treasury Notes with an original maturity have remaining terms to maturity equally close to the Designated CMT Maturity Index, the quotes for the Treasury Note with the shorter remaining term to maturity will be used.

“Designated CMT Maturity Index” shall be the original period to maturity of the U.S. Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified in an applicable Pricing Supplement with respect to which the CMT Rate will be calculated. If no such maturity is specified in the applicable Pricing Supplement, the Designated CMT Maturity Index shall be two years.

SIBOR Notes

Each SIBOR Note which is denominated in Singapore dollars will bear interest at the interest rate (calculated with reference to SIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, SIBOR will be determined by the Calculation Agent in accordance with the following provisions:

- (a) at or about 11.00 a.m., Singapore time on the relevant SIBOR Interest Determination Date in respect of each Interest Period, SIBOR for such Interest Period will be determined on the basis of the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 page under the caption “ABS SIBOR FIX — SIBOR AND SWAP OFFER RATES — RATES AT 11.00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any), being the offered rate for deposits in Singapore dollars in each case as of 11.00 a.m., Singapore time, and as adjusted by the Spread (if any), on that SIBOR Interest Determination Date for a period equal to the duration of such Interest Period. If no such offered rate appears, SIBOR for such SIBOR Interest Determination Date for such Interest Period will be determined as described in (b) below.
- (b) (i) with respect to a SIBOR Interest Determination Date on which no rate appears on Reuters Screen ABSIRFIX01 (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if Reuters Screen ABSIRFIX01 (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately 11.00 a.m., Singapore time on such SIBOR Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such SIBOR Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The SIBOR for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent, (ii) if on any SIBOR Interest Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, SIBOR for the relevant Interest Period shall be determined in accordance with (b)(i) above on the basis of the quotations of those Reference Banks providing such quotations. If on any SIBOR Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, SIBOR for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m., Singapore time on such SIBOR Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to

the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such SIBOR Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about 11.00 a.m., Singapore time on such SIBOR Interest Determination Date and as adjusted by the Spread (if any).

- (c) “Reference Banks” means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Calculation Agent in the interbank market that is most closely connected with SIBOR.

“Interest Commencement Date” means the Original Issue Date or such other date as may be specified as the Interest Commencement Date in the applicable Pricing Supplement.

“Interest Period” means the period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date.

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Monitor Money Rates Service (“Reuters”)) as may be specified hereon for the purpose of providing SIBOR, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organization providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to SIBOR.

Swap Rate Notes

Each Swap Rate Note which is denominated in Singapore dollars will bear interest at the interest rate (calculated with reference to the Swap Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, Swap Rate will be determined by the Calculation Agent in accordance with the following provisions:

- (a) at or about 11.00 a.m., London time on the relevant Swap Rate Interest Determination Date in respect of each Interest Period, the Swap Rate for such Interest Period will be the rate which appears on the Reuters Screen ABSFIX01 page under the caption “SGD SOR rates as of 11:00 hrs London Time” under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about 11.00 a.m., London time, on such Swap Rate Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
- (b) if on any Swap Rate Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 page (or such other replacement page as aforesaid) is unavailable for any reason, such Calculation Agent will determine the Swap Rate for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic average of those rates (rounded up, if necessary, to the nearest 1/16 per cent.)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as such Calculation Agent may select; and

- (c) if on any Swap Rate Interest Determination Date such Calculation Agent is otherwise unable to determine the Swap Rate under paragraphs (a) and (b) above, the Swap Rate shall be determined by such Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to such Calculation Agent at or about 11.00 a.m., Singapore time on the first business day following such Swap Rate Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate, or if on such day one only or none of the Reference Banks provides such Calculation Agent with such quotation, the Swap Rate for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about 11.00 a.m., Singapore time, on such Swap Rate Interest Determination Date and as adjusted by the Spread (if any).

“Interest Commencement Date” means the Original Issue Date or such other date as may be specified as the Interest Commencement Date in the applicable Pricing Supplement.

“Interest Period” means the period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date.

“Reference Banks” means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Calculation Agent in the interbank market that is most closely connected with the Swap Rate.

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Monitor Money Rates Service (“Reuters”)) as may be specified hereon for the purpose of providing the Swap Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organization providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Swap Rate.

Variable Rate Notes

Each Variable Rate Note which is denominated in Singapore dollars will bear interest at a variable rate determined below.

Unless otherwise indicated in the applicable Pricing Supplement, “Agreed Yield” means the interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note and “Rate of Interest” means the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note. The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note shall be determined by the Calculation Agent in accordance with the following provisions:

- (a) Not earlier than 9 a.m., Singapore time, on the ninth Business Day nor later than 3 p.m., Singapore time, on the third Business Day prior to the commencement of each Interest Period, the Company and the Relevant Dealer (as defined below) shall endeavor to agree on (i) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period; (ii) if interest in respect of such Variable Rate Note is agreed between the Company and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Company and the Relevant Dealer so agreeing on such Agreed Yield, the interest payable for such Variable Rate Note for such Interest Period shall be zero); and (iii) if interest in respect

of such Variable Rate Note is agreed between the Company and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “Agreed Rate”) and, in the event of the Company and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period.

- (b) If the Company and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3 p.m., Singapore time, on the third Business Day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period of agreement referred to in (a) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

For the purposes of paragraphs (a) and (b) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the “Fall Back Rate”) determined by reference to a Benchmark as stated in the applicable Pricing Supplement of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out in the applicable Pricing Supplement of such Variable Rate Note(s). Such rate may be adjusted by adding or subtracting the Spread (if any) stated in the applicable Pricing Supplement. The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Bank in accordance with the provisions of the rate of interest for SIBOR Notes or Swap Rate Notes (*mutatis mutandis*) and references therein to “SIBOR” or, as the case may be, “Swap Rate” shall mean “Fall Back Rate”.

As soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m., Singapore time, on the next following Business Day, the Company will (1) notify the relevant Paying Agent and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such relevant Variable Rate Note for such Interest Period; and (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the relevant Paying Agent to the relevant Holder at its request.

If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Company will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Company will pay the interest payable for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

“Benchmark” means the rate specified as such in the applicable Pricing Supplement.

“Interest Commencement Date” means the Original Issue Date or such other date as may be specified as the Interest Commencement Date in the applicable Pricing Supplement.

“Interest Period” means the period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date.

“Relevant Dealer” means the Dealer party to the Program Agreement with whom the Company has concluded an agreement for the issue of such Variable Rate Note pursuant to the Program Agreement.

Indexed Notes

Notes may be issued, from time to time, with the principal amount payable on any principal payment date, or the amount of interest payable on any interest payment date, to be determined by reference to the value of one or more currency exchange rates, commodity prices, equity indices or other factors (“Indexed Notes”). Holders of such Notes may receive a principal amount on any principal payment date, or a payment of interest on any interest payment date, that is greater than or less than the amount of principal or interest that would otherwise be payable on such dates, depending upon the value on such dates of the applicable currency, commodity, equity index or other factor. Additional information as to the methods for determining the amount of principal or interest payable on any date, the currencies, commodities, equity indices or other factors to which the amount payable on such date is linked and certain additional tax considerations will be set forth in the applicable Pricing Supplement.

Amortizing Notes

Amortizing Notes are Fixed Rate Notes for which payments combining principal and interest are made in installments over the life of the Note (“Amortizing Notes”). Unless otherwise specified in the applicable Pricing Supplement, interest on each Amortizing Note will be computed on the basis of a 360-day year of twelve 30-day months. Payments with respect to Amortizing Notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof. Further information concerning additional terms and conditions of any issue of Amortizing Notes, as well as the tax consequences of that issue, will be provided in the applicable Pricing Supplement. A table setting forth repayment information in respect of each Amortizing Note will be included in the applicable Pricing Supplement and set forth on such Notes.

Optional Redemption

Except for Variable Rate Notes that are governed by Singapore law and unless otherwise specified in the applicable Pricing Supplement, the Issuer may, at its option at any time, redeem the Notes of a series prior to its Stated Maturity, in whole or in part, at an amount equal to the greater of (i) their Redemption Price and (ii) the Make Whole Amount (which is the amount determined by discounting the principal amount of the Notes plus all required remaining scheduled interest payments due on such Notes at a rate equal to (a) the yield of United States Treasury Notes of the same maturity plus (b) a spread specified in the applicable Pricing Supplement), in each case together with accrued but unpaid interest to (but excluding) the date of redemption. For the avoidance of doubt, the aforementioned reference to “United States Treasury Notes of the same maturity” refers to United States Treasury Notes having a maturity equal or most nearly equal to the period from the date of redemption to the Stated Maturity of such Notes. (Indenture § 1109)

With respect to Variable Rate Notes that are governed by Singapore law, unless otherwise provided in the Pricing Supplement, the Issuer shall have the option to purchase all or any of the Variable Rate Notes at their Redemption Price on any date on which interest is due to be paid on such Notes and the Holders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Holders of such Notes within the Issuer’s Purchase Option Period specified in the Pricing Supplement attached hereto.

Repayment at Holders’ Option, Repurchase

Procedures, if any, relating to repayment of Notes at the option of the Holder thereof will be described in the applicable Pricing Supplement (Indenture § 301(g)).

The Company may purchase Notes at any price in the open market or otherwise. Notes so purchased by the Company may be held, resold or surrendered to the Trustee for cancellation.

Optional Tax Redemption

Unless otherwise provided in the applicable Pricing Supplement for Notes denominated in currencies other than Singapore dollars, if at any time the Company shall determine that as a result of a change in or amendment to the laws of the Relevant Taxing Jurisdiction affecting taxation, or any change in an application or interpretation of such laws, which change, amendment, application or interpretation becomes effective on or after the Original Issue Date of a series of Notes or such other date specified in the applicable Pricing Supplement (the “Relevant Date”) (1) in making any payment under the Indenture the Company would be required to pay additional amounts with respect thereto as a result of any taxes, levies, imposts or other governmental charges imposed (whether by way of withholding or deduction or otherwise) by or for the account of any Relevant Taxing Jurisdiction, or (2) as a result of any action taken by any taxing authority of, or any action brought in a court of competent jurisdiction in, any Relevant Taxing Jurisdiction (whether or not such action was taken or brought with respect to the Company), which action is taken or brought on or after the Relevant Date, there is a substantial probability that the circumstances described in clause (1) would exist, Notes may be redeemable as a whole at the option of the Company upon not less than 30 and not more than 60 days’ notice given as provided in an Indenture at any time, at a Redemption Price equal to 100.0% of the principal amount thereof, together with any accrued interest to the date fixed for redemption (except in the case of Original Issue Discount Notes which may be redeemed at the Redemption Price specified in the applicable Pricing Supplement).

Prior to the publication of any notice of redemption, the Company is required to deliver to the Trustee (a) an opinion of independent tax counsel of recognized standing in the relevant jurisdiction or a copy of any judicial decision or regulatory determination or ruling, in each case to the effect that the Company would be required to pay Additional Amounts on the next payment in respect of such Notes as a result of a change, amendment, application or interpretation described above and (b) an Officer’s Certificate to the effect that, in the judgment of the Company, such obligation cannot be avoided by the Company taking reasonable measures available to it (Indenture § 1108).

The ability of a Successor Entity (as defined below) to exercise the rights of the Company under this provision is described under “—Consolidation, Merger and Sale of Assets”.

Modification and Amendment

Modification and amendments of an Indenture may be made by the Company and the Trustee without the consent of the Holders in certain instances or with the Act of Holders of not less than a majority in the principal amount of the Notes of each outstanding series affected by such modification or amendment, provided that no such modification or amendment may, without the consent of the holder of each such Note affected thereby, among other things: (a) change the Stated Maturity of principal of or any installment of principal of or interest, if any, on, or any sinking fund payment under, any such Note; (b) reduce the principal amount of, or any interest on, any such Note or any premium payable upon the redemption thereof or the amount of the principal of an Original Issue Discount Note that would be due and payable upon the acceleration of the maturity thereof or any sinking fund payment with respect thereto; (c) change the currency of payment of principal of, premium, if any, or interest, if any, on any such Note; (d) impair the right to institute suit for the enforcement of any such payment on any such Note; (e) reduce the above-stated percentage of holders of Notes of any series necessary to modify or amend the Indenture; (f) reduce the percentage of principal amount of outstanding Notes of any series necessary to waive any past default to less than a majority; (g) modify the foregoing requirements; or (h) change in any manner adverse to the interests of the holders of outstanding Notes issued under the Indenture the terms and provisions of the covenant described under “—Consolidation, Merger and Sale of Assets” (Indenture § 902).

Subject to the foregoing, the Indenture may be amended by the Company and the Trustee, without the consent of the Holder of any Note, for, *inter alia*, the purpose of curing any ambiguity or to correct or supplement any provision contained therein which may be inconsistent with any other provision contained therein, provided such action shall not adversely affect the interests of the Holders of any series of Notes in any material respect (Indenture § 901(j)).

Negative Pledge

So long as any Notes, Receipts or Coupons are outstanding, the Company will not, and will not permit any of its Principal Subsidiaries to, create or permit to exist any Lien on any property or assets of the Company or any of its Principal Subsidiaries to secure any Capital Markets Indebtedness, or any guarantee or indemnity in respect of Capital Market Indebtedness, without also at the same time or prior thereto (a) securing its indebtedness under the Indenture so that the Notes, Receipts or Coupons then outstanding are secured equally and ratably with such Capital Markets Indebtedness or (b) providing the Notes that are outstanding with the benefit of other security as approved by the Holders of a majority in principal amount of each series of Notes that are outstanding, provided, however, that the foregoing restrictions shall not apply to:

- (i) Liens on property or assets of an entity existing at such time the entity becomes a Principal Subsidiary, provided that such Liens were not created in anticipation of such entity becoming a Principal Subsidiary;
- (ii) Liens created in connection with a substitution of property or assets (or a substitution of property or assets which itself was previously so substituted) pursuant to the terms of any agreement or arrangement pursuant to which any Lien referred to in the preceding clause (i), above was created;
- (iii) Liens incurred by a Non-Recourse Subsidiary to secure Non-Recourse Indebtedness; or
- (iv) Liens securing indebtedness refunding indebtedness secured by any Lien referred to in either clause (i) or (ii) above; provided that the principal amount of such indebtedness is not increased, the maturity of such indebtedness is not extended beyond the original maturity of the indebtedness so secured and the Lien is limited to the property or asset originally subject thereto and any improvements thereon.

“Capital Markets Indebtedness” means any indebtedness for money borrowed or interest thereon in the form of bonds, notes, debentures, loan stock or other similar securities that are, or are capable of being, quoted, listed or ordinarily dealt with in any stock exchange, over-the-counter or other securities market, having an original maturity of more than 365 days from its date of issue, or any guarantee or indemnity in respect of Capital Markets Indebtedness.

“Lien” means any mortgage, charge, pledge, lien or other form of encumbrance or security interest. “Non-Recourse Indebtedness” means indebtedness to finance the ownership, acquisition, construction, creation, development and/or operation of property (the “Relevant Property”) to be used by a Non-Recourse Subsidiary and incurred by such Non-Recourse Subsidiary within 90 days after its purchase of such Relevant Property; provided, that such indebtedness has no recourse whatsoever to the Company or any Principal Subsidiary for the repayment of or payment of all or any portion of such indebtedness, and has no recourse whatsoever other than:

- (a) recourse to such Non-Recourse Subsidiary limited to the Relevant Property and/or the income, cash flow or other property derived from the Relevant Property; or
- (b) recourse to another Person (other than the Company or any Principal Subsidiary) who has guaranteed or provided other security in respect of such indebtedness.

“Non-Recourse Subsidiary” means a Subsidiary of the Company that (1) has not acquired or received any cash, property or other assets from the Company or any other Subsidiary of the Company, other than Permitted Company Contributions and (2) has no indebtedness other than Non-Recourse Indebtedness.

“Permitted Company Contributions” means funding (in the form of cash, equity, debt or a combination of each), which together with all other Permitted Company Contributions made from time to time by the Company to its Non-Recourse Subsidiaries, does not exceed in the aggregate 15.0% of the Company’s total consolidated net assets calculated by reference to the then latest audited consolidated accounts of the Company.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Principal Subsidiary” means any Subsidiary of the Company (1) whose total net assets or total net profits (after deducting all charges except taxation and excluding extraordinary items) (or, where the Subsidiary in question itself has subsidiaries, calculated on a consolidated basis) represent not less than 15.0% of the Company’s total consolidated net assets or the Company’s total consolidated net profits (after deducting all charges except taxation and excluding extraordinary items), all as calculated by reference to the then latest audited accounts of each Subsidiary and its subsidiaries and the Company’s then latest audited consolidated accounts; or (2) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary; provided, that (x) in the case of a Subsidiary of the Company acquired after the end of the financial period to which the then latest relevant audited accounts relate, the reference to the then latest audited accounts for the purposes of the calculations above shall, until audited accounts for the financial period in which the acquisition is made are published, be deemed to be a reference to the accounts adjusted to consolidate the latest audited accounts of the Subsidiary in the accounts, (y) if, in the case of a Subsidiary of the Company which itself has one or more Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated total net operating profits shall be determined on the basis of pro forma consolidated accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose by its auditors; and (z) if the accounts of a Subsidiary of the Company (not being a Subsidiary referred to in (x) above) are not consolidated with those of the Company, then the determination of whether or not the Subsidiary of the Company is a Principal Subsidiary shall, if the Company requires, be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts of the Company and its Subsidiaries. A report by the Company’s independent public accountants or auditors that, in their opinion, a Subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Company, the Trustee and the Holders.

“Subsidiary” means in relation to any Person and at any particular time, any form of entity (legal or not) of which more than 50.0% of the issued share capital (or its equivalent) is then beneficially owned by such Person and/or one or more of its Subsidiaries.

Consolidation, Merger and Sale of Assets

The Company may consolidate with or merge or amalgamate into, in each case, where the Company is not the surviving or resulting entity, or convey, transfer or sell, assign, or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all its assets to, or declare itself a trustee of all or substantially all of its assets for, any Person (a “Transfer Event”), but only so long as:

- (a) the resulting, surviving or transferee Person (the “Successor Entity” and where the Company has declared itself a trustee as provided above, references to the Successor Entity below shall mean the Company acting in its capacity as such trustee) shall be a Person validly organized and existing under the laws of a Qualified Jurisdiction and the Successor Entity shall expressly assume by an indenture supplemental thereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Company under the Notes and the Indenture;
- (b) the Successor Entity shall expressly agree by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, that all payments pursuant to the Notes and Coupons in respect of principal of and interest on Notes and Coupons shall be made without deduction or withholding for any and all present and future taxes, levies, imposts or other governmental charges whatsoever imposed, assessed, levied or collected by or for the account of the jurisdiction of organization or formation of such Successor Entity, or any political subdivision or taxing authority thereof or therein, unless such deduction or withholding of any such taxes, levies, imposts or other governmental charges shall at any time be required by the Relevant Taxing Jurisdiction, in which case, the Successor Entity shall pay such additional amounts in respect of any such principal, premium, interest or sinking fund payment (the “Successor Additional Amounts”) as may be necessary in order that the net amounts paid to

the Holders of such Notes or to the Trustee, as the case may be, pursuant to the Indenture and such Notes after such deduction or withholding shall equal the respective amounts of principal, premium, interest, or sinking fund payment as specified in such Notes, to which the Holders thereof or the Trustee would be entitled if no such deduction or withholding had been made, and provided that the Successor Entity shall not have the right to redeem the Notes pursuant to the provisions described under “—Optional Tax Redemption” in respect of such Successor Additional Amounts unless (A) the obligation to pay such Successor Additional Amounts arises as a result of any change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction (as such term relates to jurisdiction of organization or formation, or any political subdivision or taxing authority thereof or therein, of the Successor Entity), or any change in the general application or official interpretation of such laws or regulations, which change or amendment is proposed and becomes effective after the date such Successor Entity assumes the obligations of the Company under the Indenture and the Notes, (B) such obligation to pay Successor Additional Amounts cannot be avoided by such Successor Entity taking reasonable measures available to it and (C) all other requirements contained in the Indenture related to the redemption of the Notes shall have been satisfied; provided, that, notwithstanding the foregoing, in the case of Notes and Coupons denominated in Singapore dollars, the Successor Entity shall not be required to expressly agree to the matters in this subclause (b) if either (1) such Notes and Coupons assumed by the Successor Entity or issued by the Successor Entity in exchange, substitution or otherwise for such Notes and Coupons denominated in Singapore dollars shall immediately following the consummation of such Transfer Event qualify as “qualifying debt securities” (as defined in “Certain Tax Consideration—Singapore Taxation”) or (2) immediately following the consummation of such Transfer Event, the Holders shall continue to receive payments on such Notes and Coupons denominated in Singapore dollars in amounts equal to or greater than the amounts immediately prior to the consummation of such Transfer Event;

- (c) immediately after giving pro forma effect to such Transfer Event (and treating any indebtedness which becomes an obligation of the Successor Entity or any subsidiary of the Successor Entity as a result of such Transfer Event as having been incurred by such Successor Entity or such subsidiary of the Successor Entity at the time of such transaction), no Event of Default with respect to any of the Notes shall have occurred and be continuing;
- (d) at the time of such Transfer Event, the Company shall have taken all reasonable measures to ensure that the Successor Entity would, immediately following the consummation of such Transfer Event, possess all material licenses, permits and approvals required to conduct the business of owning and operating the Company’s power transmission and distribution network(s), and the Company shall have no reason to believe that such Successor Entity shall not be able to conduct such business(es) following the consummation of such Transfer Event;
- (e) the Company shall have delivered to the Trustee written reports from each of the Rating Agencies that (i) the ratings assigned by such Rating Agency to any of the Notes will not be lowered as a result of the Transfer Event and (ii) the rating of the Successor Entity would not be lower than the rating of the Company as a result of the Transfer Event; and
- (f) the Company shall have delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such Transfer Event and such supplemental indenture (if any) comply with the Indenture.

Except as provided above, the Company may not consolidate with or merge or amalgamate into, in each case, where the Company is not the surviving or resulting entity, or convey, transfer or sell, assign, or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all its assets to, or declare itself a trustee of all or substantially all of its assets for, any Person. The Successor Entity will be the successor to the Company and shall succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture, and the predecessor company, except in the case of a lease, shall be released from the obligation to pay the principal of and interest on the Notes (Indenture § 802).

“Qualified Jurisdiction” means the Republic of Singapore, the British Virgin Islands, Canada, the Cayman Islands, a member country of the European Union, Switzerland or the United States.

“Rating Agency” means Standard & Poor’s Singapore Pte Ltd and Moody’s Investors Service, Inc. or if Standard & Poor’s Singapore Pte Ltd or Moody’s Investors Service, Inc. or both shall not make a rating on the Notes of the Company publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Company (as certified by a resolution of the Board of Directors) which shall be substituted for Standard & Poor’s Singapore Pte Ltd or Moody’s Investors Service, Inc, or both, as the case may be.

Defeasance and Discharge

The Indenture provides that the Company, at its option, (a) will be discharged from any and all obligations in respect of the Notes issued thereunder (except for certain obligations to register the transfer of or exchange Notes, replace stolen, lost or mutilated Notes, and maintain paying agents and to hold certain moneys in trust for payment) or (b) need not comply with certain provisions of the Indenture if, in each case, the Company irrevocably deposits with the Trustee under the Indenture, in trust for the purpose of making the following payments for the benefit of Holders of Notes and Coupons: (1) an amount (in such currency in which such Notes and any Coupons then specified as payable at the Stated Maturity) or (2) Government Obligations applicable to such Notes and Coupons (determined on the basis of the currency in which such Notes and Coupons are then specified as payable at the Stated Maturity), which through the scheduled payment of principal and interest in respect thereof will provide not later than one day before the due date of any payment of principal of (and premium, if any) and interest, if any, on such Notes and any Coupons, money in an amount sufficient, in the opinion of an internationally recognized accounting firm that is independent to the Company, to pay all the principal (including sinking fund payments) of and premium and interest on such Notes on the dates such principal, premium and interest is due in accordance with the terms of such Notes. In the case of a discharge described in clause (a) above, the Company is required to deliver to the Trustee under the Indenture prior to such discharge either (X) an Opinion of Counsel to the effect that beneficial owners of Notes will not recognize income, gain or loss for U.S. federal or Singapore income tax purposes as a result of such deposit and related defeasance and will be subject to U.S. federal and Singapore, to the extent applicable, income tax on the same amount, in the same manner and at the same times as would have been the case if such deposits and related defeasance had not been exercised; provided, however, that such Opinion of Counsel with respect to U.S. federal income taxes will be based on a change in applicable U.S. federal income tax law or (Y) a ruling to such effect received from or published by the United States Internal Revenue Service or the Inland Revenue Authority of Singapore, as applicable, (Indenture § 1401). In the case of a discharge described in clause (b) above, the Company is required to deliver to the Trustee under the Indenture prior to such discharge an Opinion of Counsel to the effect that such beneficial owners of Notes will not recognise income, gain or loss for U.S. federal or Singapore income tax purposes as a result of such deposit and related defeasance and will be subject to U.S. federal and Singapore, to the extent applicable, income tax on the same amount, in the same manner and at the same times as would have been the case if such deposits and related defeasance had not been exercised.

Governing Law

Notes will be governed by, and construed in accordance with, the laws of the Republic of Singapore or the laws of the State of New York, as specified in the applicable Pricing Supplement.

Concerning the Trustee

The Bank of New York Mellon is the Trustee under the Indenture. The Company maintains an account and conducts other banking transactions with the Trustee in the ordinary course of its business.

Consent to Service of Process

The Indenture provides that the Company will irrevocably designate and appoint CT Corporation System, located at 111 Eighth Avenue, New York, New York 10011, as its authorized agent for service of process in any legal action or proceeding arising out of or relating to the Indenture or Notes governed by the laws of the State of New York issued thereunder brought in any federal or state court in the City of New York or brought under federal or state securities laws or brought by the Trustee (whether in its individual capacity or in its capacity as the Trustee) and, in each case, will irrevocably submit to the non-exclusive jurisdiction of such courts in any such suit or proceeding (Indenture § 114).

FORM OF THE NOTES

The Notes of each series will be in bearer or in registered form as specified in the relevant Pricing Supplement.

Unless otherwise provided with respect to a particular series of Registered Notes, Registered Notes of each series sold outside the United States in reliance on Regulation S will be represented by interests in a global unrestricted Registered Note, without coupons (a “Regulation S Global Note”), which may be deposited with CDP, or a common depository for, and registered in the name of a nominee of, Euroclear and Clearstream, or with a custodian for, and registered in the name of a nominee of, DTC, for the accounts of Euroclear and Clearstream. With respect to all offers or sales by a Dealer of an unsold allotment or subscription and in any case prior to expiry of the period that ends 40 days after the later of the date of issue and distribution of each series of Notes, as certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue (the “Distribution Compliance Period”), beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person (unless pursuant to the Securities Act or an exemption therefrom) and may be held only through CDP, Euroclear, Clearstream and DTC, for the accounts of Euroclear and Clearstream, as the case may be. Regulation S Global Notes will be exchangeable for Definitive Registered Notes only in limited circumstances as more fully described in “Annex B—Global Clearance and Settlement”.

Registered Notes of each series may only be offered and sold in the United States or to U.S. persons in private transactions: (i) to QIBs or (ii) to institutional “accredited investors” (as defined in Regulation D) who agree to purchase the Notes for their own account and not with a view to the distribution thereof. Registered Notes of each series sold in private transactions to QIBs pursuant to Rule 144A will be represented by a restricted permanent global note in registered form, without interest coupons (a “Restricted Global Note” and, together with a Regulation S Global Note, “Registered Global Notes”), deposited with a custodian for, and registered in the name of a nominee of, DTC.

Registered Notes of each series sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof. Definitive Registered Notes will, at the request of the holder (except to the extent otherwise indicated in the applicable Pricing Supplement), be issued in exchange for interests in a Registered Global Note upon compliance with the procedures for exchange as described in the Indenture.

Each series of Bearer Notes may be represented either by a temporary global note (a “Temporary Global Note”) or a permanent global note (a “Permanent Global Note”) that will be deposited on the issue date thereof with CDP or a common depository on behalf of Euroclear and Clearstream or any other agreed clearance system compatible with Euroclear and Clearstream. Bearer Notes issued in compliance with TEFRA D must be initially issued in the form of a Temporary Global Note. Beneficial interests in a Temporary Global Note will be exchangeable for interests in a Permanent Global Note in accordance with the terms thereof. Each Permanent Global Note may be exchanged for Definitive Bearer Notes only in the limited circumstances as described therein.

While any Bearer Note issued under TEFRA D is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to 40 days after the Issue Date (the “Exchange Date”) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owner of such Note is not a U.S. person or a person who has purchased for resale to any U.S. person or to a person within the United States, as required by TEFRA D, has been received by Euroclear, Clearstream and/or CDP and/or any other such depository, as applicable and such clearing agent or depository, as the case may be, has given a like certification (based on the certifications it has received) to the Trustee.

From the Exchange Date, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for interests in a Permanent Global Note without Receipts, interest Coupons or Talons or for Definitive Bearer Notes with, where applicable, Receipts, interest Coupons or Talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement) in each case against certification of beneficial ownership as described in the immediately preceding paragraph unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless exchange is improperly refused after such holder duly makes an exchange request.

The following legend will appear on all Bearer Global Notes, Definitive Bearer Notes, receipts, interest coupons and talons (or in the book or record where the Bearer Notes are held in book-entry form):

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

Sections 165(j) and 1287(a) of the Internal Revenue Code, provide that U.S. beneficial owners, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, Receipts, interest Coupons or Talons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes, Receipts, interest Coupons or Talons.

Bearer Notes shall be assigned a Common Code and a relevant ISIN (as applicable). Registered Notes will be assigned (as applicable) a Common Code, ISIN and CUSIP number. If a further series of Notes is issued the Trustee shall arrange that the Notes of such series shall be assigned (as applicable) a CUSIP number, Common Code and a relevant ISIN that are different from the CUSIP number, Common Code and relevant ISIN, as the case may be, assigned to Notes of any other series until the end of the Distribution Compliance Period and, for Bearer Notes issued under TEFRA D, until (x) exchange of interests in a Temporary Global Note for interests in a Permanent Global Note or for definitive Notes and (y) certification of non-U.S. beneficial ownership in accordance with TEFRA D. At the end of the Distribution Compliance Period, the CUSIP number, Common Code and relevant ISIN, as the case may be, thereafter applicable to the Notes of the relevant series will be notified by the Trustee to the relevant Dealers.

All Notes will be issued pursuant to the Indenture or the Supplemental Trust Deed.

No beneficial owner of an interest in a Registered Global Note will be able to exchange or transfer that interest, except in accordance with the applicable procedures of DTC, Euroclear, Clearstream and/or CDP, in each case, to the extent applicable.

CERTAIN TAX CONSIDERATIONS

The following summary of certain Singapore and U.S. federal income tax consequences, as well as European tax considerations, of the purchase, ownership and disposition of the Notes is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary is not to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. You should consult your own tax advisor concerning the application of Singapore and U.S. federal income tax laws to your particular situation as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

Singapore Taxation

Interest Payments

Under tax laws currently effective in Singapore, payments falling within Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the “ITA”) (including interest or discount income) are deemed to be derived from Singapore where the payments are:

- (a) borne, directly or indirectly, by a person resident in Singapore (except in respect of a business carried on outside Singapore through a permanent establishment outside Singapore) or a permanent establishment in Singapore;
- (b) deductible against any income accruing in or derived from Singapore; or
- (c) income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Further, such payments, where made to a person not known to be a resident in Singapore for tax purposes, are subject to withholding tax in Singapore (and subject to certain exceptions, including the withholding tax exemption for “qualifying debt securities” where the relevant conditions are met, as set out below). The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% withholding tax described below) to non-resident persons (other than non-resident individuals) is 17.0%. The applicable rate for non-resident individuals is currently 20.0%, and is to be increased to 22.0% with effect from the year of assessment 2017. However, if the payment is derived by a person not resident in Singapore from sources other than its trade, business, profession or vocation carried on or exercised in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the withholding tax rate is 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

From the time of establishment of the Program to November 28, 2014, DBS Bank Ltd. and Morgan Stanley Asia (Singapore) Pte. have been arrangers under the Program and each was an Approved Bond Intermediary (as defined in the ITA) prior to January 1, 2004 and had been a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) (“FSI-BM Company”) since January 1, 2004. In addition, since November 28, 2014, Deutsche Bank AG, Singapore Branch has been an arranger under the Program (together with DBS Bank Ltd. and Morgan Stanley Asia (Singapore) Pte.) and each of them is a Financial Sector Incentive (Capital Market) (“FSI-CM”) company, Financial Sector Incentive (Standard-Tier) (“FSI-ST”) company or FSI-BM company at such time.

On the basis that the Program was arranged as a whole by Approved Bond Intermediaries prior to January 1, 2004 and by FSI-BM companies on and after January 1, 2004 up to December 31, 2013 and by FSI-CM, FSI-ST and FSI-BM companies from January 1, 2014, any tranche of the Notes (“Relevant Notes”) issued under the Program during the period from the date of this Offering Circular to December 31, 2018 would be “qualifying debt securities” (“QDS”) for the purposes of the ITA, to which the following treatments shall apply:

- (a) subject to certain conditions having been fulfilled (including the submission of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed and the inclusion by us in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, break cost, prepayment fee and redemption premium is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person’s operations through the Singapore permanent establishment), interest, discount income (excluding discount from secondary trading), break cost, prepayment fee and redemption premium (collectively, the “Qualifying Income”) from the Relevant Notes derived by a holder who is not resident in Singapore and who does not have any permanent establishment in Singapore is exempt from Singapore tax. Non-residents who have permanent establishments in Singapore also have the benefit of this exemption, provided that they do not acquire the Relevant Notes using any funds from Singapore operations. “Funds from Singapore operations” means, in relation to a person, the funds and profits of that person’s operations through a permanent establishment in Singapore;
- (b) subject to certain conditions having been fulfilled (including the submission of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10.0% (with the exception of certain entities which have been granted the relevant Financial Sector Incentives which may be taxed at different rates); and
- (c) subject to:
 - (i) us including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, break cost, prepayment fee or redemption premium derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (ii) the furnishing of a return on the debt securities in respect of the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with those securities as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by us.

Notwithstanding the foregoing:

- (a) if during the primary launch of any tranche of the Relevant Notes, such Relevant Notes are issued to fewer than four persons and 50.0% or more of the principal amount of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of ours, such Relevant Notes would not qualify as “QDS”; and

- (b) even though a particular tranche of the Relevant Notes are “QDS”, if, at any time during the tenure of such tranche of the Relevant Notes, 50.0% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any of our related parties, Qualifying Income derived from such Relevant Notes held by:
- (i) any related party of us; or
 - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of us,

shall not be eligible for the tax exemption or concessionary rate of tax described above.

The term “related party” in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have their same meaning as in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, break cost, prepayment fee and redemption premium derived from the Relevant Notes is not exempt from tax is required under the ITA to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme (“QDS Plus Scheme”), subject to certain conditions having been fulfilled (including the submission of a return on debt securities in respect of the QDS in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the QDS as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

- (a) are issued during the period from February 16, 2008 to December 31, 2018;
- (b) have an original maturity date of not less than 10 years;
- (c) cannot be redeemed, converted, exchanged or called within 10 years from the date of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of Relevant Notes qualifies under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any of our related party(ies), Qualifying Income from such Relevant Notes derived by:

- (i) any related party of us; or
- (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of us,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from June 28, 2013, the QDS Plus Scheme will be refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. The MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS scheme if the QDS conditions continue to be met.

The MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

Tax Exemption for Individuals

In addition, interest from the Notes and discount income (excluding discount from secondary trading) from the Notes derived on or after February 17, 2006, and break cost, prepayment fee and redemption premium from the Notes derived on or after February 15, 2007, by an individual (other than income derived through a partnership in Singapore and other than income that is considered to be gains or profits from a trade, business or profession) are exempt from tax.

Capital Gains

Any gains in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains from the sale of the Notes derived by a person as part of a trade or business carried on by that person may be taxable in Singapore as such gains are considered revenue in nature.

Holders of the Notes who are adopting Singapore Financial Reporting Standard 39 (“FRS 39”), may for Singapore income tax purposes be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. See the section below on “Adoption of FRS 39 Treatment for Singapore Income Tax Purposes”.

Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications arising from the adoption of FRS 39—Financial Instruments: Recognition and Measurement” (the “FRS 39 Circular”). The ITA has since been amended to give legislative effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisors regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

United States Federal Income Taxation

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Program, and the relevant Pricing Supplement will contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with U.S. Holders that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation such as the Medicare contribution tax on net investment income that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or tax laws other than U.S. federal income tax law. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as partnerships or other pass-through entities, financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, wash sales, hedging transactions or conversion transactions for U.S. federal income tax purposes or U.S. Holders whose functional currency is not the U.S. dollar. Moreover, this summary deals only with Notes with a term of 30 years or less).

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation, or other entity treated as a corporation, created or organized under the laws of the United States, any State thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a U.S. court can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

If an entity treated as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. A U.S. Holder that is an entity treated as a partnership for U.S. federal income tax purposes holding Notes should consult its own tax advisors concerning the U.S. federal income tax consequences to its partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States including the United States Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed Treasury Regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

This section only addresses Notes in registered form. Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

Interest on a Note, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a “foreign currency”), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “—Original Issue Discount—General”), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the U.S. Holder’s method of accounting for U.S. federal income tax purposes. Interest paid by the Issuer on the Notes and original issue discount, if any, accrued with respect to the Notes (as described below under “Original Issue Discount”) and any additional amounts paid with respect to withholding tax on the Notes, including withholding tax on payments of such additional amounts will constitute income from sources outside the United States and will, depending on the U.S. Holder’s circumstances, be either “passive” or “general” category income for purposes of the rules regarding the foreign tax credit allowable to a U.S. Holder. U.S. Holders should consult their tax advisors concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Foreign taxes (if any) withheld from interest payments generally will be creditable against the U.S. Holder’s U.S. federal income tax liability, subject to applicable limitations that vary depending upon the U.S. Holder’s circumstances. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their tax advisors regarding the availability of foreign tax credits in their particular circumstances. Instead of claiming a credit, the U.S. Holder may, at its election, deduct foreign withholding taxes (if any) in computing its taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all applicable foreign taxes paid or accrued in the taxable year.

Original Issue Discount

General. The following is a summary of certain U.S. federal income tax consequences of the ownership of Notes issued with original issue discount (“OID”). The following summary does not discuss Notes that are characterized as contingent payment debt instruments for U.S. federal income tax purposes. In the event the Issuer issues contingent payment debt instruments, the applicable Pricing Supplement will describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a “Short-Term Note”), will be treated as issued with OID (a “Discount Note”) if the amount by which the Note’s “stated redemption price at maturity” exceeds its issue price is equal to or greater than a *de minimis* amount (0.25% of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). A Note that provides for the payment of amounts other than qualified stated interest before maturity (an “installment obligation”) will be treated as a Discount Note if the excess of the Note’s stated redemption price at maturity over its issue price is equal to or greater than 0.25% of the Note’s stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note’s weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note’s stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of “qualified stated interest”. A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under “Variable Interest Rate Notes”), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any unconditional call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any unconditional put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes (regardless of their method of accounting) must include OID in income as it accrues calculated using a constant-yield method, and generally a U.S. Holder would include increasingly greater amounts of OID in income over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note (“accrued OID”). The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. A U.S. Holder may select an accrual period of any length with respect to the U.S. Holder’s Discount Note and may vary the length of each accrual period over the term of the Discount Note. However, no accrual period may be longer than one year and each scheduled payment of interest or principal on the Discount Note must occur on either the first or final day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note’s adjusted issue price at the beginning of the accrual period and the Discount Note’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of each accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The “adjusted issue price” of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

If an interval between payments of qualified stated interest on a Discount Note contains more than one accrual period, then, when a U.S. Holder determines the amount of OID allocable to an accrual period, the U.S. Holder would allocate the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, pro rata to each accrual period in the interval based on their relative lengths. In addition, the adjusted issue price would increase at the beginning of each accrual period in the interval by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. A U.S. Holder may compute the amount of OID allocable to an initial short accrual period by using any reasonable method if all other accrual periods, other than a final short accrual period, are of equal length.

The amount of OID allocable to the final accrual period is equal to the difference between: (i) the amount payable at the maturity of a Note, other than any payment of qualified stated interest, and (ii) the Note’s adjusted issue price as of the beginning of the final accrual period.

Acquisition Premium. A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts, other than qualified stated interest, payable on the Note after the purchase date, but in excess of the Note’s adjusted issue price (any such excess being “acquisition premium”) and that does not make the election described below under “Election to Treat All Interest as Original Issue Discount,” is permitted to reduce the daily portions of OID by a fraction equal to the excess of the U.S. Holder’s adjusted basis in the Note immediately after its purchase over the Note’s adjusted issue price divided by the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note’s adjusted issue price.

Election to Treat All Interest as Original Issue Discount. A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under “—General,” with certain modifications. For purposes of this election, interest includes stated interest, acquisition discount OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium (described below under “—Notes Purchased at a Premium”) or acquisition premium. If a U.S. Holder makes this election for a Note, then, when the U.S. Holder applies the constant yield method: (a) the issue price of the Note would equal its cost; (b) the issue date of the Note would be the date acquired; and (c) no payments on the Note would be treated as payments of qualified stated interest. Generally, this election will apply only to the Note with respect to which it is made and may not be revoked without the consent of the Internal Revenue Service. If this election is made with respect to a Note that has amortizable bond premium, the electing U.S. Holder will be treated as having made the election discussed below under “—Notes purchased at a premium” to apply amortizable bond premium against interest for all debt instruments with amortizable bond premium, other than debt instruments the interests on which is

excludible from gross income, that the U.S. Holder held as of the beginning of the taxable year to which the election applies or acquired in any taxable year thereafter. If this election is made with respect to a Market Discount Note (as defined below), the electing U.S. Holder will be treated as having made the election discussed below under “Market Discount” to include market discount in income currently over the life of all debt instruments having market discount that are acquired on or after the first day of the first taxable year to which the election applies. U.S. Holders should consult their tax advisors concerning the propriety and consequences of this election.

Variable Interest Rate Notes. It is expected that Notes that provide for interest at variable rates (“Variable Interest Rate Notes”) generally will bear interest at a “qualified floating rate” and thus will be treated as “variable rate debt instruments” under Treasury Regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total non-contingent principal payments by more than an amount equal to the lesser of (x) .015 multiplied by the product of the total non-contingent principal payments and the number of complete years to maturity from the issue date, or (y) 15 percent of the total non-contingent principal payments, (b) it provides for stated interest, compounded or paid at least annually, only at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. The Note would not have a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions), unless such restrictions are fixed throughout the term of the Note or are not reasonably expected to significantly affect the yield of the Note.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and that is based on objective financial or economic information. A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the Internal Revenue Service in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note’s term.

A “qualified inverse floating rate” is any objective rate equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and the value of the variable rate on the Variable Interest Rate Note’s issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than 3 months prior to the first day on which that value is in effect and no later than 1 year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument,” then any stated interest on the Variable Interest Rate Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (*i.e.*, at a price below the Note’s stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from “true” discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If the payments on a Note are determined by reference to an index, but the Note does not qualify as a “variable rate debt instrument,” then the Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Notes that are treated as contingent payment debt obligations will be described in the applicable Pricing Supplement.

Short-Term Notes. In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realized on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (or, if an election was made, based on the constant-yield method) through the date of sale or retirement. However, U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realized.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the Internal Revenue Service.

Fungibility issue. The Issuer may, without the consent of the Noteholders, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes.

Market Discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "Market Discount Note") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25% of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an installment obligation, the Note's weighted average remaining maturity). For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments. If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "de minimis market discount", and the rules discussed below are not applicable.

Any gain recognized on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent of market discount that accrued on the Note while held by such U.S. Holder. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the Internal Revenue Service. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of accrued market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder, until maturity or disposition of the Market Discount Note.

Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable without the consent of the Internal Revenue Service.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, will not be required to include any OID in its income and may elect to treat the excess as “amortizable bond premium,” in which case the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note will be reduced by the amount of amortizable bond premium allocable (based on the Note’s yield to maturity) to that year. A U.S. Holder that elects to amortize bond premium must reduce its tax basis in the Note by the amount of the amortized premium. Any election to amortize bond premium shall apply to all bonds with amortizable bond premium (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the Internal Revenue Service. See also “—Original Issue Discount— Election to Treat All Interest as Original Issue Discount”.

Change in Obligor

The Issuer may change the obligor on the Notes in connection with a future change in the Issuer’s organizational form. Depending upon the circumstances of this change in organizational form, the replacement of the Issuer may be treated for U.S. federal income tax purposes as a deemed disposition of Notes by a U.S. Holder in exchange for new Notes issued by the new issuer. As a result of this deemed disposition, a U.S. Holder may be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the fair market value at that time of the U.S. Holder’s Notes, and the U.S. Holder’s adjusted tax basis in those Notes. However, in general, a change in obligor will not in itself result in a deemed disposition if the new obligor acquires substantially all of the assets of the Issuer, or if the new obligor assumes the Notes pursuant to a transaction that is treated as a tax-free reorganization for U.S. federal income tax purposes. U.S. Holders should consult their tax advisors concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

Purchase, Sale, Retirement or Other Taxable Disposition of Notes

A U.S. Holder’s adjusted tax basis in a Note will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder’s income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder’s income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortizable bond premium previously applied to reduce interest on the Note.

A U.S. Holder will generally recognize gain or loss on the sale, retirement or other taxable disposition of a Note equal to the difference between the amount realized on such disposition, other than amounts attributed to accrued but unpaid interest (which will be taxable as interest income to the extent not previously included in income), and the U.S. Holder’s adjusted tax basis of the Note. Except to the extent described above under “Original Issue Discount—Market Discount” or “Original Issue Discount—Short Term Notes” or attributable to changes in exchange rates (as discussed below), gain or loss recognized on the taxable disposition of a Note will be capital gain or loss and will be long term capital gain or loss if the U.S. Holder’s holding period in the Notes exceeds one year. The deductibility of capital losses is subject to limitations. Gain or loss realized by a U.S. Holder on the taxable disposition of a Note generally will constitute income or loss from sources within the United States for U.S. foreign tax credit purposes.

Foreign Currency Notes

Interest. If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the Internal Revenue Service.

Upon receipt of payment of accrued interest (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, an accrual basis U.S. Holder may recognize exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars. Such exchange gain or loss will constitute income or loss from sources within the United States for U.S. foreign tax credit purposes.

OID. OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a U.S. Holder may recognize exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars. Such exchange gain or loss will constitute income or loss from sources within the United States for U.S. foreign tax credit purposes.

Market Discount. Market Discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognize exchange gain or loss. Such exchange gain or loss will constitute income or loss from sources within the United States for U.S. foreign tax credit purposes (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognize, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium. Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder may recognize exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. Such exchange gain or loss will constitute income or loss from sources within the United States for U.S. foreign tax credit purposes. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognize a capital loss when the Note matures.

Sale, Retirement or Other Taxable Disposition. As discussed above under “Purchase, Sale, Retirement or Other Taxable Disposition of Notes,” a U.S. Holder will generally recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale, retirement or taxable disposition and its adjusted tax basis in the Note. A U.S. Holder’s adjusted tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realized on a sale, retirement or other taxable disposition of a Note for an amount in foreign currency will be the U.S. dollar value of this amount on the date of disposition or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the Internal Revenue Service.

A U.S. Holder will recognize exchange rate gain or loss (taxable as ordinary income or loss) on the taxable disposition of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder’s purchase price for the Note (i) on the date of disposition and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realized only to the extent of total gain or loss realized on the sale or retirement. Such exchange gain or loss will constitute income or loss from sources within the United States for U.S. foreign tax credit purposes.

Backup Withholding and Information Reporting

In general, payments of interest and accruals of any OID on, and the proceeds of a sale, redemption or other disposition of, the Notes payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the Internal Revenue Service and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments and payments of OID if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder’s U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders must report information to the Internal Revenue Service (the “IRS”) with respect to any interest in the Notes not held in an account maintained by a financial institution, or with respect to certain accounts maintained with non-U.S. financial institutions. U.S. Holders who fail to report required information could become subject to substantial penalties. U.S. Holders are urged to consult with their own tax advisors regarding the possible implications of this legislation for their ownership and disposition of the Notes.

Reportable Transactions

U.S. Treasury Regulations require a U.S. taxpayer that participates in a “reportable transaction” to disclose this participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat certain foreign currency exchange loss from the Notes as a reportable transaction. In the event the acquisition, holding or disposition of Notes constitutes participation in a “reportable transaction” for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. A penalty is generally imposed on any U.S. taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. In addition, the Issuer and its advisors may also be required to disclose the transaction to the IRS, and to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisors regarding the application of these rules to the acquisition, holding or disposition of Notes.

European Tax Considerations

European Union Savings Directive

Under European Union Council Directive 2003/48/EC (as amended and adapted from time to time, the “Directive”) on the taxation of savings income, each Member State of the European Union (a “Member State”) is required to provide to the authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or for the benefit of, or collected by such a person for, beneficial owners who are individuals resident (or certain limited types of entity established) in that other Member State. During a transitional period, Austria is instead required to operate a withholding system in relation to such payments, unless during that period it elects otherwise, or the beneficial owner permits the provision of information to the competent authorities of the Member State. The ending of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain specifically-identified non-European Union countries and territories. A number of those non-European Union countries and territories have agreed to adopt similar measures (i.e., either the reciprocal provision of information, or transitional withholding) in relation to income paid by a person within their jurisdiction to, or for the benefit of, or collected by such a person for, beneficial owners who are individuals resident (or certain limited types of entity established) in Member States.

On March 24, 2014, the Council of the European Union adopted a directive amending the Directive, which, when implemented, will amend and broaden the scope of the requirements above. Member States have until January 1, 2016 to adopt the national legislation necessary to comply with this amending directive (and such national legislation must apply from January 1, 2017). The changes made under the amending directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements and to establish procedures to look through entities to prevent the circumvention of the Directive by the use of intermediaries. They also broaden the definition of “interest payment” to cover income that is equivalent to interest.

The European Commission has proposed that the Directive should be repealed, generally with effect from January 1, 2016, in order to avoid overlap with Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by Council Directive 2014/107/EU), pursuant to which Member States will be required to apply new measures on mandatory automatic exchange of information, generally with effect from January 1, 2016.

Prospective purchasers should consult their professional advisors regarding the implications of the Directive in their particular circumstances.

The proposed financial transactions tax (“FTT”)

On February 14, 2013, the European Commission published a proposal for a directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in the form proposed on February 14, 2013, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, under the February 14, 2013 proposal, are exempt.

Under the February 14, 2013 proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. Joint statements issued by participating Member States indicate an intention to implement the FTT by January 1, 2016. It may therefore be altered prior to any implementation, the timing of which remains unclear. Prospective holders of the Notes are advised to should consult their professional advisors in relation to the FTT.

PLAN OF DISTRIBUTION

Summary of the Program Agreement

Subject to the terms and on the conditions contained in an amended and restated program agreement, dated November 28, 2014 (together with all supplements and further amendments thereto, the “Program Agreement”), between the Company, the Arrangers and the Dealers named therein, the Notes will be offered from time to time for sale through the Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Program Agreement also provides for Notes to be issued in syndicated series that are jointly and severally underwritten by two or more Dealers. The Program Agreement further provides for the resignation of existing Dealers and the appointment of additional Dealers.

The Company will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Company has agreed to reimburse the Arrangers for their expenses incurred in connection with the update of the Program and the Dealers for certain of their activities in connection with the Program. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

The Company has agreed to indemnify the Dealers in connection with the offer and sale of such Notes, including liability under the Securities Act. The Program Agreement entitles the Dealers to terminate any agreement that they make to purchase Notes in certain circumstances prior to payment for such Notes being made to the Company.

The Dealers may from time to time purchase and sell Notes in the secondary market, but they are not obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, the Dealers may make a market in the Notes.

Application has been made for permission to deal in, and for quotation of, any Notes which are agreed at the time of issue to be so listed on the SGX-ST. In connection with the offer and sale of each series of Notes, the relevant Pricing Supplement will indicate whether or not and, if so, on which stock exchange(s) the Notes will be listed. No assurances can be given that an application to the SGX-ST will be approved. In addition, no assurances can be given that if the Program qualifies for listing on a stock exchange and the relevant Pricing Supplement indicates that such series of Notes will be listed on a stock exchange, that such Notes will trade from their date of issuance until maturity (or early redemption).

Some of the Dealers and their affiliates have, directly or indirectly, performed investment and/ or commercial banking or financial advisory or trustee services for the Company or its affiliates, for which they may have received customary fees and commissions, and they expect to provide these services to the Company and its affiliates in the future, for which they may also receive customary fees and commissions.

Selling Restrictions

General

These selling restrictions may be modified by the agreement of the Company and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes, or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement.

United States

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed and each further Dealer appointed under the Program will be required to agree that, except as permitted by the Program Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the relevant Trustee or the Company by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the relevant Trustee or the Company shall notify such Dealer when all such Dealers have so certified), within the United States or its possessions or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period (other than resales pursuant to Rule 144A) a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or its possessions or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

In addition in respect of Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement:

- (i) except to the extent permitted under rules in substantially the same form as U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) for purposes of Section 4701 of the U.S. Internal Revenue Code (“TEFRA D”), each Dealer (a) represents that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (b) represents that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Bearer Notes that are sold during the restricted period;
- (ii) each Dealer represents that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Bearer Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by TEFRA D;
- (iii) if it is a United States person, each Dealer represents that it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of rules in substantially the same form as U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(6) for purposes of Section 4701 of the U.S. Internal Revenue Code;
- (iv) with respect to each affiliate that acquires Bearer Notes from a Dealer for the purpose of offering or selling such Bearer Notes during the restricted period, such Dealer either (a) repeats and confirms the representations and agreements contained in clauses (i), (ii) and (iii) above on such affiliate’s behalf or (b) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in clauses (i), (ii) and (iii) above; and
- (v) such Dealer will obtain for the benefit of the Issuer the representations and agreements contained in clauses (i), (ii), (iii) and (iv) above from any person other than its affiliate with whom it enters into a written contract, as defined in rules in substantially the same form as United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(4), for purposes of Section 4701 of the U.S. Internal Revenue Code for the offer and sale during the restricted period of Bearer Notes.

Terms used in the preceding paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including TEFRA D.

In respect of Bearer Notes where TEFRA C is specified in the applicable Pricing Supplement under rules in substantially the same form as U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(C) for purposes of Section 4701 of the U.S. Internal Revenue Code (“TEFRA C”), such Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Notes within the United States or its possessions in connection with their original issuance. Further, each Dealer represents and agrees in connection with the original issuance of such Bearer Notes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Bearer Notes. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including TEFRA C.

Notes issued pursuant to TEFRA D (other than Temporary Global Notes) and any receipts or coupons appertaining thereto will bear the following legend: “ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE”.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Program Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person, other than any qualified institutional buyer within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Offering Circular by any non-U.S. person outside the United States or by any qualified institutional buyer in the United States to any U.S. person or to any other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer with respect thereto, is unauthorized and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer, is prohibited.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000, as amended (the “FSMA”) by the Company;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Singapore

Each Dealer has acknowledged and each further Dealer appointed under the Program will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Program will be required to represent, warrant and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

“securities” (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) (“SFO”) and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Cap. 32) (“CO”) or which do not constitute an offer or invitation to the public within the meaning of the CO or the SFO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the pricing supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the pricing supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a Non-exempt Offer), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the pricing supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a “qualified investor” as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “an offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Switzerland

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

The People’s Republic of China

Each Dealer has represented, warranted and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including the Hong Kong Special Administrative Region), except as permitted by the securities laws of the People’s Republic of China. See “— Hong Kong” above for the selling restrictions relating to the Hong Kong Special Administrative Region.

UNITED STATES BENEFIT PLAN INVESTOR CONSIDERATIONS

The Notes may be purchased and held by an employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or by an individual retirement account or other plan subject to Section 4975 of the Internal Revenue Code. A fiduciary of an employee benefit plan subject to ERISA must determine that the purchase and holding of a Note is consistent with its fiduciary duties under ERISA. The fiduciary of an ERISA plan, as well as any other prospective investor subject to Section 4975 of the Internal Revenue Code or any similar law, must also determine that its purchase and holding of Notes does not result in a non-exempt prohibited transaction as defined in Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any similar law. Each purchaser and transferee of a Note who is subject to ERISA and/or Section 4975 of the Internal Revenue Code or a similar law will be deemed to have represented by its acquisition and holding of the Note that its acquisition and holding of the Notes does not constitute or give rise to a non-exempt prohibited transaction under ERISA, Section 4975 of the Internal Revenue Code or a violation of any similar law.

NOTICE TO PURCHASERS AND HOLDERS OF REGISTERED GLOBAL NOTES AND TRANSFER RESTRICTIONS

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of Notes.

Each prospective purchaser of Notes that have a legend regarding restrictions on transferability, by accepting delivery of this Offering Circular, will be deemed to have represented and agreed that this Offering Circular is personal to such offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this Offering Circular, or disclosure of any of its contents to any person other than such offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of any of its contents, without our prior written consent is prohibited.

Restricted Global Notes

Each U.S. person, and person acting for the account or benefit of a U.S. person, purchasing Notes pursuant to Rule 144A and each purchaser of Notes within the United States pursuant to Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a qualified institutional buyer within the meaning of Rule 144A (“QIB”), (b) acquiring such Notes for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.
2. (i) The Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction to a non-U.S. person in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States, and (ii) it will, and each subsequent holder of such Notes is required to, notify any purchasers of such Notes from it of the resale restrictions on such Notes.
3. Such Notes, unless the Issuer determines otherwise in compliance with applicable law, will bear a legend to the following effect:

“THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND UNDER THE APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE DEALERS THAT (A) THIS NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF SUCH RULE 144A, (2) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION TO A NON-U.S. PERSON IN ACCORDANCE WITH

REGULATION S UNDER THE SECURITIES ACT, OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND THAT (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN (A) ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.”

4. It understands that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
5. It understands that the Notes offered in reliance on Rule 144A will be represented by the Restricted Global Note. Before any interest in the Restricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, it will be required to provide the Note Registrar as Transfer Agent with a written certification (in the form provided in the Indenture) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Each Definitive Registered Note that is Offered and sold in the United States to an Institutional Accredited Investor pursuant to Section 4(a)(2) of the Securities Act or in a transaction otherwise exempt from registration under the Securities Act will bear a legend to the following effect, in addition to such other legends as may be necessary or appropriate, unless we determine otherwise in compliance with applicable law:

“THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND UNDER THE APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE ACKNOWLEDGES FOR THE BENEFIT OF THE ISSUER AND THE DEALERS THE RESTRICTIONS ON THE TRANSFER OF THIS NOTE SET FORTH BELOW AND AGREES THAT IT SHALL TRANSFER THIS NOTE ONLY AS PROVIDED IN THE INDENTURE ENTERED INTO BY THE ISSUER ON OCTOBER 16, 2003 AND AS AMENDED AND RESTATED ON NOVEMBER 28, 2014. THE PURCHASER REPRESENTS THAT IT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO ANY RESALE OR DISTRIBUTION HEREOF, SUBJECT TO ITS ABILITY TO RESELL THIS NOTE PURSUANT TO RULE 144A OR REGULATION S UNDER THE SECURITIES ACT OR AS OTHERWISE PROVIDED BELOW AND SUBJECT IN ANY CASE TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF THE PROPERTY OF ANY PURCHASER SHALL AT ALL TIMES BE AND REMAIN WITHIN ITS CONTROL. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, RESELL OR OTHERWISE TRANSFER SUCH NOTE, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE) ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED

EFFECTIVE UNDER THE SECURITIES ACT, (C) TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501 (a)(1), (2), (3) or (7) UNDER THE SECURITIES ACT THAT IS ACQUIRING THE NOTE FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL “ACCREDITED INVESTOR,” IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE NOTES OF U.S.\$250,000 AND MULTIPLES OF U.S.\$1,000 IN EXCESS THEREOF FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO, OR FOR OFFER OR RESALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, (F) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 (IF AVAILABLE) OR (G) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (E), (F) OR (G) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO THE ISSUER, AND IN EACH OF THE FOREGOING CASES, A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND, IN EACH OF THE FOREGOING CASES, NOT IN VIOLATION OF ANY APPLICABLE STATE SECURITIES LAWS. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN THIS PARAGRAPH. NO REPRESENTATION CAN BE MADE AS TO AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THIS NOTE.

IF REQUESTED BY THE ISSUER OR BY A DEALER, THE PURCHASER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE WHETHER THE TRANSFER OF THIS NOTE IS PERMISSIBLE UNDER THE SECURITIES ACT. THIS NOTE AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE REALES OR TRANSFERS OF RESTRICTED NOTES GENERALLY. BY THE ACCEPTANCE OF THIS NOTE, THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.”

Each purchaser of Definitive Registered Notes will be required to deliver to us and the Security Registrar an IAI Investment Letter substantially in the form attached to the Indenture. The Definitive Registered Notes in definitive form will be subject to the transfer restrictions set forth in the above legend, such letter and in the Indenture. Inquiries concerning transfers of Notes should be made to any Dealer.

Regulation S Global Note

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period (as defined in Regulation S), by accepting delivery of this Offering Circular and the Notes will be deemed to have represented, agreed and acknowledged that:

1. It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

2. It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (b) in an offshore transaction to a non-U.S. person in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
3. It understands that such Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend to the following:

“THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. TERMS USED HEREIN HAVE THE MEANINGS GIVEN THEM IN REGULATION S UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL OF THE NOTES OF THE SERIES OF WHICH THIS NOTE FORMS PART, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS UNLESS MADE (I) PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.”
4. It understands that the Issuer, the Note Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
5. It understands that the Notes offered in reliance on Regulation S will be represented by the Regulation S Global Note. Prior to the expiration of the distribution compliance period, before any interest in the Restricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, it will be required to provide the Note Registrar as Transfer Agent with a written certification (in the form provided in the Indenture) as to compliance with applicable securities laws.
6. Delivery of the Notes may be made against payment therefor on or about a date which will occur more than three business days after the date of pricing of the Notes which date may be specified in the Pricing Supplement. Pursuant to Rule 15c6-1 under the U.S. Securities Exchange Act of 1934 (the “Exchange Act”), trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes may initially settle on or about a date which will occur more than three business days after the date of pricing of the Notes to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on the date of pricing or the next succeeding business day should consult their own advisor.

LEGAL MATTERS

Legal matters in connection with the issue and sale of the Notes offered hereby will be passed upon for SP PowerAssets (i) by Allen & Gledhill LLP, legal advisor to SP PowerAssets, with respect to certain matters of Singapore law and (ii) by Latham & Watkins LLP, legal advisor to SP PowerAssets, with respect to certain matters of English law, New York law and the federal securities laws of the United States. Certain legal matters with respect to the Notes will be passed upon for the Arrangers and Dealers by Davis Polk & Wardwell as to matters of New York law and the federal securities laws of the United States.

RATINGS

SP PowerAssets has been assigned an overall corporate credit rating of “Aa2” by Moody’s and “AA” by Standard & Poor’s. Any credit ratings accorded to SP PowerAssets or the Notes are not a recommendation to buy, sell or hold the Notes in as much as such ratings do not comment as to market price or suitability for investors. Credit ratings are subject to revision, suspension or withdrawal at any time by the assigning rating agency. Rating agencies may also revise or replace entirely the methodology applied to derive credit ratings. No assurances can be given that a credit rating will remain for any period of time or that a credit rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant or if a different methodology is applied to derive that credit rating. See “Risk Factors—Risks Related to Our Business and Industry—A downgrade of our credit rating could have a material adverse effect on us and on the price of the Notes” and “Risk Factors—Risks Related to the Notes—The Notes may not be rated and, if rated, their ratings could be lowered” for more details.

INDEPENDENT AUDITORS

The financial statements of SP PowerAssets Limited as of and for the years ended March 31, 2013 and March 31, 2014 included in this Offering Circular have been audited by KPMG LLP, Independent Auditors, as stated in their reports appearing herein.

The financial statements of SP PowerAssets Limited as of and for the year ended March 31, 2015 included in this Offering Circular have been audited by Ernst & Young LLP, Independent Auditors, as stated in their report appearing herein.

GENERAL INFORMATION

1. Our principal offices are located at 10, Pasir Panjang Road, #03-01 Mapletree Business City, Singapore 117438.
2. Each series of Bearer Notes will be initially represented by either a temporary global note or a permanent global note that will be deposited on the issue date thereof with CDP or a common depositary on behalf of Euroclear and Clearstream or any other agreed clearance system compatible with Euroclear and Clearstream. Registered Notes sold in an “Offshore transaction” to a non-“U.S. person” within the meaning of Regulation S will be initially represented by interests in a Regulation S Global Note and deposited on the issue date thereof with, and registered in the name of, CDP or a common depositary for, and registered in the name of a nominee of, Euroclear and Clearstream. The Common Code and the relevant ISIN number for each Bearer Series of Notes, together with the relevant Common Code, ISIN number and the CUSIP numbers for each Registered Series, will be contained in the Pricing Supplement relating thereto. In addition, we will make an application with respect to any Restricted Global Notes of a Registered Series to be accepted for trading in book-entry form by DTC. Acceptance of each Registered Series by DTC will be confirmed in the applicable Pricing Supplement.
3. Application has been made to the SGX-ST for permission to deal in and for quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. There can be no assurance that the application to the SGX-ST for the listing of such Notes will be approved.
4. Except as disclosed in this Offering Circular, there has been no material adverse change in our financial position in the context of the issue and offering of any Notes under this Program since March 31, 2015, the date of our last audited financial statements.
5. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”
6. We have agreed to furnish to investors upon request such information as may be required by Rule 144A(d)(4).
7. KPMG LLP, independent auditors, have audited, and issued unqualified audit reports on the financial statements of the Company as of and for the fiscal years ended March 31, 2013 and 2014, and have given their written consent to the Company for the inclusion of their audit reports in this document in the form and context in which they are respectively included. Such consent is different from a consent filed with the U.S. Securities and Exchange Commission under Section 7 of the U.S. Securities Act of 1933, as amended (the “Securities Act”), which is applicable only to transactions involving securities registered under the Securities Act. As Notes under the Program have not and will not be registered under the Securities Act, KPMG LLP has not filed a consent under Section 7 of the Securities Act. Ernst & Young LLP, Chartered Accountants have audited, and rendered an unqualified audit report on the accounts of the Company as of and for the period from April 1, 2014 to March 31, 2015, and have given their written consent to the issue of this document with the inclusion in it of their report in the form and context in which it is included.
8. The Notes are freely tradable securities in accordance with the requirements of the listing rules of the SGX-ST. However, there are certain restrictions as to the offer, sale and transfer of the Notes as set out herein. See “Plan of Distribution” and “Notice to Purchasers and Holders of Registered Global Notes and Transfer Restrictions”.

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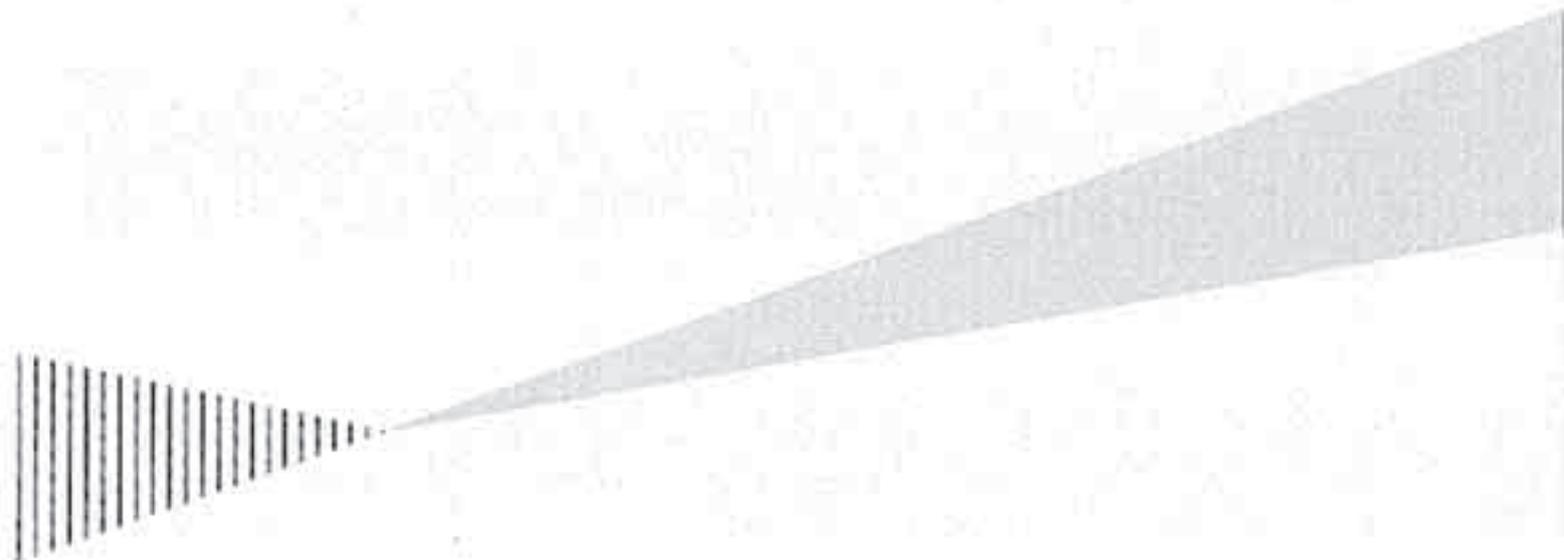
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SP PowerAssets Limited
Registration Number: 200302108D

Annual Report
Year ended 31 March 2015



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Directors' report

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2015.

Directors

The directors in office at the date of this report are as follows:

Mr Wong Kim Yin
 Mr Lim Howe Run
 Ms Lim Chor Hoon
 Mr Chuah Kee Heng
 Ms Lena Chia Yuc Joo (Appointed on 1 April 2015)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Mr Wong Kim Yin		
Singapore Telecommunications Limited shares	190	190
Mapletree Industrial Trust units	30,000	30,000
Ms Lim Lay Hong <i>(Stepped down from the Board on 1 April 2015)</i>		
Singapore Telecommunications Limited shares	2,430	2,430
Mr Lim Howe Run		
Singapore Telecommunications Limited shares	2,970	2,970
Singapore Airlines Limited shares	1,000	1,000
Ms Lim Chor Hoon		
Singapore Telecommunications Limited shares	1,360	1,360

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Mr Chuah Kee Heng		
Neptune Orient Lines Limited shares	78,000	78,000
Mapletree Industrial Trust units	38,619	38,619
Mapletree Commercial Trust units	47,000	47,000
Mapletree Logistics Trust units	23,000	23,000
SMRT Corporation Ltd shares	8,000	8,000
Singapore Airlines Limited shares	1,000	1,000
Singapore Telecommunications Limited shares	12,000	12,000

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except that the directors have employment relationships with or are directors of the immediate holding company or related corporations and have received remuneration in those capacities.

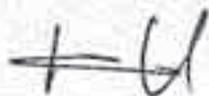
Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

On behalf of the Board of Directors



MR WONG KIM YIN
Chairman



MR LIM HOWE RUN
Director

15 May 2015

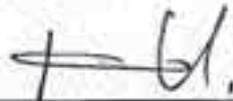
Statement by Directors

In our opinion:

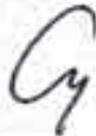
- (a) the financial statements set out on pages 7 to 45 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



MR WONG KIM YIN
Chairman



MR LIM HOWE RUN
Director

15 May 2015



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working world

Independent Auditor's Report For the financial year ended 31 March 2015

Independent Auditor's Report to the Member of SP PowerAssets Limited

Report on the Financial Statements

We have audited the accompanying financial statements of SP PowerAssets Limited (the "Company") set out on pages 7 to 45, which comprise the balance sheet as at 31 March 2015, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Company for the year ended on that date.

Other Matters

The financial statements of the Company for the year ended 31 March 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 22 May 2014.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst + Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

15 May 2015

Balance sheet
As at 31 March 2015

	Note	2015 \$ million	2014 \$ million
Non-current assets			
Property, plant and equipment	4	8,327.7	7,975.4
Intangible assets	5	2,231.4	2,218.0
Financial derivative assets		159.5	75.2
		<u>10,718.6</u>	<u>10,268.6</u>
Current assets			
Inventories	6	41.8	41.0
Trade and other receivables	7	208.8	218.7
Cash and cash equivalents	8	68.8	34.5
		<u>319.4</u>	<u>294.2</u>
Total assets		<u>11,038.0</u>	<u>10,562.8</u>
Equity			
Share capital	9	2,512.4	2,512.4
Reserves	10	1,628.7	1,263.9
Total equity		<u>4,141.1</u>	<u>3,776.3</u>
Non-current liabilities			
Debt obligations	11	3,174.5	3,715.3
Deferred income	12	195.4	232.2
Deferred tax liabilities	13	1,029.9	981.2
Financial derivative liabilities		62.2	108.2
		<u>4,462.0</u>	<u>5,036.9</u>
Current liabilities			
Trade and other payables	14	1,785.8	1,509.8
Debt obligations	11	582.4	162.1
Current tax payable		66.7	77.7
		<u>2,434.9</u>	<u>1,749.6</u>
Total liabilities		<u>6,896.9</u>	<u>6,786.5</u>
Total equity and liabilities		<u>11,038.0</u>	<u>10,562.8</u>

The accompanying notes form an integral part of these financial statements.

Income statement
Year ended 31 March 2015

	Note	2015 \$ million	2014 \$ million
Revenue	15	1,483.5	1,193.8
Other income	16	80.6	67.3
Expenses			
- Depreciation of property, plant and equipment	4	(438.7)	(396.1)
- Amortisation of intangible assets	5	(8.6)	(6.1)
- Maintenance		(70.9)	(73.1)
- Management fees		(130.0)	(129.8)
- Property taxes		(33.1)	(44.1)
- Agency fee		(19.5)	(18.6)
- Support services		(16.9)	(13.8)
- Other operating expenses		(36.3)	(42.2)
Operating profit		810.1	537.3
Finance income	17	0.5	2.9
Finance costs	18	(91.9)	(83.1)
Profit before taxation		718.7	457.1
Tax expense	19	(126.0)	(78.5)
Profit for the year	20	592.7	378.6

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income
Year ended 31 March 2015

	2015	2014
	\$ million	\$ million
Profit for the year	592.7	378.6
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges, net of tax	29.5	18.4
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	5.0	1.1
Net change in fair value of cash flow hedges on recognition of the hedged items on balance sheet, net of tax	1.9	6.2
Other comprehensive income for the year, net of tax	<u>36.4</u>	<u>25.7</u>
Total comprehensive income for the year	<u>629.1</u>	<u>404.3</u>

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
 Year ended 31 March 2015

	Share capital \$ million	Hedging reserve \$ million	Accumulated profits \$ million	Total equity \$ million
At 1 April 2013	2,512.4	(15.3)	874.9	3,372.0
Total comprehensive income for the year				
Profit for the year	–	–	378.6	378.6
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedges, net of tax	–	18.4	–	18.4
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	–	1.1	–	1.1
Net change in fair value of cash flow hedges on recognition of the hedged item on balance sheet, net of tax	–	6.2	–	6.2
Total other comprehensive income	–	25.7	–	25.7
Total comprehensive income for the year	–	25.7	378.6	404.3
At 31 March 2014	2,512.4	10.4	1,253.5	3,776.3
At 1 April 2014	2,512.4	10.4	1,253.5	3,776.3
Total comprehensive income for the year				
Profit for the year	–	–	592.7	592.7
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedges, net of tax	–	29.5	–	29.5
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	–	5.0	–	5.0
Net change in fair value of cash flow hedges on recognition of the hedged item on balance sheet, net of tax	–	1.9	–	1.9
Total other comprehensive income	–	36.4	–	36.4
Total comprehensive income for the year	–	36.4	592.7	629.1
Transaction with owner, recognised directly in equity				
Contributions by and distribution to owner				
Final tax-exempt dividend paid of \$0.1052 per share for the year ended 31 March 2014	–	–	(264.3)	(264.3)
At 31 March 2015	2,512.4	46.8	1,581.9	4,141.1

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 31 March 2015

	2015	2014
	\$ million	\$ million
Cash flows from operating activities		
Profit before tax	718.7	457.1
Adjustments for:		
Depreciation and amortisation	447.3	402.2
Loss on disposal of property, plant and equipment	1.3	5.1
Billings in advance	(27.7)	27.7
Accretion of deferred income	(9.1)	(9.0)
Inventories written down	2.1	2.1
Provision for stock obsolescence	0.7	–
Finance income	(0.5)	(2.9)
Finance costs	91.9	83.1
	<u>1,224.7</u>	<u>965.4</u>
Changes in working capital:		
Inventories	(3.6)	0.6
Trade and other receivables	11.9	62.1
Trade and other payables	(167.5)	79.6
Cash generated from operations	<u>1,065.5</u>	<u>1,107.7</u>
Interest received	0.5	1.2
Income tax paid	(95.8)	(72.3)
Net cash from operating activities	<u>970.2</u>	<u>1,036.6</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(845.6)	(814.3)
Purchase of intangible assets	(22.0)	(16.8)
Proceeds from disposal of property, plant and equipment	12.1	3.1
Net cash used in investing activities	<u>(855.5)</u>	<u>(828.0)</u>
Cash flows from financing activities		
Interest paid	(128.5)	(178.7)
Repayment of bank loans	–	(617.0)
Proceeds from bank loans	–	617.0
Redemption of borrowings	(194.4)	(1,740.0)
Repayment of loan note issued to immediate holding company	–	(359.0)
Repayment from immediate holding company (non-trade)	–	614.5
Proceeds from immediate holding company (non-trade)	506.8	659.1
Proceeds from termination of swaps	–	33.0
Dividends paid to owner of the Company	(264.3)	–
Net cash used in financing activities	<u>(80.4)</u>	<u>(971.1)</u>
Net increase/(decrease) in cash and cash equivalents	<u>34.3</u>	<u>(762.5)</u>
Cash and cash equivalents at beginning of the year	<u>34.5</u>	<u>797.0</u>
Cash and cash equivalents at end of the year	<u>68.8</u>	<u>34.5</u>

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 May 2015.

1 Domicile and activities

SP PowerAssets Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 10 Pasir Panjang Road, #03-01, Mapletree Business City, Singapore 117438.

The principal activities of the Company are those relating to the provision of services in connection with the transmission and distribution of electricity.

The immediate and ultimate holding companies are Singapore Power Limited and Temasek Holdings (Private) Limited respectively. Both companies are incorporated in the Republic of Singapore.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies set out below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest 0.1 million, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is discussed below:

Impairment of goodwill and indefinite-lived intangible assets

Impairment reviews in respect of goodwill and intangible assets are performed at least annually. More regular reviews are performed if changes in circumstances or the occurrence of events indicate potential impairment. The Company uses the present value of future cash flows to determine the recoverable amounts of the cash generating units. In calculating the recoverable amounts, significant management judgement is required in forecasting cash flows of the cash generating units, in estimating the terminal growth values and in selecting an appropriate discount rate. Details of key assumptions made are set out in note 5.

Revenue recognition

Revenue from use of system charges is recognised when electricity is delivered to consumers. This is estimated based on the amounts billed and the revenue allowed by Energy Market Authority (EMA), using the approved tariffs and the volume of electricity delivered.

Estimating fair values of financial assets and financial liabilities

The fair value of financial assets and financial liabilities are estimated for recognition, measurement and disclosure purposes. Note 23 sets out the basis of valuation of financial assets and liabilities.

2.5 Changes in accounting policies

Adoption of new and revised FRSs and Interpretations to FRS

The Company has adopted all the new and revised FRSs and Interpretations to FRS (INT FRS) that became mandatory for the financial year beginning on 1 April 2014. The adoption of these new FRSs and INT FRS has no significant impact to the Company's financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently for all periods presented in these financial statements.

3.1 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing cost. Capitalisation of borrowing costs will cease when the asset is ready for its intended use, which is defined by the commencement of revenue earning. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other operating expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land and construction-in-progress are not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	Remaining term of the lease ranging from 20 to 99 years
Leasehold buildings	30 years
Transformers and switchgear	30 years
Other plant and machinery	
- Works and other equipment	3 to 10 years
- Standby electricity generator and other machinery	15 to 25 years
Mains	30 years
Other fixed assets (principally meters and motor vehicles)	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.2 Intangible assets

Goodwill

Goodwill arising from acquisition represents the excess of the cost of acquisition over the fair value of identifiable net assets acquired.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses and is tested for impairment on an annual basis as described in note 3.5.

Other intangible assets

Deferred expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. This relates mainly to contributions paid by the Company in accordance with regulatory requirements towards capital expenditure costs incurred by electricity generation companies. Deferred expenditure is amortised on a straight-line basis over the period in which the Company derives benefits from the capital contribution payments, which is generally the useful life of the relevant equipment ranging from 7 to 19 years.

Computer software development in-progress is initially measured at cost. Following initial recognition, computer software development in-progress is measured at cost less accumulated impaired losses.

3.3 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The rights of offset must not be contingent on a future event and must be enforceable in the event of bankruptcy or insolvency of all the counterparties to the contract.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivatives financial liabilities

The Company initially recognises debt securities and bank borrowings on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

These financial liabilities comprise trade and other payables, loan note issued to immediate holding company and debt obligations.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivative are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in fair value or cash flows of the respective hedged items attributable to the hedged risk and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit and loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit and loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in profit or loss. The hedged item is adjusted to reflect changes in its fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in profit or loss with an adjustment to the carrying amount of the hedged item.

Derivatives that do not qualify for hedge accounting

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.4 Leased assets

Where the Company has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease.

3.5 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event had occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined based on the weighted average method, and includes expenditure in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Cost may also include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories. Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

3.7 Provisions

A provision is recognised if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.8 Deferred income

Deferred income comprises (i) contributions made by certain customers towards the cost of capital projects received prior to 1 July 2009 and (ii) billings in advance.

Customers' contributions

Deferred income is recognised on a straight-line basis and taken to profit or loss over the periods necessary to match the depreciation of the assets purchased with the customers' contributions.

Billings in advance

Deferred income is recognised in profit or loss over the periods necessary to adjust allowed revenue (in accordance with the price regulation framework approved by EMA) to revenue earned based on services rendered. At the end of each regulatory period, any outstanding balance is taken to profit or loss as revenue.

3.9 Revenue recognition

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Use of system charges

Revenue from use of system charges is recognised when electricity is delivered to consumers.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion of contract costs incurred or work performed to date to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

3.10 Price regulation and licence

The Company's operations in Singapore are regulated under the Electricity Licence for Transmission Licensee issued by the Energy Market Authority of Singapore (EMA).

Revenue to be earned from the transmission of electricity is regulated based on certain formulae and parameters set out in the licence, relevant acts and codes.

Actual revenue billed may vary from that allowed, resulting in an adjustment that may increase or decrease tariffs in succeeding periods to recover or refund amounts under or over charged. Amounts to be recovered or refunded are brought to account as adjustments to revenue in the period in which the Company becomes entitled to the recovery or liable for the refund.

The Company's capital expenditure and tax expense may vary from its regulatory plan and is subject to a review by the EMA. The results of the variances in capital expenditure and tax expense may be translated into price adjustments, if any, in the following reset period.

3.11 Lease payment

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.12 Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, fair value gains or losses on financial assets and liabilities at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), gains or losses on hedging instruments that are recognised in profit or loss and amortisation of transaction costs capitalised.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.13 Tax expense

Tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in the other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary difference on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.14 Segment reporting

The Company determines and presents operating segments based on the information that is provided internally to the chief operating decision maker.

The Company has only one operating segment – electricity transmission and distribution, and hence no separate disclosures are made in the financial statements.

3.15 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 April 2014 have not been applied in preparing these financial statements. None of these is expected to have a significant impact on the Company's financial statements in the next financial year.

4 Property, plant and equipment

	Freehold land \$ million	Leasehold land \$ million	Leasehold buildings \$ million	Switchgear \$ million	Transformers \$ million	Other plant and machinery \$ million	Mains \$ million	Other fixed assets \$ million	Construction-in-progress \$ million	Total \$ million
Cost										
At 1 April 2013	0.3	356.3	942.2	2,495.3	1,112.7	183.3	4,820.4	92.9	761.7	10,768.1
Additions	-	-	-	0.1	1.5	2.7	-	19.1	800.2	823.6
Disposals	-	(0.2)	-	(8.7)	(8.8)	(5.3)	-	(0.7)	-	(23.7)
Reclassification	-	62.0	162.3	174.3	112.2	16.4	103.9	0.3	(631.4)	-
At 31 March 2014	0.3	418.1	1,104.5	2,664.0	1,217.6	197.1	4,924.3	111.6	930.5	11,568.0
Additions	-	-	-	0.6	-	3.6	-	25.9	779.7	809.8
Disposals	-	(0.2)	-	(7.8)	(8.9)	(3.1)	(87.3)	(1.4)	-	(108.7)
Transfers to intangibles (Note 5)	-	-	-	-	-	-	-	-	(5.4)	(5.4)
Reclassification	-	(0.1)	43.8	130.2	119.9	23.8	197.4	5.5	(520.5)	-
At 31 March 2015	0.3	417.8	1,148.3	2,787.0	1,328.6	221.4	5,034.4	141.6	1,184.3	12,263.7
Accumulated depreciation										
At 1 April 2013	-	73.6	322.1	806.0	312.7	140.3	1,494.7	62.6	-	3,212.0
Depreciation	-	9.9	42.7	104.9	46.3	15.1	169.9	7.3	-	396.1
Disposals	-	-	-	(5.3)	(4.2)	(5.3)	-	(0.7)	-	(15.5)
At 31 March 2014	-	83.5	364.8	905.6	354.8	150.1	1,664.6	69.2	-	3,592.6
Depreciation	-	10.8	41.7	125.6	48.9	17.8	182.9	11.0	-	438.7
Disposals	-	-	-	(3.7)	(4.5)	(3.1)	(82.9)	(1.1)	-	(95.3)
Reclassification	-	-	-	(1.8)	-	-	1.8	-	-	-
At 31 March 2015	-	94.3	406.5	1,025.7	399.2	164.8	1,766.4	79.1	-	3,936.0
Carrying amounts										
At 31 March 2014	0.3	334.6	739.7	1,758.4	862.8	47.0	3,259.7	42.4	930.5	7,975.4
At 31 March 2015	0.3	323.5	741.8	1,761.3	929.4	56.6	3,268.0	62.5	1,184.3	8,327.7

5 Intangible assets

	Goodwill on acquisition \$ million	Deferred expenditure \$ million	Computer software \$ million	Computer software development in-progress \$ million	Total \$ million
Cost					
At 1 April 2013	2,166.8	101.2	–	9.0	2,277.0
Additions	–	0.2	–	16.6	16.8
Reclassification	–	–	4.4	(4.4)	–
At 31 March 2014	2,166.8	101.4	4.4	21.2	2,293.8
Additions	–	0.1	–	16.5	16.6
Transfers (Note 4)	–	5.4	–	–	5.4
Reclassification	–	–	11.6	(11.6)	–
At 31 March 2015	2,166.8	106.9	16.0	26.1	2,315.8
Accumulated amortisation					
At 1 April 2013	–	69.7	–	–	69.7
Amortisation	–	5.3	0.8	–	6.1
At 31 March 2014	–	75.0	0.8	–	75.8
Amortisation	–	5.3	3.3	–	8.6
At 31 March 2015	–	80.3	4.1	–	84.4
Carrying amounts					
At 31 March 2014	2,166.8	26.4	3.6	21.2	2,218.0
At 31 March 2015	2,166.8	26.6	11.9	26.1	2,231.4

Impairment test for goodwill

The Company as a whole is considered a CGU.

The recoverable amount of the CGU is based on their fair value less costs to sell. The recoverable amount of the CGU is determined to be higher than its carrying amount hence no impairment is necessary.

Fair value less costs to sell is determined by discounting future cash flows generated from the continuing use of the CGU and is based on the following key assumptions:

1. Cash flows are projected based on a 5-year business plan.
2. Cash flows are discounted using a pre-tax discount rate of 6.05% (2014: 6.63%) per annum that reflects current market assessments of the time value of money and risks specific to the CGU.

6 Inventories

	2015 \$ million	2014 \$ million
Cables	33.4	32.3
Transformers	1.1	1.1
Switchgear	6.4	6.1
Spare parts and accessories	1.8	1.7
	<u>42.7</u>	<u>41.2</u>
Allowance for obsolescence	(0.9)	(0.2)
	<u>41.8</u>	<u>41.0</u>

In the financial year ended 31 March 2015, inventories recognised as an expense in the income statement amounted to \$6.1 million (2014: \$6.4 million). The write-down of inventories to net realisable value by the Company amounted to \$2.8 million (2014: \$2.2 million). The reversal of write-down by the Company amounted to Nil (2014: \$0.1 million).

7 Trade and other receivables

	2015 \$ million	2014 \$ million
Trade receivables	103.6	106.7
Impairment loss	(0.7)	(0.2)
	<u>102.9</u>	<u>106.5</u>
Amounts due from related companies (trade)	75.0	70.3
Amounts due from immediate holding company (trade)	0.1	0.5
	<u>178.0</u>	<u>177.3</u>
Loans and receivables	15.9	29.8
Advances and deposits	9.6	10.2
Prepayments	5.3	1.4
Financial derivative assets	<u>208.8</u>	<u>218.7</u>

There is no allowance for impairment arising from outstanding balances due from immediate holding company and related companies.

Trade receivables

Trade receivables are mainly interest-bearing and the average credit terms are between 10 to 30 calendar days (2014: 10 to 30 calendar days). An allowance has been made for estimated unrecoverable amounts, determined by reference to past default experience of individual debtors and collective portfolio.

Collateral in the form of bank guarantees and deposits are obtained from counterparties where appropriate. There were no amounts called upon during the year.

The maximum exposure to credit risk for trade receivables at reporting date by types of customer is as follows:

	2015 S million	2014 S million
Contestable transmission/ distribution customers	93.1	89.0
Project-based customers	9.4	16.5
Others	0.4	1.0
	<u>102.9</u>	<u>106.5</u>

There is no significant concentration of credit risk of trade receivables.

The maximum exposure to credit risk for trade receivables by geographic region, relates mainly to Singapore at the reporting date.

The Company has policies in place to monitor its credit risk. Contractual deposits are collected and sufficient collaterals are obtained to mitigate the risk of financial loss from defaults. The Company's customers are spread across diverse industries and ongoing credit evaluation is performed on the financial condition of receivables to ensure minimal exposure to bad debts.

The ageing of trade receivables at the reporting date is as follows:

	2015 S million	2014 S million
Not past due	101.8	101.8
Past due 0-30 days	-	0.3
Past due 31-90 days	-	1.2
Past due 91-180 days	-	0.1
Past due more than 180 days	-	0.5
Not impaired	<u>101.8</u>	<u>103.9</u>
Impaired	1.8	2.8
	<u>103.6</u>	<u>106.7</u>

The movement in allowance for impairment during the year is as follows:

	2015 \$ million	2014 \$ million
At 1 April	0.2	0.2
Impairment loss recognised	0.6	0.1
Impairment loss written back	(0.1)	(0.1)
At 31 March	0.7	0.2

Other items in loans and receivables are not past due and no impairment provision is made for these balances.

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the balance sheet; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the balance sheet.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the balance sheet.

The Company's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the balance sheet. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Company or the counterparties. In addition the Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Types of financial assets	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not offset in the balance sheet – financial instruments	Net amounts
	\$ million	\$ million	\$ million	\$ million	\$ million
2015					
Financial derivative assets	164.8	–	164.8	(27.4)	137.4
2014					
Financial derivative assets	76.6	–	76.6	(9.2)	67.4

Types of financial liabilities	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not offset in the balance sheet – financial instruments	Net amounts
	\$ million	\$ million	\$ million	\$ million	\$ million
2015					
Financial derivative liabilities	74.4	–	74.4	(27.4)	47.0
2014					
Financial derivative liabilities	142.2	–	142.2	(9.2)	133.0

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the balance sheet that are disclosed in the above tables are measured in the balance sheet on the following basis:

- financial derivative assets and liabilities – fair value; and
- trade receivables and trade payables – amortised cost.

The tables below reconcile the 'Net amounts of financial assets and financial liabilities presented in the balance sheet', as set out above, to the line items presented in the balance sheet.

Types of financial assets	Net amounts of financial assets presented in the balance sheet	Line item in the balance sheet	Carrying amounts \$ million	Financial assets not in scope of offsetting disclosures \$ million	Note
	\$ million				
2015					
Derivative assets	159.5	Financial derivative assets	159.5	–	
Derivative assets	5.3	Trade and other receivables	208.8	203.5	7
2014					
Derivative assets	75.2	Financial derivative assets	75.2	–	
Derivative assets	1.4	Trade and other receivables	218.7	217.3	7

Types of financial liabilities	Net amounts of financial liabilities presented in the balance sheet	Line item in the balance sheet	Carrying amounts \$ million	Financial liabilities not in scope of offsetting disclosures \$ million	Note
	\$ million				
2015					
Derivative liabilities	62.2	Financial derivative liabilities	62.2	–	
Derivative liabilities	12.2	Trade and other payables	1,785.8	1,773.6	14
2014					
Derivative liabilities	108.2	Financial derivative liabilities	108.2	–	
Derivative liabilities	34.0	Trade and other payables	1,509.8	1,475.8	14

8 Cash and cash equivalents

	2015 \$ million	2014 \$ million
Cash at bank and in hand	18.8	34.5
Fixed deposits	50.0	–
	<u>68.8</u>	<u>34.5</u>

The interest rates per annum relating to fixed deposits at the reporting date for the Company ranged from 0.95% to 2.27%.

As at reporting date, cash and cash equivalents are denominated in the functional currency of the Company.

9 Share capital

	2015 No. Of shares million	2014 No. Of shares million
Ordinary shares Issued and fully-paid, with no par value At 1 April and 31 March	<u>2,512.4</u>	<u>2,512.4</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

10 Reserves

	2015 \$ million	2014 \$ million
Hedging reserve	46.8	10.4
Accumulated profits	1,581.9	1,253.5
	<u>1,628.7</u>	<u>1,263.9</u>

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions that have not occurred.

11 Debt obligations

Principal amount	Date of maturity	2015 \$ million	2014 \$ million
Fixed rate notes			
HKD 1 billion ⁽¹⁾	April 2014	–	162.1
SGD 200 million	April 2015	200.5	206.6
SGD 320 million	August 2015	324.2	334.1
JPY 5 billion ⁽²⁾	October 2015	57.7	62.8
SGD 500 million	October 2018	542.8	554.9
HKD 500 million ⁽³⁾	May 2019	95.8	89.2
SGD 75 million	May 2019	78.7	79.7
SGD 500 million	May 2020	498.5	498.2
SGD 280 million	August 2020	312.6	312.8
SGD 100 million	August 2022	105.8	104.2
USD 500 million ⁽⁴⁾	September 2022	683.1	625.3
JPY 15 billion ⁽⁵⁾	April 2024	195.1	204.9
SGD 75 million	May 2024	81.5	78.4
JPY 7 billion ⁽⁶⁾	October 2026	87.1	89.2
SGD 100 million	May 2029	107.5	100.5
SGD 250 million	September 2032	248.9	248.9
		<u>3,619.8</u>	<u>3,751.8</u>
Floating rate notes			
USD 100 million ⁽⁷⁾	July 2017	137.1	125.6
		<u>3,756.9</u>	<u>3,877.4</u>

⁽¹⁾ HKD 1 billion swapped to SGD 194.4 million

⁽²⁾ JPY 5 billion swapped to SGD 67.3 million

⁽³⁾ HKD 500 million swapped to SGD 95.5 million

⁽⁴⁾ USD 500 million swapped to SGD 623.8 million

⁽⁵⁾ JPY 15 billion swapped to SGD 230.0 million

⁽⁶⁾ JPY 7 billion swapped to SGD 114.7 million

⁽⁷⁾ USD 100 million swapped to SGD 139.5 million

The debt obligations are on bullet repayment terms.

	2015 \$ million	2014 \$ million
Current	582.4	162.1
Non-current	3,174.5	3,715.3
	<u>3,756.9</u>	<u>3,877.4</u>

Interest rates on debt obligations denominated in the Singapore dollar range from 3.06% to 5.07% (2014: 3.06% to 5.07%) per annum. Interest rates on foreign currency debt obligations range from 0.92% to 4.01% (2014: 0.92% to 4.01%) per annum.

12 Deferred income

	2015 \$ million	2014 \$ million
Customers' contributions	265.9	265.9
Accumulated accretion	(70.5)	(61.4)
	<u>195.4</u>	<u>204.5</u>
Billings in advance	-	27.7
	<u>195.4</u>	<u>232.2</u>
Movements in accumulated accretion are as follows:		
At 1 April	61.4	52.4
Accretion for the year	9.1	9.0
At 31 March	<u>70.5</u>	<u>61.4</u>

13 Deferred taxation

Movements in deferred tax assets and liabilities during the year are as follows:

	At 1 April 2013 \$ million	Recognised in profit or loss (Note 19) \$ million	Recognised in equity (Note 19) \$ million	At 31 March 2014 \$ million	Recognised in profit or loss (Note 19) \$ million	Recognised in equity (Note 19) \$ million	At 31 March 2015 \$ million
Deferred tax liabilities							
Property, plant and equipment	(1,026.2)	(26.3)	-	(1,052.5)	(41.9)	-	(1,094.4)
Financial derivative assets	-	-	(2.2)	(2.2)	-	(7.5)	(9.7)
	<u>(1,026.2)</u>	<u>(26.3)</u>	<u>(2.2)</u>	<u>(1,054.7)</u>	<u>(41.9)</u>	<u>(7.5)</u>	<u>(1,104.1)</u>
Set off of tax	52.7	-	-	73.5	-	-	74.2
Net deferred tax liabilities	<u>(973.5)</u>	<u>-</u>	<u>-</u>	<u>(981.2)</u>	<u>-</u>	<u>-</u>	<u>(1,029.9)</u>
Deferred tax assets							
Deferred income	36.3	21.1	-	57.4	4.2	-	61.6
Financial derivative liabilities	3.1	-	(3.1)	-	-	-	-
Others	13.3	2.8	-	16.1	(3.5)	-	12.6
	<u>52.7</u>	<u>23.9</u>	<u>(3.1)</u>	<u>73.5</u>	<u>0.7</u>	<u>-</u>	<u>74.2</u>
Set off of tax	(52.7)	-	-	(73.5)	-	-	(74.2)
Net deferred tax assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

14 Trade and other payables

	2015 \$ million	2014 \$ million
Trade payables	4.5	4.4
Interest payable	31.4	31.9
Advance receipts	159.5	148.7
Accrued operating expenditure	69.2	118.9
Accrued capital expenditure	133.8	175.0
Other payables	167.4	309.4
Financial derivative liabilities	12.2	34.0
Amounts due to immediate holding company:		
- trade	0.5	3.2
- non-trade	1,165.9	659.1
Amounts due to related companies (trade)	41.4	25.2
	1,785.8	1,509.8

Payables denominated in currencies other than the Company's functional currency comprise \$1.3 million (2014: \$2.8 million) of other payables and accruals denominated in the United States dollar (USD), \$1.6 million (2014: \$6.6 million) in the Japanese yen (JPY) and \$0.5 million (2014: \$0.2 million) in the Euro (EUR).

The non-trade amounts due to immediate holding company are unsecured and bear interest at rates ranging from 0.80% to 1.97% (2014: 0.49% to 0.89%) per annum.

15 Revenue

Revenue comprises use of system charges and is adjusted in accordance to the price regulation framework.

16 Other income

	2015 \$ million	2014 \$ million
Rental income	4.4	7.3
Leasing income	3.7	3.8
Disbursement recoverable jobs	43.5	32.3
Loss on disposal of property, plant and equipment	(1.3)	(5.1)
Sale of scrap	13.7	15.2
Accretion of deferred income	9.1	9.0
Others	7.5	4.8
	80.6	67.3

17 Finance income

	2015 \$ million	2014 \$ million
Interest income receivable/received from:		
- immediate holding company	-	1.8
- banks	0.5	1.1
	<u>0.5</u>	<u>2.9</u>

18 Finance costs

	2015 \$ million	2014 \$ million
Interest expense payable/paid to:		
- immediate holding company	10.8	3.2
- banks	3.0	3.7
Interest expense on bank loans and debt obligations	87.3	106.0
Net change in fair value of cash flow hedges reclassified from equity	6.0	1.3
Loss/(Gain) arising from financial assets/liabilities in a fair value hedge:		
- hedged items	30.4	(66.2)
- hedging instruments	(29.7)	66.6
Net change in fair value of financial assets/liabilities at fair value through profit or loss	14.0	11.4
Amortisation of capitalised transaction costs	2.6	2.6
Ineffective portion of changes in fair value of cash flow hedges	(7.5)	(14.1)
Amortisation of fair value adjustments on fair value hedges	(25.0)	(31.4)
	<u>91.9</u>	<u>83.1</u>

19 Tax expense

	2015 \$ million	2014 \$ million
Current tax expense		
Current year	47.4	74.9
Under provision in respect of prior years	37.4	1.2
	<u>84.8</u>	<u>76.1</u>
Deferred tax expense		
Origination and reversal of temporary differences	75.9	2.4
Over provision in respect of prior years	(34.7)	-
	<u>41.2</u>	<u>2.4</u>
Total tax expense	<u>126.0</u>	<u>78.5</u>

Tax recognised in other comprehensive income	2015			2014		
	Before tax	Tax expense/(credit)	Net of tax	Before tax	Tax expense/(credit)	Net of tax
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Effective portion of changes in fair value of cash flow hedges	35.6	(6.1)	29.5	22.2	(3.8)	18.4
Net change in fair value of cash flow hedges reclassified to profit or loss	6.0	(1.0)	5.0	1.3	(0.2)	1.1
Net change in fair value of cash flow hedges on recognition of the hedged items on balance sheet	2.3	(0.4)	1.9	7.5	(1.3)	6.2
	43.9	(7.5)	36.4	31.0	(5.3)	25.7

	2015	2014
	\$ million	\$ million
<i>Reconciliation of effective tax rate</i>		
Profit before tax	718.7	457.1
Tax calculated using Singapore tax rate of 17% (2014: 17%)	122.2	77.7
Tax exempt income	(4.8)	(8.5)
Non-deductible expenses	6.6	8.1
Tax incentives	(0.7)	-
Under/(Over) provision in respect of prior years		
- current tax expense	37.4	1.2
- deferred tax expense	(34.7)	-
	126.0	78.5

20 Profit for the year

The following item has been included in arriving at profit for the year:

	2015	2014
	\$ million	\$ million
Operating lease expenses	(2.1)	(2.1)
Exchange (loss)/gain, net	(0.1)	0.1

21 Related parties

For the purpose of the financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The immediate and ultimate holding companies are Singapore Power Limited and Temasek Holdings (Private) Limited (Temasek) respectively. These companies are incorporated in the Republic of Singapore. Temasek is an investment company headquartered in Singapore with a diversified investment portfolio. Accordingly, all the subsidiaries of Temasek are related corporations and are subject to common control. The Company engages in a wide variety of transactions with related corporations in the normal course of business on terms similar to those available to other customers. Such transactions include but are not limited to sales and purchases of power, provision of consultancy and engineering services, leasing of cables and ducts, agency services and financial and banking services. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

All electricity supplied to companies in the Temasek group are related party transactions. The Temasek group has extensive interests in a large number of companies and it is not practical to compile data on the value of electricity sales, or the component relating to transmission and distribution of electricity to the Temasek group. As the Company's rates for electricity transmission and distribution are based on tariffs approved by the Energy Market Authority, the Company has concluded that it is not meaningful to present information relating to such income.

Other than as disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	2015	2014
	\$ million	\$ million
<i>Related companies</i>		
- management fee expenses	(188.3)	(168.8)
- maintenance expenses	(18.8)	(21.0)
- support service expenses	(16.9)	(13.8)
- agency fee expenses	(19.5)	(18.6)
	(243.5)	(226.2)

22 Financial risk management

The Company's activities expose it to foreign currency, interest rate, credit and liquidity risks which arise in the normal course of business. Generally the Company's overall objective is to manage and minimise exposure to such risks. The Company adopts the risk management policies and guidelines established by its immediate holding company, Singapore Power Limited, and has established processes for monitoring compliances with such policies.

The Company uses forward foreign exchange contracts, interest rate swaps and cross currency interest rate swaps to manage its exposure to foreign currency and interest rate risks respectively.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The material financial risks associated with the Company's activities are each described below, together with details of the Company's policies for managing the risks.

Foreign currency risk

The Company is exposed to foreign currency risks from borrowing activities, purchase, supply and installation contracts, and trade creditors which are denominated in a currency other than Singapore dollars.

The objective of the Company's risk management policies is to mitigate foreign exchange risk by utilising various hedging instruments. The Company therefore considers avoidable currency risk exposure to be minimal for the Company.

The Company enters into cross-currency interest rate swaps to manage exposures arising from foreign currency borrowings including the US dollar (USD), Japanese Yen (JPY) and Hong Kong Dollar (HKD). Under cross currency interest rate swaps, the Company agrees to exchange specified foreign currency principal and interest amounts at an agreed future date at a pre-determined exchange rate. Such contracts enable the Company to mitigate the risk of adverse movements in foreign exchange rates. Except where a foreign currency borrowing is taken with the intention of providing a natural hedge by matching the underlying cash flows, all foreign currency borrowings are swapped back to Singapore dollars. For foreign currency swaps that do not meet the requirements of hedge accounting, changes in fair value are recorded in profit or loss.

The Company uses forward foreign currency contracts to substantially hedge foreign currency risk attributable to purchase transactions. The maturities of the forward foreign exchange contracts are intended to match the forecasted progress payments of the supply and installation contracts. Whenever necessary, the forward foreign exchange contracts are either rolled over at maturity or translated into foreign currency deposits, whichever is more cost efficient.

As at 31 March 2015, the Company has outstanding forward foreign exchange contracts with notional amounts of approximately \$108.5 million (2014: \$102.8 million). The net fair value of forward foreign exchange contracts as at 31 March 2015 is \$0.1 million (2014: \$0.7 million) comprising assets of \$2.1 million (2014: \$1.5 million) and liabilities of \$2.2 million (2014: \$2.2 million).

At the reporting date, if the functional currency of the Company had moved against each of the currencies as illustrated in the table below, with all other variables held constant, profit before tax and equity would have been affected as below:

	Net profit before tax \$ million	Equity (hedging reserve) \$ million
Judgements of reasonably possible movements		
2015		
USD		
Increase of 8.02 per cent by S\$ functional currency	-	(1.7)
Decrease of 8.02 per cent by S\$ functional currency	-	1.7
EUR		
Increase of 15.24 per cent by S\$ functional currency	-	(1.3)
Decrease of 15.24 per cent by S\$ functional currency	-	1.3
JPY		
Increase of 18.47 per cent by S\$ functional currency	-	(10.3)
Decrease of 18.47 per cent by S\$ functional currency	-	10.3

	Net profit before tax S million	Equity (hedging reserve) S million
Judgements of reasonably possible movements		
2014		
USD		
Increase of 9.48 per cent by S\$ functional currency	–	(1.6)
Decrease of 9.48 per cent by S\$ functional currency	–	1.6
EUR		
Increase of 12.88 per cent by S\$ functional currency	–	(2.2)
Decrease of 12.88 per cent by S\$ functional currency	–	2.2
JPY		
Increase of 21.13 per cent by S\$ functional currency	–	(6.8)
Decrease of 21.13 per cent by S\$ functional currency	–	6.8

The judgements of reasonably possible movements were determined using statistical analysis of the 90th percentile of the best and worst expected outcomes having regard to actual historical exchange rate data over the previous five years. Management considers that past movements are a reasonable basis for determining possible movements in foreign currency exchange rates.

Interest rate risk

The Company manages its interest rate exposure by maintaining a significant portion of its debt at fixed interest rates. This is done by the (i) issuance of fixed rate debt; (ii) use of interest rate swaps to convert floating rate debt to fixed rate debt; or (iii) use of cross currency interest rate swaps to convert fixed or floating rate non-functional currency denominated debt to fixed rate functional currency denominated debt.

The use of derivative financial instruments relates directly to the underlying existing and anticipated indebtedness.

At the reporting date, if interest rate had moved as illustrated in the table below, with all other variables held constant, profit before tax and equity would have been affected as follows:

	Net profit before tax S million	Equity (hedging reserve) S million
Judgements of reasonably possible movements		
2015		
Increase with all other variables held constant	(0.3)	43.7
Decrease with all other variables held constant	(4.3)	(41.2)
2014		
Increase with all other variables held constant	0.7	4.6
Decrease with all other variables held constant	–	0.2

The judgements of reasonably possible movements were determined using statistical analysis of the 90th percentile of the best and worst expected outcomes having regard to actual historical interest rate data over the previous five years based on the six month Singapore swap offer rate, three month Hong Kong interbank offer rate, three month USD London interbank offer rate (LIBOR) and six month JPY LIBOR. Management considers that past movements are a reasonable basis for determining possible movements in interest rates. As at 31 March 2015, the movements in interest rates used in the table above are as follows:

- Singapore interest rates – 57 basis points (2014: 63 basis points)
- United States interest rates – 28 basis points (2014: 145 basis points)
- Japan interest rates – 10 basis points (2014: 24 basis points)
- Hong Kong interest rates – 22 basis points (2014: 131 basis points)

As at 31 March 2015, the Company has interest rate and cross currency swaps with notional amount of \$6,816 million (2014: \$5,856 million). The Company classifies these swaps as cash flow and fair value hedges except for swaps with notional amount of \$1,950 million (2014: \$1,040 million) that do not meet the requirements of hedge accounting in which case, changes in the fair value are recorded in profit or loss. The net fair value of swaps as at 31 March 2015 is \$90.5 million (2014: \$64.9 million) comprising assets of \$162.7 million (2014: \$75.1 million) and liabilities of \$72.2 million (2014: \$140.0 million).

The Company's excess funds are principally invested in bank deposits of varying maturities to match its cash flow needs, or deposited with the immediate holding company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from the Company's financial assets, comprising cash and cash equivalents, trade and other receivables and financial derivative assets.

Surplus funds are invested in interest bearing deposits with financial institutions with good credit ratings assigned by international credit rating agencies. Counterparty risks are managed by limiting exposure to any individual counterparty. The Company's portfolio of financial instruments is entered into with a number of creditworthy counterparties, thereby mitigating concentration of credit risk. The Company held cash and cash equivalents of \$68.8 million (2014: \$34.5 million) which represents its maximum exposure on these assets.

Counterparty risks on derivatives are generally restricted to any gain or loss when marked to market, and not on the notional amount transacted. As a prudent measure, the Company enters into derivatives only with financial institutions with good credit ratings assigned by international credit rating agencies. Therefore the possibility of a material loss arising from the non-performance by a counterparty is considered remote.

There is no significant concentration of credit risk of trade receivables. The credit quality of trade and other receivables that are not past due or impaired at the reporting date is of acceptable risk. In addition to customers' deposits, the Company holds guarantees from creditworthy financial institutions to secure the obligations of certain customers.

At reporting date, the Company has significant receivables arising from amounts due from related corporations. Management considers the probability of default remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company adopts prudent liquidity risk management by maintaining sufficient cash and liquid financial assets, and ensures the availability of funding through an adequate level of bank credit lines and the establishment of medium term note programmes.

The following are the expected contractual undiscounted cash flows of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount \$ million	Contractual cash flows \$ million	Within 1 year \$ million	1 – 2 years \$ million	2 – 5 years \$ million	More than 5 years \$ million
2015						
Non-derivative financial liabilities						
Trade and other payables*	(1,614.1)	(1,614.1)	(1,614.1)	-	-	-
Borrowings	(3,756.9)	(4,429.5)	(695.5)	(107.9)	(1,096.1)	(2,530.0)
Derivatives						
Derivative assets						
Interest rate swaps/cross currency interest rate swaps	162.7	176.4	11.3	17.1	61.6	86.4
Forward exchange contracts						
- Inflow		80.2	50.3	29.7	0.2	-
- Outflow		(78.1)	(49.2)	(28.7)	(0.2)	-
	2.1	2.1	1.1	1.0	-	-
Derivative liabilities						
Interest rate swaps/cross currency interest rate swaps	(72.2)	(159.8)	(9.9)	(3.0)	(18.7)	(128.2)
Forward exchange contracts						
- Inflow		28.1	27.1	1.0	-	-
- Outflow		(30.3)	(29.3)	(1.0)	-	-
	(2.2)	(2.2)	(2.2)	-	-	-
	(5,280.6)	(6,027.1)	(2,309.3)	(92.8)	(1,053.2)	(2,571.8)

* excluding advance receipts

	Carrying amount \$ million	Contractual cash flows \$ million	Within 1 year \$ million	1 – 2 years \$ million	2 – 5 years \$ million	More than 5 years \$ million
2014						
Non-derivative financial liabilities						
Trade and other payables*	(1,327.1)	(1,327.1)	(1,327.1)	–	–	–
Borrowings	(3,877.4)	(4,635.5)	(290.0)	(697.7)	(941.6)	(2,706.2)
Derivatives						
Derivative assets						
Interest rate swaps/cross currency interest rate swaps	75.1	100.8	13.9	6.2	67.2	13.5
Forward exchange contracts						
- Inflow		34.1	28.6	5.1	0.4	–
- Outflow		(32.6)	(27.2)	(5.0)	(0.4)	–
	1.5	1.5	1.4	0.1	–	–
Derivative liabilities						
Interest rate swaps/cross currency interest rate swaps	(140.0)	(238.0)	(32.8)	(5.0)	(30.0)	(170.2)
Forward exchange contracts						
- Inflow		68.0	56.5	11.5	–	–
- Outflow		(70.2)	(58.2)	(12.0)	–	–
	(2.2)	(2.2)	(1.7)	(0.5)	–	–
	<u>(5,270.1)</u>	<u>(6,100.5)</u>	<u>(1,636.3)</u>	<u>(696.9)</u>	<u>(904.4)</u>	<u>(2,862.9)</u>

* excluding advance receipts

For swap hedging instruments that are cash flow hedges, the tables above indicate the periods that they are expected to impact the income statement.

Capital management

The Company's capital structure comprises share capital, accumulated profits and borrowings. The Company is committed to an optimal capital structure while maintaining financial flexibility. In order to achieve an optimal capital structure, the Company may adjust the dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or reduce its borrowings.

The Company monitors capital based on gross and net gearing ratios and capital includes debt and equity items as disclosed in the table below. Gearing ratio is calculated as net debts over shareholders' equity and net debts.

	2015	2014
	\$ million	\$ million
Debt obligations	3,756.9	3,877.4
Amount due to immediate holding company (non-trade)	1,165.9	659.1
Total debts	4,922.8	4,536.5
Less: Cash and cash equivalents	(68.8)	(34.5)
Net debts	4,854.0	4,502.0
Total equity	4,141.1	3,776.3
Total capital	9,063.9	8,312.8
Net capital	8,995.1	8,278.3

There were no changes in the Company's approach to capital management during the financial year. The Company is not subjected to any externally imposed capital requirements.

23 Fair values

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Debt obligations and derivative financial instruments

Fair values are measured using market observable data as at reporting date. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Company and counterparty when appropriate.

Loan note issued to immediate holding company

Fair values, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are, because of the short period to maturity, assumed to approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

Fair values versus carrying amounts

The Company's assets and liabilities that are carried at fair value relate to derivative instruments which are measured using market observable data and as such are deemed level two within the fair value hierarchy disclosure required under FRS 113 *Fair Value Measurement*.

The fair value and net fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. Appropriate transaction costs are included in the determination of net fair value.

The carrying amounts of the financial instruments carried at amortised cost are not materially different from their fair values except as follows:

	Note	2015		2014	
		Carrying amount \$ million	Fair value \$ million	Carrying amount \$ million	Fair value \$ million
Financial liabilities					
Debt obligations:					
- non-current portion	11	3,174.5	3,212.4	3,715.3	3,686.7
- current portion	11	582.4	581.1	162.1	161.9
Total		<u>3,756.9</u>	<u>3,793.5</u>	<u>3,877.4</u>	<u>3,848.6</u>
Unrecognised loss/(gain)			<u>36.6</u>		<u>(28.8)</u>

The table below sets out the comparison by category of carrying amounts of all the Company's financial instruments that are recognised in the financial statements:

	Loans and receivables \$ million	Fair value through profit or loss \$ million	Derivatives – hedging instruments \$ million	Financial liabilities within scope of FRS 39 \$ million	Total carrying amount \$ million
2015					
Assets					
Financial derivative assets	–	12.2	147.3	–	159.5
Trade and other receivables*	178.0	4.0	1.3	–	183.3
Cash and cash equivalents	68.8	–	–	–	68.8
	<u>246.8</u>	<u>16.2</u>	<u>148.6</u>	<u>–</u>	<u>411.6</u>
Liabilities					
Debt obligations	–	–	–	3,756.9	3,756.9
Financial derivative liabilities	–	–	62.2	–	62.2
Trade and other payables**	–	0.3	11.9	1,614.1	1,626.3
	<u>–</u>	<u>0.3</u>	<u>74.1</u>	<u>5,371.0</u>	<u>5,445.4</u>
2014					
Assets					
Financial derivative assets	–	21.0	54.2	–	75.2
Trade and other receivables*	177.3	–	1.4	–	178.7
Cash and cash equivalents	34.5	–	–	–	34.5
	<u>211.8</u>	<u>21.0</u>	<u>55.6</u>	<u>–</u>	<u>288.4</u>
Liabilities					
Debt obligations	–	–	–	3,877.4	3,877.4
Financial derivative liabilities	–	4.0	104.2	–	108.2
Trade and other payables**	–	–	34.0	1,327.1	1,361.1
	<u>–</u>	<u>4.0</u>	<u>138.2</u>	<u>5,204.5</u>	<u>5,346.7</u>

* excluding prepayments, advances and deposits

** excluding advance receipts

24 Commitments

Capital commitments

At the reporting date, capital expenditure contracted but not provided for in the financial statements amounted to \$1,869.8 million (2014: \$1,860.9 million).

Operating lease commitments

At the reporting date, the Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2015 \$ million	2014 \$ million
Within one year	2.6	2.3
After one year but within five years	7.5	7.7
After five years	2.1	4.2
	<u>12.2</u>	<u>14.2</u>

The Company leases office spaces under operating leases. The leases contain options to renew the lease for another 3 to 5 years at the end of the initial lease periods. These leases do not include any contingent rental nor any escalation clauses over the lease rental periods.

Operating lease receivables

At the reporting date, the Company has commitments for future minimum lease receivables under non-cancellable operating leases as follows:

	2015 \$ million	2014 \$ million
Within one year	0.1	0.1
After one year but within five years	–	0.1
	<u>0.1</u>	<u>0.2</u>

25 Regulatory reset

On 20 March 2015, the Company received the regulatory price determination from Energy Market Authority for the early commencement of the next regulatory period from 1 April 2015 to 31 March 2020.

26 Comparative figures

The financial statements for the year ended 31 March 2014 were audited by another firm of Chartered Accountants.

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SP PowerAssets Limited
Registration Number: 200302108D

Annual Report
Year ended 31 March 2014

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Directors' report

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2014.

Directors

The directors in office at the date of this report are as follows:

Mr Wong Kim Yin	
Ms Lim Lay Hong	(Appointed on 1 April 2014)
Mr Lim Howe Run	(Appointed on 1 April 2014)
Ms Lim Chor Hoon	(Appointed on 1 April 2014)
Mr Chuah Kee Heng	(Appointed on 1 April 2014)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Mr Alan Chan Heng Loon (stepped down from the Board on 1 April 2014)		
Singapore Telecommunications Limited shares	2,970	2,970
SP AusNet securities*	143,750	143,750
Mapletree Commercial Trust units	23,000	23,717
Mrs Oon Kum Loon (stepped down from the Board on 1 April 2014)		
Singapore Telecommunications Limited shares	2,720	2,720
SP AusNet securities*	87,000	87,000
Mapletree Industrial Trust units	8,134	8,134
Mr Timothy Chia Chee Ming (stepped down from the Board on 1 April 2014)		
Singapore Telecommunications Limited shares	2,070	2,070
SP AusNet securities*	107,085	114,352

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Mr Kelvin Wong Weng Wah <i>(stepped down from the Board on 1 April 2014)</i>		
Singapore Telecommunications Limited shares	2,720	2,720
SMRT Corporation Ltd	17,000	–
Mr Choi Shing Kwok <i>(stepped down from the Board on 1 April 2014)</i>		
Singapore Telecommunications Limited shares	2,720	2,720
Mr Wong Kim Yin		
Singapore Telecommunications Limited shares	190	190
Mapletree Industrial Trust units	30,000	30,000

* Stapled Group securities, each comprising one SP Australia Networks (Transmission) Ltd share, one SP Australia Networks (Distribution) Ltd share and one SP Australia Networks (Finance) Trust unit. SP AusNet had ceased to be a related corporation of the Company with effect from 3 January 2014.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except that certain directors have employment relationships with or are directors of the immediate holding company or related corporations and have received remuneration in those capacities.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

On behalf of the Board of Directors



MR WONG KIM YIN
Chairman



MS LIM LAY HONG
Director

22 May 2014

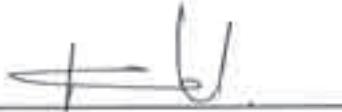
Statement by Directors

In our opinion:

- (a) the financial statements set out on pages FS1 to FS40 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2014 and the results, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



MR WONG KIM YIN
Chairman



MS LIM LAY HONG
Director

22 May 2014



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Independent auditors' report

Member of the Company
SP PowerAssets Limited

Report on the financial statements

We have audited the accompanying financial statements of SP PowerAssets Limited (the Company), which comprise the balance sheet as at 31 March 2014, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS40.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 March 2014 and the results, changes in equity and cash flows of the Company for the year ended on that date.

Report on other legal regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
22 May 2014

Balance sheet
As at 31 March 2014

	Note	2014 \$ million	2013 \$ million
Non-current assets			
Property, plant and equipment	4	7,975.4	7,556.1
Intangible assets	5	2,218.0	2,207.3
Financial derivative assets		75.2	166.0
		<u>10,268.6</u>	<u>9,929.4</u>
Current assets			
Inventories	6	41.0	43.7
Trade and other receivables	7	218.7	896.0
Cash and cash equivalents	8	34.5	797.0
		<u>294.2</u>	<u>1,736.7</u>
Total assets		<u>10,562.8</u>	<u>11,666.1</u>
Equity			
Share capital	9	2,512.4	2,512.4
Reserves	10	1,263.9	859.6
Total equity		<u>3,776.3</u>	<u>3,372.0</u>
Non-current liabilities			
Debt obligations	11	3,715.3	3,973.8
Deferred income	12	232.2	213.5
Deferred tax liabilities	13	981.2	973.5
Financial derivative liabilities		108.2	638.8
		<u>5,036.9</u>	<u>5,799.6</u>
Current liabilities			
Trade and other payables	14	1,509.8	791.1
Loan note issued to immediate holding company		–	359.0
Debt obligations	11	162.1	1,270.5
Current tax payable		77.7	73.9
		<u>1,749.6</u>	<u>2,494.5</u>
Total liabilities		<u>6,786.5</u>	<u>8,294.1</u>
Total equity and liabilities		<u>10,562.8</u>	<u>11,666.1</u>

The accompanying notes form an integral part of these financial statements.

Income statement
Year ended 31 March 2014

	Note	2014 \$ million	2013 \$ million
Revenue	15	1,193.8	1,203.6
Other income	16	67.3	79.6
Expenses			
- Depreciation of property, plant and equipment	4	(396.1)	(391.7)
- Amortisation of intangible assets	5	(6.1)	(4.8)
- Maintenance		(73.1)	(60.7)
- Management fees		(129.8)	(92.0)
- Property taxes		(44.1)	(39.0)
- Agency fee		(18.6)	(17.7)
- Support services		(13.8)	(15.8)
- Other operating expenses		(42.2)	(35.7)
Operating profit		537.3	625.8
Finance income	17	2.9	5.9
Finance costs	18	(83.1)	(249.0)
Profit before taxation		457.1	382.7
Tax expense	19	(78.5)	(70.8)
Profit for the year	20	378.6	311.9

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income
 Year ended 31 March 2014

	2014 \$ million	2013 \$ million
Profit for the year	378.6	311.9
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges, net of tax	18.4	(6.7)
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	1.1	28.0
Net change in fair value of cash flow hedges on recognition of the hedged items on balance sheet, net of tax	6.2	4.5
Other comprehensive income for the year, net of tax	<u>25.7</u>	<u>25.8</u>
Total comprehensive income for the year	<u>404.3</u>	<u>337.7</u>

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
 Year ended 31 March 2014

	Share capital \$ million	Hedging reserve \$ million	Accumulated profits \$ million	Total equity \$ million
At 1 April 2012	2,300.0	(41.1)	775.4	3,034.3
Total comprehensive income for the year				
Profit for the year	–	–	311.9	311.9
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedges, net of tax	–	(6.7)	–	(6.7)
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	–	28.0	–	28.0
Net change in fair value of cash flow hedges on recognition of the hedged item on balance sheet, net of tax	–	4.5	–	4.5
Total other comprehensive income	–	25.8	–	25.8
Total comprehensive income for the year	–	25.8	311.9	337.7
Transactions with owner, recognised directly in equity				
Contributions by and distributions to owner				
Issue of shares	212.4	–	–	212.4
Final tax-exempt dividend paid of \$0.0845 per share for the year ended 31 March 2012	–	–	(212.4)	(212.4)
Total transactions with owner of the Company	212.4	–	(212.4)	–
At 31 March 2013	2,512.4	(15.3)	874.9	3,372.0

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity (continued)
 Year ended 31 March 2014

	Share capital \$ million	Hedging reserve \$ million	Accumulated profits \$ million	Total equity \$ million
At 1 April 2013	2,512.4	(15.3)	874.9	3,372.0
Total comprehensive income for the year				
Profit for the year	–	–	378.6	378.6
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedges, net of tax	–	18.4	–	18.4
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	–	1.1	–	1.1
Net change in fair value of cash flow hedges on recognition of the hedged item on balance sheet, net of tax	–	6.2	–	6.2
Total other comprehensive income	–	25.7	–	25.7
Total comprehensive income for the year	–	25.7	378.6	404.3
At 31 March 2014	2,512.4	10.4	1,253.5	3,776.3

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 31 March 2014

	2014 \$ million	2013 \$ million
Cash flows from operating activities		
Profit before tax	457.1	382.7
Adjustments for:		
Depreciation and amortisation	402.2	396.5
Loss on disposal of property, plant and equipment	5.1	1.1
Billings in advance	27.7	—
Accretion of deferred income	(9.0)	(9.1)
Inventories written down	2.1	5.7
Finance income	(2.9)	(5.9)
Finance costs	83.1	249.0
Exchange differences loss	—	0.4
	<u>965.4</u>	<u>1,020.4</u>
Changes in working capital:		
Inventories	0.6	0.5
Trade and other receivables	27.9	(12.6)
Trade and other payables	66.3	125.8
Amounts due to related corporations	13.3	(4.2)
Amounts due from related corporations	34.2	(63.5)
Cash generated from operations	<u>1,107.7</u>	<u>1,066.4</u>
Interest received	1.2	1.5
Income tax paid	(72.3)	(97.4)
Net cash from operating activities	<u>1,036.6</u>	<u>970.5</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(814.3)	(534.9)
Purchase of intangible assets	(16.8)	(5.4)
Proceeds from disposal of property, plant and equipment	3.1	5.5
Net cash used in investing activities	<u>(828.0)</u>	<u>(534.8)</u>
Cash flows from financing activities		
Interest paid	(178.7)	(237.0)
Repayment of bank loans	(617.0)	(310.0)
Proceeds from bank loans	617.0	—
Proceeds from issuance of borrowings	—	873.8
Redemption of borrowings	(1,740.0)	(105.0)
Repayment of loan note issued to immediate holding company	(359.0)	—
Repayment of amounts due from immediate holding company (non-trade)	614.5	—
Proceeds from amounts due to immediate holding company (non-trade)	659.1	—
Advances to immediate holding company (non-trade)	—	(106.4)
Payment of transaction costs related to loans and borrowings	—	(5.2)
Proceeds from termination of swaps	33.0	78.4
Payment for termination of swaps	—	(10.4)
Net cash (used in)/from financing activities	<u>(971.1)</u>	<u>178.2</u>
Net (decrease)/increase in cash and cash equivalents	<u>(762.5)</u>	<u>613.9</u>
Cash and cash equivalents at 1 April	797.0	183.1
Cash and cash equivalents at 31 March	<u>34.5</u>	<u>797.0</u>

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 22 May 2014.

1 Domicile and activities

SP PowerAssets Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 10 Pasir Panjang Road, #03-01, Mapletree Business City, Singapore 117438.

The principal activities of the Company are those relating to the provision of services in connection with the transmission and distribution of electricity.

The immediate and ultimate holding companies are Singapore Power Limited and Temasek Holdings (Private) Limited respectively. Both companies are incorporated in the Republic of Singapore.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies set out below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest million, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed below:

Impairment of goodwill and indefinite-lived intangible assets

Impairment reviews in respect of goodwill and intangible assets are performed at least annually. More regular reviews are performed if changes in circumstances or the occurrence of events indicate potential impairment. The Company uses the present value of future cash flows to determine the recoverable amounts of the cash generating units. In calculating the recoverable amounts, significant management judgement is required in forecasting cash flows of the cash generating units, in estimating the terminal growth values and in selecting an appropriate discount rate. Details of key assumptions made are set out in note 5.

Revenue recognition

Revenue from use of system charges is recognised when electricity is delivered to consumers. This is estimated based on the amounts billed and the revenue allowed by Energy Market Authority (EMA), using the approved tariffs and the volume of electricity delivered, in order to match the costs incurred with the revenue earned.

Estimating fair values of financial assets and financial liabilities

The fair value of financial assets and financial liabilities are estimated for recognition, measurement and disclosure purposes. Note 23 sets out the basis of valuation of financial assets and liabilities.

2.5 Changes in accounting policies

Adoption of new and revised FRSs and Interpretations to FRS

The Company has adopted all the new and revised FRSs and Interpretations to FRS (INT FRS) that became mandatory from 1 April 2013. Other than those discussed below, the adoption of these new FRSs and INT FRS has no significant impact to the Company's financial statements.

Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 April 2013, in accordance with the transitional provisions of FRS 113, the Company has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

Presentation of items of other comprehensive income

From 1 April 2013, as a result of the amendments to FRS 1, the Company has modified the presentation of items of other comprehensive income in its statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to FRS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Company.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing cost. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income or other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each component of an item of property, plant and equipment. Freehold land is not depreciated.

The estimated useful lives (lease term) are as follows:

Leasehold land	Remaining term of the lease ranging from 20 to 99 years
Leasehold buildings	30 years
Transformers and switchgear	30 years
Other plant and machinery	
- Works and other equipment	3 to 10 years
- Standby electricity generator and other machinery	15 to 25 years
Mains	30 years
Other fixed assets (principally meters and motor vehicles)	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.2 Intangible assets

Goodwill

Goodwill arising from acquisition represents the excess of the cost of acquisition over the fair value of identifiable net assets acquired.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses and is tested for impairment on an annual basis as described in note 3.5.

Other intangible assets

Deferred expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. This relates mainly to contributions paid by the Company in accordance with regulatory requirements towards capital expenditure costs incurred by electricity generation companies. Deferred expenditure is amortised on a straight-line basis over the period in which the Company derives benefits from the capital contribution payments, which is generally the useful life of the relevant equipment ranging from 7 to 19 years.

Computer software development in-progress is initially measured at cost. Following initial recognition, computer software development in-progress is measured at cost less accumulated impaired losses.

3.3 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivatives financial liabilities

The Company initially recognises debt securities and bank borrowings on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

These financial liabilities comprise trade and other payables, loan note issued to immediate holding company and debt obligations.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the derivative as the hedging instrument, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in fair value or cash flows of the respective hedged items attributable to the hedged risk and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit and loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit and loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in profit or loss. The hedged item is adjusted to reflect changes in its fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in profit or loss with an adjustment to the carrying amount of the hedged item.

Derivatives that do not qualify for hedge accounting

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.4 Leased assets

Where the Company has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease.

3.5 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event had occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined based on the weighted average method, and includes expenditure in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

3.7 Provisions

A provision is recognised if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.8 Deferred income

Deferred income comprises contributions made by certain customers towards the cost of capital projects received prior to 1 July 2009 and billings in advance.

In order to match the actual cost incurred and revenue earned, any billings in advance are recognised as deferred income and brought to account as adjustments to the revenue.

Customers' contributions

Deferred income is recognised on a straight-line basis and taken to profit or loss over the periods necessary to match the depreciation of the assets purchased with the customers' contributions.

Billings in advance

Deferred income is taken to profit or loss over the periods necessary to match the actual cost incurred with the revenue earned, in accordance with the Singapore regulatory framework as described in the Electricity Licence for Transmission Licensee (www.ema.gov.sg).

3.9 Revenue recognition

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Use of system charges

Revenue from use of system charges is recognised when electricity is delivered to consumers.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion of contract costs incurred or work performed to date to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

3.10 Price regulation and licence

The Company's operations in Singapore are regulated under the Electricity Licence for Transmission Licensee issued by the EMA.

Revenue to be earned from the transmission of electricity is regulated based on certain formulae and parameters set out in the licence.

Actual revenue billed may vary from that allowed, resulting in an adjustment that may increase or decrease tariffs in succeeding periods to recover or refund amounts under or over charged. In order to match costs incurred and revenue earned, amounts to be recovered or refunded are brought to account as adjustments to revenue in the period in which the Company becomes entitled to the recovery or liable for the refund.

The Company's capital expenditure and tax expense may vary from its regulatory plan and is subject to a review by the EMA. The results of the variances in capital expenditure and tax expense may be translated into price adjustments, if any, in the following reset period.

3.11 Lease payment

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.12 Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, fair value gains or losses on financial assets at fair value through profit or loss, gains or losses on hedging instruments that are recognised in profit or loss, amortisation of capitalised transaction costs and fair value adjustments on fair value hedges, and reclassifications of net losses previously recognised in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.13 Tax expense

Tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in the other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary difference on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.14 Segment reporting

The Company determines and presents operating segments based on the information that is provided internally to the chief operating decision maker.

The Company has only one operating segment - electricity transmission and distribution, and hence no separate disclosures are made in the financial statements.

3.15 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 April 2013 have not been applied in preparing these financial statements. None of these are expected to have a significant impact on the Company's financial statements.

4 Property, plant and equipment

Cost	Freehold land \$ million	Leasehold land \$ million	Leasehold buildings \$ million	Other plant and machinery			Mains \$ million	Other fixed assets \$ million	Construction-in-progress \$ million	Total \$ million
				Switchgear \$ million	Transformers \$ million	Other plant and machinery \$ million				
At 1 April 2012	0.3	347.9	972.2	2,383.8	1,024.1	169.1	4,666.1	86.8	539.3	10,189.6
Additions	-	-	-	0.4	-	3.8	-	6.3	682.6	693.1
Disposals	-	(0.7)	(2.3)	(5.9)	(5.8)	(0.2)	(15.4)	(1.5)	(38.4)	(70.2)
Adjustment	-	-	(44.4)	-	-	-	-	-	-	(44.4)
Reclassification	-	9.1	16.7	120.0	94.4	10.6	169.7	1.3	(421.8)	-
At 31 March 2013/1 April 2013	0.3	356.3	942.2	2,498.3	1,112.7	183.3	4,820.4	92.9	761.7	10,768.1
Additions	-	-	-	0.1	1.5	2.7	-	19.1	800.2	823.6
Disposals	-	(0.2)	-	(8.7)	(8.8)	(5.3)	-	(0.7)	-	(23.7)
Reclassification	-	62.0	162.3	174.3	112.2	16.4	103.9	0.3	(631.8)	-
At 31 March 2014	0.3	418.1	1,104.5	2,664.0	1,217.6	197.1	4,924.3	111.6	930.5	11,568.0
Accumulated depreciation										
At 1 April 2012	-	64.9	290.8	707.8	272.9	127.0	1,325.2	56.9	-	2,845.5
Depreciation	-	8.8	33.6	101.0	42.7	13.5	184.9	7.2	-	391.7
Disposals	-	(0.1)	(2.3)	(2.8)	(2.9)	(0.2)	(15.4)	(1.5)	-	(25.2)
At 31 March 2013/1 April 2013	-	73.6	322.1	806.0	312.7	140.3	1,494.7	62.6	-	3,212.0
Depreciation	-	9.9	42.7	104.9	46.3	15.1	169.9	7.3	-	396.1
Disposals	-	-	-	(5.3)	(4.2)	(5.3)	-	(0.7)	-	(15.5)
At 31 March 2014	-	83.5	364.8	905.6	354.8	150.1	1,664.6	69.2	-	3,592.6
Carrying amounts										
At 1 April 2012	0.3	283.0	681.4	1,676.0	751.2	42.1	3,340.9	29.9	539.3	7,344.1
At 31 March 2013/1 April 2013	0.3	282.7	620.1	1,692.3	800.0	43.0	3,325.7	30.3	761.7	7,556.1
At 31 March 2014	0.3	334.6	739.7	1,758.4	862.8	47.0	3,259.7	42.4	930.5	7,975.4

5 Intangible assets

	Goodwill on acquisition \$ million	Deferred expenditure \$ million	Computer software \$ million	Computer software development in-progress \$ million	Total \$ million
Cost					
At 1 April 2012	2,166.8	100.6	–	4.2	2,271.6
Additions	–	0.6	–	4.8	5.4
At 31 March 2013/1 April 2013	2,166.8	101.2	–	9.0	2,277.0
Additions	–	0.2	–	16.6	16.8
Reclassification	–	–	4.4	(4.4)	–
At 31 March 2014	2,166.8	101.4	4.4	21.2	2,293.8
Accumulated amortisation					
At 1 April 2012	–	64.9	–	–	64.9
Amortisation	–	4.8	–	–	4.8
At 31 March 2013/1 April 2013	–	69.7	–	–	69.7
Amortisation	–	5.3	0.8	–	6.1
At 31 March 2014	–	75.0	0.8	–	75.8
Carrying amounts					
At 1 April 2012	2,166.8	35.7	–	4.2	2,206.7
At 31 March 2013/1 April 2013	2,166.8	31.5	–	9.0	2,207.3
At 31 March 2014	2,166.8	26.4	3.6	21.2	2,218.0

Impairment test for goodwill

The Company as a whole is considered a CGU.

The recoverable amount of the CGU is based on their fair value less costs to sell. The recoverable amount of the CGU is determined to be higher than its carrying amount hence no impairment is necessary.

Fair value less costs to sell is determined by discounting future cash flows generated from the continuing use of the CGU and is based on the following key assumptions:

1. Cash flows are projected based on a 5-year business plan. From this business plan, a further 5 years of cash flows are forecasted using assumptions for revenue, operating expenditure and capital expenditure. Management believes that this forecast period is justified due to the long term nature of the CGU's activities.
2. Cash flows, including terminal value of \$18.2 billion (2013: \$24.5 billion), are discounted using a pre-tax discount rate of 6.63% (2013: 6.63%) per annum that reflects current market assessments of the time value of money and risks specific to the CGU.

6 Inventories

	2014 \$ million	2013 \$ million
Cables	32.3	33.8
Transformers	1.1	1.1
Switchgear	6.1	10.9
Spare parts and accessories	1.7	2.0
	<u>41.2</u>	<u>47.8</u>
Allowance for obsolescence	(0.2)	(4.1)
	<u>41.0</u>	<u>43.7</u>

In the financial year ended 31 March 2014, inventories recognised as an expense in the income statement amounted to \$6.4 million (2013: \$4.7 million). The write-down of inventories to net realisable value by the Company amounted to \$2.2 million (2013: \$6.1 million). The reversal of write-down by the Company amounted to \$0.1 million (2013: \$0.4 million).

7 Trade and other receivables

	2014 \$ million	2013 \$ million
Trade receivables	106.7	141.4
Impairment loss	(0.2)	(0.2)
	<u>106.5</u>	<u>141.2</u>
Amounts due from related corporations (trade)	70.3	105.0
Amounts due from immediate holding company		
- trade	0.5	-
- non-trade	-	612.7
Advances and deposits	29.8	23.1
Loans and receivables	207.1	882.0
Prepayments	10.2	11.2
Financial derivative assets	1.4	2.8
	<u>218.7</u>	<u>896.0</u>

There is no allowance for impairment arising from outstanding balances due from immediate holding company and related corporations.

Trade receivables

(a) Terms and conditions

Trade receivables are mainly interest-bearing and the average credit periods are between 10 and 30 calendar days. An allowance has been made for estimated unrecoverable amounts, determined by reference to past default experience of individual debtors and collective portfolio.

Collateral in the form of bank guarantees and deposits are obtained from counterparties where appropriate. There were no amounts called upon during the year.

(b) Maximum exposure to credit risk

The maximum exposure to credit risk for trade receivables at reporting date by type of customer is as follows:

	2014 \$ million	2013 \$ million
Contestable	89.0	131.2
Project-based	16.5	8.5
Others	1.0	1.5
	<u>106.5</u>	<u>141.2</u>

There is no significant concentration of credit risk of trade receivables.

The maximum exposure to credit risk for trade receivables by geographic region, relates mainly to Singapore at the reporting date.

The Company has policies in place to monitor its credit risk. Contractual deposits are collected and sufficient collaterals are obtained to mitigate the risk of financial loss from defaults. The Company's customers spread across diverse industries and ongoing credit evaluation is performed on the financial condition of receivables to ensure exposure to bad debts is minimal.

(c) Ageing

The ageing of trade receivables at the reporting date is as follows:

	2014 \$ million	2013 \$ million
Not past due	101.8	134.6
Past due 0-30 days	0.3	0.3
Past due 31-90 days	1.2	-
Past due 91-180 days	0.1	-
Past due more than 180 days	0.5	1.8
Not impaired	<u>103.9</u>	<u>136.7</u>
Impaired	2.8	4.7
	<u>106.7</u>	<u>141.4</u>

The movement in allowance for impairment during the year is as follows:

	2014 \$ million	2013 \$ million
At 1 April	0.2	1.4
Impairment loss recognised	0.1	0.1
Impairment loss written back	(0.1)	(1.3)
At 31 March	0.2	0.2

Other items in loans and receivables are not past due and no impairment provision is made for these balances.

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the balance sheet; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the balance sheet.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the balance sheet.

The Company's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the balance sheet. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Company or the counterparties. In addition, the Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Types of financial assets	Gross amounts of recognised financial assets \$ million	Gross amounts of recognised financial liabilities offset in the balance sheet \$ million	Net amounts of financial assets presented in the balance sheet \$ million	Related amounts not offset in the balance sheet – financial instruments \$ million	Net amounts \$ million
2014					
Financial derivative assets	76.6	–	76.6	(9.2)	67.4
2013					
Financial derivative assets	168.8	–	168.8	(114.8)	54.0
Amounts due from immediate holding company (trade)	0.3	(0.3)	–	–	–
Amounts due from related corporations (trade)	100.8	(6.0)	94.8	–	94.8
Total	269.9	(6.3)	263.6	(114.8)	148.8

Types of financial liabilities	Gross amounts of recognised financial liabilities \$ million	Gross amounts of recognised financial assets offset in the balance sheet \$ million	Net amounts of financial liabilities presented in the balance sheet \$ million	Related amounts not offset in the balance sheet – financial instruments \$ million	Net amounts \$ million
2014					
Financial derivative liabilities	142.2	–	142.2	(9.2)	133.0
2013					
Financial derivative liabilities	651.9	–	651.9	(114.8)	537.1
Amounts due to immediate holding company (trade)	0.3	(0.3)	–	–	–
Amounts due to related corporations (trade)	6.0	(6.0)	–	–	–
Total	658.2	(6.3)	651.9	(114.8)	537.1

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the balance sheet that are disclosed in the above tables are measured in the balance sheet on the following basis:

- financial derivative assets and liabilities – fair value; and
- trade receivables and trade payables – amortised cost.

The tables below reconcile the 'Net amounts of financial assets and financial liabilities presented in the balance sheet', as set out above, to the line items presented in the balance sheet.

Types of financial assets	Net amounts of financial assets presented in the balance sheet	Line item in the balance sheet	Carrying amounts	Financial assets not in scope of offsetting disclosures	Note
	\$ million		\$ million	\$ million	
2014					
Financial derivative assets	75.2	Financial derivative assets	75.2	–	
Financial derivative assets	1.4	Trade and other receivables	218.7	217.3	7
2013					
Financial derivative assets	166.0	Financial derivative assets	166.0	–	
Amounts due from related corporations (trade)	94.8	Trade and other receivables	896.0	798.4	7
Financial derivative assets	2.8				

Types of financial liabilities	Net amounts of financial liabilities presented in the balance sheet	Line item in the balance sheet	Carrying amounts	Financial liabilities not in scope of offsetting disclosures	Note
	\$ million		\$ million	\$ million	
2014					
Financial derivative liabilities	108.2	Financial derivative liabilities	108.2	–	
Financial derivative liabilities	34.0	Trade and other payables	1,509.8	1,475.8	14
2013					
Financial derivative liabilities	638.8	Financial derivative liabilities	638.8	–	
Financial derivative liabilities	13.1	Trade and other payables	791.1	778.0	14

8 Cash and cash equivalents

	2014 \$ million	2013 \$ million
Cash at bank and in hand	34.5	9.3
Fixed deposits	–	787.7
	<u>34.5</u>	<u>797.0</u>

As at reporting date, cash and cash equivalents are denominated in the functional currency of the Company.

9 Share capital

	2014 No. of shares million	2013 No. of shares million
Ordinary shares issued and fully-paid with no par value		
At 1 April	2,512.4	2,300.0
Issue of shares	–	212.4
At 31 March	<u>2,512.4</u>	<u>2,512.4</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

10 Reserves

	2014 \$ million	2013 \$ million
Hedging reserve	10.4	(15.3)
Accumulated profits	1,253.5	874.9
	<u>1,263.9</u>	<u>859.6</u>

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred.

11 Debt obligations

Principal amount	Date of maturity	2014 S million	2013 S million
Fixed rate notes			
USD 1,000 million ⁽¹⁾	October 2013	–	1,270.5
HKD 1 billion ⁽²⁾	April 2014	162.1	163.8
SGD 200 million	April 2015	206.6	212.1
SGD 320 million	August 2015	334.1	343.3
JPY 5 billion ⁽³⁾	October 2015	62.8	68.9
SGD 500 million	October 2018	554.9	579.3
HKD 500 million ⁽⁴⁾	May 2019	89.2	90.8
SGD 75 million	May 2019	79.7	83.2
SGD 500 million	May 2020	498.2	497.9
SGD 280 million	August 2020	312.8	326.2
SGD 100 million	August 2022	104.2	109.0
USD 500 million ⁽⁵⁾	September 2022	625.3	616.4
JPY 15 billion ⁽⁶⁾	April 2024	204.9	224.3
SGD 75 million	May 2024	78.4	82.2
JPY 7 billion ⁽⁷⁾	October 2026	89.2	97.4
SGD 100 million	May 2029	100.5	106.3
SGD 250 million	September 2032	248.9	248.9
		<u>3,751.8</u>	<u>5,120.5</u>
Floating rate notes			
USD 100 million ⁽⁸⁾	July 2017	125.6	123.8
		<u>3,877.4</u>	<u>5,244.3</u>

- (1) USD 1,000 million swapped to SGD 1,740 million
(2) HKD 1 billion swapped to SGD 194.4 million
(3) JPY 5 billion swapped to SGD 67.3 million
(4) HKD 500 million swapped to SGD 95.5 million
(5) USD 500 million swapped to SGD 623.8 million
(6) JPY 15 billion swapped to SGD 230.0 million
(7) JPY 7 billion swapped to SGD 114.7 million
(8) USD 100 million swapped to SGD 139.5 million

The debt obligations are on bullet repayment terms.

	2014 S million	2013 S million
Current	162.1	1,270.5
Non-current	3,715.3	3,973.8
	<u>3,877.4</u>	<u>5,244.3</u>

Interest rates on debt obligations denominated in the Singapore dollar range from 3.06% to 5.07% (2013: 3.06% to 5.07%) per annum. Interest rates on foreign currency debt obligations range from 0.92% to 4.01% (2013: 0.98% to 5.00%) per annum.

12 Deferred income

	2014 \$ million	2013 \$ million
Customers' contributions	265.9	265.9
Accumulated accretion	(61.4)	(52.4)
	<u>204.5</u>	<u>213.5</u>
Billings in advance	27.7	-
	<u>232.2</u>	<u>213.5</u>
Movements in accumulated accretion are as follows:		
At 1 April	52.4	43.3
Accretion for the year	9.0	9.1
At 31 March	<u>61.4</u>	<u>52.4</u>

13 Deferred taxation

Movements in deferred tax assets and liabilities during the year are as follows:

	At 1 April 2012 \$ million	Recognised in profit or loss (Note 19) \$ million	Recognised in equity (Note 19) \$ million	At 31 March 2013/ 1 April 2013 \$ million	Recognised in profit or loss (Note 19) \$ million	Recognised in equity (Note 19) \$ million	At 31 March 2014 \$ million
Deferred tax liabilities							
Property, plant and equipment	(1,017.2)	(9.0)	-	(1,026.2)	(26.3)	-	(1,052.5)
Financial derivative assets	-	-	-	-	-	(2.2)	(2.2)
	<u>(1,017.2)</u>	<u>(9.0)</u>	<u>-</u>	<u>(1,026.2)</u>	<u>(26.3)</u>	<u>(2.2)</u>	<u>(1,054.7)</u>
Set off of tax	46.2	-	-	52.7	-	-	73.5
Net deferred tax liabilities	<u>(971.0)</u>	<u>-</u>	<u>-</u>	<u>(973.5)</u>	<u>-</u>	<u>-</u>	<u>(981.2)</u>
Deferred tax assets							
Deferred income	37.8	(1.5)	-	36.3	21.1	-	57.4
Financial derivative liabilities	8.4	-	(5.3)	3.1	-	(3.1)	-
Others	-	13.3	-	13.3	2.8	-	16.1
	<u>46.2</u>	<u>11.8</u>	<u>(5.3)</u>	<u>52.7</u>	<u>23.9</u>	<u>(3.1)</u>	<u>73.5</u>
Set off of tax	(46.2)	-	-	(52.7)	-	-	(73.5)
Net deferred tax assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

14 Trade and other payables

	2014 S million	2013 S million
Trade payables	4.4	6.3
Interest payable	31.9	74.2
Advance receipts	148.7	120.1
Accrued operating expenditure	428.3	390.2
Accrued capital expenditure	175.0	165.7
Financial derivative liabilities	34.0	13.1
Amounts due to immediate holding company:		
- trade	3.2	-
- non-trade	659.1	-
- interest payable on loan note	-	6.4
Amounts due to related corporations (trade)	25.2	15.1
	1,509.8	791.1

Payables denominated in currencies other than the Company's functional currency comprise \$2.8 million (2013: \$4.4 million) of other payables and accruals denominated in the United States dollar (USD), \$6.6 million (2013: \$3.2 million) in the Japanese yen (JPY) and \$0.2 million (2013: \$1.4 million) in the Euro (EUR).

The non-trade amounts due to immediate holding company are unsecured and bear interest at rates ranging from 0.49% to 0.89% per annum.

15 Revenue

Revenue comprises use of system charges and is adjusted in accordance to the price regulation framework.

16 Other income

	2014 S million	2013 S million
Rental income	7.3	8.5
Leasing income	3.8	3.8
Disbursement recoverable jobs	32.3	37.7
Loss on disposal of property, plant and equipment	(5.1)	(1.1)
Sale of scrap	15.2	12.5
Accretion of deferred income	9.0	9.1
Sundry receipt	-	5.6
Others	4.8	3.5
	67.3	79.6

17 Finance income

	2014 \$ million	2013 \$ million
Interest income receivable/received from:		
- immediate holding company	1.8	4.4
- banks	1.1	1.5
	<u>2.9</u>	<u>5.9</u>

18 Finance costs

	2014 \$ million	2013 \$ million
Interest expense payable/paid to:		
- immediate holding company	3.2	13.3
- banks	3.7	3.2
Interest expense on bank loans and debt obligations	106.0	201.5
Net change in fair value of cash flow hedges reclassified from equity	1.3	33.8
(Gain)/Loss arising from financial assets/liabilities in a fair value hedge:		
- hedged items	(66.2)	74.4
- hedging instruments	66.6	(74.9)
Net change in fair value of financial assets/liabilities at fair value through profit or loss	11.4	(8.0)
Amortisation of capitalised transaction costs	2.6	2.7
Ineffective portion of changes in fair value of cash flow hedges	(14.1)	17.7
Amortisation of fair value adjustments on fair value hedges	(31.4)	(14.7)
	<u>83.1</u>	<u>249.0</u>

19 Tax expense

	2014 \$ million	2013 \$ million
Current tax expense		
Current year	74.9	76.2
Under/(Over) provision in respect of prior years	1.2	(2.6)
	<u>76.1</u>	<u>73.6</u>
Deferred tax expense		
Origination and reversal of temporary differences	2.4	(5.1)
Under provision in respect of prior years	-	2.3
	<u>2.4</u>	<u>(2.8)</u>
Total tax expense	<u>78.5</u>	<u>70.8</u>

Tax recognised in other comprehensive income	2014			2013		
	Before tax \$ million	Tax expense /(credit) \$ million	Net of tax \$ million	Before tax \$ million	Tax expense /(credit) \$ million	Net of tax \$ million
Effective portion of changes in fair value of cash flow hedges	22.2	(3.8)	18.4	(8.1)	1.4	(6.7)
Net change in fair value of cash flow hedges transferred to profit or loss	1.3	(0.2)	1.1	33.8	(5.8)	28.0
Net change in fair value of cash flow hedges on recognition of the hedged items on balance sheet	7.5	(1.3)	6.2	5.4	(0.9)	4.5
	<u>31.0</u>	<u>(5.3)</u>	<u>25.7</u>	<u>31.1</u>	<u>(5.3)</u>	<u>25.8</u>

	2014 \$ million	2013 \$ million
<i>Reconciliation of effective tax rate</i>		
Profit before tax	457.1	382.7
Tax calculated using Singapore tax rate of 17% (2013: 17%)	77.7	65.1
Tax exempt income	(8.5)	(1.4)
Non-deductible expenses	8.1	7.4
Under/(Over) provision in respect of prior years		
- current tax expense	1.2	(2.6)
- deferred tax expense	-	2.3
	<u>78.5</u>	<u>70.8</u>

20 Profit for the year

The following item has been included in arriving at profit for the year:

	2014 \$ million	2013 \$ million
Operating lease expenses	<u>(2.1)</u>	<u>(2.1)</u>

21 Related parties

For the purpose of the financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The immediate and ultimate holding companies are Singapore Power Limited and Temasek Holdings (Private) Limited (Temasek) respectively. These companies are incorporated in the Republic of Singapore. Temasek is the holding company for various commercial interests of the Government of Singapore. Accordingly, all the subsidiaries of Temasek are related corporations and are subject to common control. The Company engages in a wide variety of transactions with related corporations in the normal course of business on terms similar to those available to other customers. Such transactions include but are not limited to sales and purchases of power, provision of consultancy and engineering services, leasing of cables and ducts, agency services and financial and banking services. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

All electricity supplied to companies in the Temasek group are related party transactions. The Temasek group has extensive interests in a large number of companies and it is not practical to compile data on the value of electricity sales, or the component relating to transmission and distribution of electricity to the Temasek group. As the Company's rates for electricity transmission and distribution are based on tariffs approved by the Energy Market Authority, the Company has concluded that it is not meaningful to present information relating to such income.

Other than as disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	2014	2013
	\$ million	\$ million
<i>Related corporations</i>		
- management fee expenses	(168.8)	(129.8)
- maintenance expenses	(21.0)	(16.0)
- support service expenses	(13.8)	(15.8)
- agency fee expenses	(18.6)	(17.7)
	(230.2)	(179.3)

22 Financial risk management

The Company's activities expose it to foreign currency, interest rate, credit and liquidity risks which arise in the normal course of business. Generally the Company's overall objective is to manage and minimise exposure to such risks. The Company adopts the risk management policies and guidelines established by its immediate holding company, Singapore Power Limited.

The Company uses forward foreign exchange contracts, interest rate swaps and cross currency interest rate swaps to manage its exposure to foreign currency and interest rate risks respectively.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The material financial risks associated with the Company's activities are each described below, together with details of the Company's policies for managing the risks.

Foreign currency risk

The Company is exposed to foreign currency risks from borrowing activities, purchase, supply and installation contracts, and trade creditors which are denominated in a currency other than Singapore dollars.

The objective of the Company's risk management policies is to mitigate foreign exchange risk by utilising various hedging instruments. The Company therefore considers avoidable currency risk exposure to be minimal for the Company.

The Company enters into cross currency interest rate swaps to manage exposures from foreign currency borrowings that are denominated in the USD, JPY and Hong Kong dollar (HKD). Under cross currency interest rate swaps, the Company agrees to exchange specified foreign currency principal and interest amounts at an agreed future date at a specified exchange rate. Such contracts enable the Company to mitigate the risk of adverse movements in foreign exchange rates. Except where a foreign currency borrowing is taken with the intention of providing a natural hedge by matching the underlying cash flows, all foreign currency borrowings are swapped back to Singapore dollars. For foreign currency swaps that do not meet the requirements of hedge accounting, changes in fair value are recorded in profit or loss.

The Company uses forward foreign currency contracts to substantially hedge foreign currency risk attributable to purchase transactions. The maturities of the forward foreign exchange contracts are intended to match the forecasted progress payments of the supply and installation contracts. Whenever necessary, the forward foreign exchange contracts are either rolled over at maturity or translated into foreign currency deposits, whichever is more cost efficient.

As at 31 March 2014, the Company has outstanding forward foreign exchange contracts with notional amounts of approximately \$102.8 million (2013: \$100.7 million). The net fair value of forward foreign exchange contracts as at 31 March 2014 is \$0.7 million (2013: \$5.9 million) comprising assets of \$1.5 million (2013: \$0.1 million) and liabilities of \$2.2 million (2013: \$6.0 million).

At the reporting date, if the functional currency of the Company had moved against each of the currencies as illustrated in the table below, with all other variables held constant, profit before tax and equity would have been affected as below:

	Net profit before tax S million	Equity (hedging reserve) S million
Judgements of reasonably possible movements		
2014		
USD		
Increase of 9.48 per cent by S\$ functional currency	–	(1.6)
Decrease of 9.48 per cent by S\$ functional currency	–	1.6
EUR		
Increase of 12.88 per cent by S\$ functional currency	–	(2.2)
Decrease of 12.88 per cent by S\$ functional currency	–	2.2
JPY		
Increase of 21.13 per cent by S\$ functional currency	–	(6.8)
Decrease of 21.13 per cent by S\$ functional currency	–	6.8

	Net profit before tax \$ million	Equity (hedging reserve) \$ million
Judgements of reasonably possible movements		
2013		
USD		
Increase of 11.09 per cent by S\$ functional currency	–	(2.0)
Decrease of 11.09 per cent by S\$ functional currency	–	2.0
EUR		
Increase of 12.41 per cent by S\$ functional currency	–	(3.0)
Decrease of 12.41 per cent by S\$ functional currency	–	3.0
JPY		
Increase of 16.83 per cent by S\$ functional currency	–	(3.7)
Decrease of 16.83 per cent by S\$ functional currency	–	3.7

The judgements of reasonably possible movements were determined using statistical analysis of the 90th percentile best and worst expected outcomes having regard to actual historical exchange rate data over the previous five years. Management considers that past movements are a reasonable basis for determining possible movements in exchange rates.

Interest rate risk

The Company manages its interest rate exposure by maintaining a significant portion of its debt at fixed interest rates. This is done by the (i) issuance of fixed rate debt; (ii) use of interest rate swaps to convert floating rate debt to fixed rate debt; or (iii) use of cross currency interest rate swaps to convert fixed or floating rate non-functional currency denominated debt to fixed rate functional currency denominated debt.

The use of derivative financial instruments relates directly to the underlying existing and anticipated indebtedness.

At the reporting date, if interest rate had moved as illustrated in the table below, with all other variables held constant, profit before tax and equity would have been affected as follows:

	Net profit before tax \$ million	Equity (hedging reserve) \$ million
Judgements of reasonably possible movements		
2014		
Increase with all other variables held constant	0.7	4.6
Decrease with all other variables held constant	–	0.2
2013		
Increase with all other variables held constant	10.6	(8.5)
Decrease with all other variables held constant	0.6	3.1

The judgements of reasonably possible movements were determined using statistical analysis of the 90th percentile of the best and worst expected outcomes having regard to actual historical interest rate data over the previous five years based on the six month Singapore swap offer rate, three month Hong Kong interbank offer rate, three month USD London interbank offer rate (LIBOR) and six month JPY LIBOR. Management considers that past movements are a reasonable basis for determining possible movements in interest rates. As at 31 March 2014, the movements in interest rates used in the table above are as follows:

- Singapore interest rates – 63 basis points (2013: 85 basis points)
- United States interest rates –145 basis points (2013: 192 basis points)
- Japan interest rates – 24 basis points (2013: 28 basis points)
- Hong Kong interest rates –131 basis points (2013: 170 basis points)

As at 31 March 2014, the Company has interest rate and cross currency swaps with notional amount of \$5,856 million (2013: \$17,042 million). The Company classifies these swaps as cash flow and fair value hedges except for swaps with notional amount of \$1,040 million (2013: \$4,020 million) that do not meet the requirements of hedge accounting in which case, changes in the fair value are recorded in profit or loss. The net fair value of swaps as at 31 March 2014 is \$64.9 million (2013: \$477.3 million) comprising assets of \$75.1 million (2013: \$168.7 million) and liabilities of \$140.0 million (2013: \$645.9 million).

The Company's excess funds are principally invested in bank deposits of varying maturities to match its cash flow needs, or deposited with the immediate holding company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from the Company's financial assets, comprising cash and cash equivalents, trade and other receivables and financial derivative assets.

Surplus funds are invested in interest bearing deposits with financial institutions with good credit ratings assigned by international credit rating agencies. Counterparty risks are managed by limiting exposure to any individual counterparty. The Company's portfolio of financial instruments is entered into with a number of creditworthy counterparties, thereby mitigating concentration of credit risk. The Company held cash and cash equivalents of \$34.5 million (2013: \$797.0 million) which represents its maximum exposure on these assets.

Counterparty risks on derivatives are generally restricted to any gain or loss when marked to market, and not on the notional amount transacted. As a prudent measure, the Company enters into derivatives only with financial institutions with good credit ratings assigned by international credit rating agencies. Therefore the possibility of a material loss arising from the non-performance by a counterparty is considered remote.

There is no significant concentration of credit risk of trade receivables. In addition to customers' deposits, the Company holds guarantees from creditworthy financial institutions to secure the obligations of certain customers.

At reporting date, the Company has significant receivables arising from amounts due from related corporations. Management considers the probability of default remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company adopts prudent liquidity risk management by maintaining sufficient cash and liquid financial assets, and ensures the availability of funding through an adequate level of bank credit lines and the establishment of medium term note programmes.

The following are the expected contractual undiscounted cashflows (outflows) of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount \$ million	Contractual cash flows \$ million	Within 1 year \$ million	1 – 2 years \$ million	2 – 5 years \$ million	More than 5 years \$ million
2014						
Non-derivative financial liabilities						
Trade and other payables*	(1,327.1)	(1,327.1)	(1,327.1)	–	–	–
Borrowings	(3,877.4)	(4,635.5)	(290.0)	(697.7)	(941.6)	(2,706.2)
Derivatives						
Derivative assets						
Interest rate swaps/cross currency interest rate swaps	75.1	100.8	13.9	6.2	67.2	13.5
Forward exchange contracts						
- Inflow		34.1	28.6	5.1	0.4	–
- Outflow		(32.6)	(27.2)	(5.0)	(0.4)	–
	1.5	1.5	1.4	0.1	–	–
Derivative liabilities						
Interest rate swaps/cross currency interest rate swaps	(140.0)	(238.0)	(32.8)	(5.0)	(30.0)	(170.2)
Forward exchange contracts						
- Inflow		68.0	56.5	11.5	–	–
- Outflow		(70.2)	(58.2)	(12.0)	–	–
	(2.2)	(2.2)	(1.7)	(0.5)	–	–
	(5,270.1)	(6,100.5)	(1,636.3)	(696.9)	(904.4)	(2,862.9)

* excluding advance receipts

	Carrying amount \$ million	Contractual cash flows \$ million	Within 1 year \$ million	1 – 2 years \$ million	2 – 5 years \$ million	More than 5 years \$ million
2013						
Non-derivative financial liabilities						
Trade and other payables*	(637.9)	(637.9)	(637.9)	–	–	–
Loan note issued to immediate holding company	(359.0)	(367.2)	(367.2)	–	–	–
Borrowings	(5,244.3)	(6,083.5)	(1,434.2)	(288.0)	(1,038.3)	(3,323.0)
Derivatives						
Derivative assets						
Interest rate swaps/cross currency interest rate swaps	168.7	236.0	124.1	34.7	52.8	24.4
Forward exchange contracts						
- Inflow		23.1	21.2	1.1	0.8	–
- Outflow		(23.0)	(21.1)	(1.1)	(0.8)	–
	0.1	0.1	0.1	–	–	–
Derivative liabilities						
Interest rate swaps/cross currency interest rate swaps	(645.9)	(776.9)	(595.2)	(44.0)	(16.6)	(121.1)
Forward exchange contracts						
- Inflow		71.7	59.0	11.6	1.1	–
- Outflow		(77.7)	(64.7)	(11.9)	(1.1)	–
	(6.0)	(6.0)	(5.7)	(0.3)	–	–
	(6,744.3)	(7,655.4)	(2,936.0)	(297.6)	(1,002.1)	(3,419.7)

* excluding advance receipts

For swap hedging instruments that are cash flow hedges, the tables above indicate the periods that they are expected to impact the income statement.

Capital management

The Company's capital structure comprises share capital, accumulated profits and borrowings. The Company is committed to an optimal capital structure while maintaining financial flexibility. In order to achieve an optimal capital structure, the Company may adjust the dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or reduce its borrowings.

The Company monitors capital based on gross and net gearing ratios. Gearing ratio is calculated as net debts over shareholders' equity and net debts.

	2014 \$ million	2013 \$ million
Debt obligations	3,877.4	5,244.3
Amount due to immediate holding company (non-trade)	659.1	-
Loan note issued to immediate holding company	-	359.0
Total debts	<u>4,536.5</u>	<u>5,603.3</u>
Less: Cash and cash equivalents	(34.5)	(797.0)
Amount due from immediate holding company (non-trade)	-	(612.7)
Net debts	<u>4,502.0</u>	<u>4,193.6</u>
Total equity	3,776.3	3,372.0
Total capital	8,312.8	8,975.3
Net capital	<u>8,278.3</u>	<u>7,565.6</u>

There were no changes in the Company's approach to capital management during the financial year. The Company is not subjected to any externally imposed capital requirements.

23 Fair values

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Debt obligations and derivative financial instruments

Fair values are measured using market observable data as at reporting date. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Company and counterparty when appropriate.

Loan note issued to immediate holding company

Fair values, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are, because of the short period to maturity, assumed to approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

Fair values versus carrying amounts

The Company's assets and liabilities that are carried at fair value relate to derivative instruments which are measured using market observable data and as such are deemed level two within the fair value hierarchy disclosure required under FRS 113 *Fair Value Measurement*.

The fair value and net fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. Appropriate transaction costs are included in the determination of net fair value.

The carrying amounts of the financial instruments carried at amortised cost are not materially different from their fair values except as follows:

	Note	2014		2013	
		Carrying amount \$ million	Fair value \$ million	Carrying amount \$ million	Fair value \$ million
Financial liabilities					
Loan note issued to immediate holding company		–	–	359.0	366.8
Debt obligations:					
- non-current portion	11	3,715.3	3,686.7	3,973.8	4,004.6
- current portion	11	162.1	161.9	1,270.5	1,268.4
Total		3,877.4	3,848.6	5,603.3	5,639.8
Unrecognised (gain)/loss			<u>(28.8)</u>		<u>36.5</u>

The table below sets out the comparison by category of carrying amounts of all the Company's financial instruments that are recognised in the financial statements:

	Loans and receivables \$ million	Fair value through profit or loss \$ million	Derivatives – hedging instruments \$ million	Financial liabilities within scope of FRS 39 \$ million	Total carrying amount \$ million
2014					
Assets					
Financial derivative assets	–	21.0	54.2	–	75.2
Trade and other receivables*	207.1	–	1.4	–	208.5
Cash and cash equivalents	34.5	–	–	–	34.5
	<u>241.6</u>	<u>21.0</u>	<u>55.6</u>	<u>–</u>	<u>318.2</u>
Liabilities					
Debt obligations	–	–	–	3,877.4	3,877.4
Financial derivative liabilities	–	4.0	104.2	–	108.2
Trade and other payables**	–	–	34.0	1,327.1	1,361.1
	<u>–</u>	<u>4.0</u>	<u>138.2</u>	<u>5,204.5</u>	<u>5,346.7</u>
2013					
Assets					
Financial derivative assets	–	36.7	129.3	–	166.0
Trade and other receivables*	882.0	2.7	0.1	–	884.8
Cash and cash equivalents	797.0	–	–	–	797.0
	<u>1,679.0</u>	<u>39.4</u>	<u>129.4</u>	<u>–</u>	<u>1,847.8</u>
Liabilities					
Loan note issued to immediate holding company	–	–	–	359.0	359.0
Debt obligations	–	–	–	5,244.3	5,244.3
Financial derivative liabilities	–	2.5	636.3	–	638.8
Trade and other payables**	–	7.4	5.7	657.9	671.0
	<u>–</u>	<u>9.9</u>	<u>642.0</u>	<u>6,261.2</u>	<u>6,913.1</u>

* *excluding prepayments*

** *excluding advance receipts*

24 Commitments

Capital commitments

At the reporting date, capital expenditure contracted but not provided for in the financial statements amounted to \$1,860.9 million (2013: \$1,838.6 million).

Operating lease commitments

At the reporting date, the Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2014 \$ million	2013 \$ million
Within one year	1.9	2.0
After one year but within five years	7.7	7.3
After five years	4.2	5.8
	13.8	15.1

The Company leases office spaces under operating leases. The leases contain options to renew the lease for another 3 to 5 years at the end of the initial lease periods. These leases do not include any contingent rental nor any escalation clauses over the lease rental periods.

25 Regulatory reset

As the external environment has experienced significant changes, the Company and Energy Market Authority have agreed to an earlier commencement of the next regulatory period. Accordingly, the appeal on certain aspects of the determination for the regulatory period from 1 April 2013 to 31 March 2018 will be withdrawn.



SP PowerAssets Limited
Registration Number: 200302108D

Annual Report
Year ended 31 March 2013

KPMG LLP (Registration No. T08611287), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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Directors' report

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2013.

Directors

The directors in office at the date of this report are as follows:

Mr Alan Chan Heng Loon	
Mrs Oon Kum Loon	
Mr Timothy Chia Chee Ming	(Appointed on 23 July 2012)
Mr Kelvin Wong Weng Wah	(Appointed on 23 July 2012)
Mr Choi Shing Kwok	(Appointed on 1 September 2012)
Mr Wong Kim Yin	

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year
Mr Alan Chan Heng Loon		
Singapore Telecommunications Limited shares	2,970	2,970
SP AusNet securities*	125,000	143,750
Mapletree Industrial Trust units	9,720	-
Mapletree Commercial Trust units	23,000	23,000
Mrs Oon Kum Loon		
Singapore Telecommunications Limited shares	2,720	2,720
SP AusNet securities*	75,000	87,000
Mapletree Industrial Trust units	8,000	8,134
Mr Timothy Chia Chee Ming		
Singapore Telecommunications Limited shares	1,730	2,070
SP AusNet securities*	86,990	107,085

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year
Mr Kelvin Wong Weng Wah		
Singapore Telecommunications Limited shares	2,720	2,720
SMRT Corporation Ltd	17,000	17,000
Mr Choi Shing Kwok		
Singapore Telecommunications Limited shares	2,720	2,720
Mr Wong Kim Yin		
Singapore Telecommunications Limited shares	190	190
Mapletree Industrial Trust units	280,000	30,000

* Stapled Group securities, each comprising one SP Australia Networks (Transmission) Ltd share, one SP Australia Networks (Distribution) Ltd share and one SP Australia Networks (Finance) Trust unit.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except that certain directors have employment relationships with or are directors of the immediate holding company or related corporations and have received remuneration in those capacities.

Share options

During the financial year, there were:

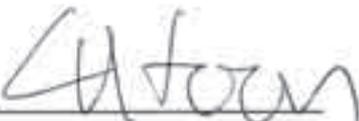
- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

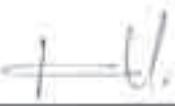
Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



MR ALAN CHAN HENG LOON
Chairman



MR WONG KIM YIN
Director

30 May 2013

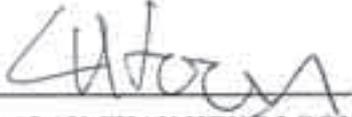
Statement by Directors

In our opinion:

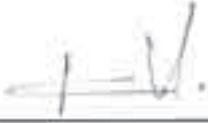
- (a) the financial statements set out on pages FS1 to FS37 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and the results, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



MR ALAN CHAN HENG LOON
Chairman



MR WONG KIM YIN
Director

30 May 2013



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Independent auditors' report

Member of the Company
SP PowerAssets Limited

Report on the financial statements

We have audited the accompanying financial statements of SP PowerAssets Limited (the Company), which comprise the balance sheet as at 31 March 2013, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS37.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP (Registration No. T06LL1287LL) an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International") a Swiss entity



Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and the results, changes in equity and cash flows of the Company for the year ended on that date.

Report on other legal regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
30 May 2013

Balance sheet
As at 31 March 2013

	Note	2013 \$ million	2012 \$ million
Non-current assets			
Property, plant and equipment	4	7,556.1	7,344.1
Intangible assets	5	2,207.3	2,206.7
Financial derivative assets		166.0	327.6
		9,929.4	9,878.4
Current assets			
Inventories	6	43.7	49.9
Trade and other receivables	7	896.0	704.5
Cash and cash equivalents	8	797.0	183.1
		1,736.7	937.5
		11,666.1	10,815.9
Total assets			
Equity			
Share capital	9	2,512.4	2,300.0
Reserves	10	859.6	734.3
		3,372.0	3,034.3
Total equity			
Non-current liabilities			
Loan note issued to immediate holding company	15	–	359.0
Bank loans		–	306.8
Debt obligations	11	3,973.8	4,394.2
Deferred income	12	213.5	222.6
Deferred tax liabilities	13	973.5	971.0
Amounts due to a related company (trade)		–	10.6
Financial derivative liabilities		638.8	734.4
		5,799.6	6,998.6
Current liabilities			
Trade and other payables	14	791.1	580.4
Loan note issued to immediate holding company	15	359.0	–
Debt obligations	11	1,270.5	104.9
Current tax payable		73.9	97.7
		2,494.5	783.0
		8,294.1	7,781.6
Total liabilities		8,294.1	7,781.6
Total equity and liabilities		11,666.1	10,815.9

The accompanying notes form an integral part of these financial statements.

Income statement
Year ended 31 March 2013

	Note	2013 \$ million	2012 \$ million
Revenue	16	1,203.6	1,245.5
Other income	17	79.6	70.2
Expenses			
Depreciation of property, plant and equipment	4	(391.7)	(389.2)
Amortisation of intangible assets	5	(4.8)	(4.9)
Maintenance		(60.7)	(65.9)
Management fees		(92.0)	(110.6)
Property taxes		(39.0)	(58.0)
Agency fee		(17.7)	(17.7)
Support services		(15.8)	(14.3)
Other operating expenses		(35.7)	(39.9)
Operating profit		625.8	615.2
Finance income	18	5.9	10.5
Finance costs	19	(249.0)	(236.0)
Profit before tax		382.7	389.7
Tax expense	20	(70.8)	(63.1)
Profit for the year	21	311.9	326.6

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income
Year ended 31 March 2013

	2013	2012
	\$ million	\$ million
Profit for the year	311.9	326.6
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedges, net of tax	(6.7)	(13.6)
Changes in fair value of cash flow hedges transferred to profit or loss, net of tax	28.0	41.4
Changes in fair value of cash flow hedges on recognition of the hedged items on balance sheet, net of tax	4.5	1.0
Other comprehensive income for the year, net of tax	25.8	28.8
Total comprehensive income for the year	337.7	355.4

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
 Year ended 31 March 2013

	Share capital \$ million	Hedging reserve \$ million	Accumulated profits \$ million	Total equity \$ million
At 1 April 2011	2,300.0	(69.9)	650.4	2,880.5
Total comprehensive income for the year				
Profit for the year	-	-	326.6	326.6
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(13.6)	-	(13.6)
Changes in fair value of cash flow hedges transferred to profit or loss, net of tax	-	41.4	-	41.4
Changes in fair value of cash flow hedges on recognition of the hedged items on balance sheet, net of tax	-	1.0	-	1.0
Total other comprehensive income	-	28.8	-	28.8
Total comprehensive income for the year	-	28.8	326.6	355.4
Transactions with owner of the Company, recognised directly in equity				
Contributions by and distributions to owner of the Company				
Final tax-exempt dividend paid of \$0.0877 per share for the year ended 31 March 2011	-	-	(201.6)	(201.6)
Total transactions with owner of the Company	-	-	(201.6)	(201.6)
At 31 March 2012	2,300.0	(41.1)	775.4	3,034.3

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity (continued)
 Year ended 31 March 2013

	Share capital \$ million	Hedging reserve \$ million	Accumulated profits \$ million	Total equity \$ million
At 1 April 2012	2,300.0	(41.1)	775.4	3,034.3
Total comprehensive income for the year				
Profit for the year	–	–	311.9	311.9
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedges, net of tax	–	(6.7)	–	(6.7)
Changes in fair value of cash flow hedges transferred to profit or loss, net of tax	–	28.0	–	28.0
Changes in fair value of cash flow hedges on recognition of the hedged item on balance sheet, net of tax	–	4.5	–	4.5
Total other comprehensive income	–	25.8	–	25.8
Total comprehensive income for the year	–	25.8	311.9	337.7
Transactions with owner of the Company, recognised directly in equity				
Contributions by and distributions to owner of the Company				
Issue of shares	212.4	–	–	212.4
Final tax-exempt dividend paid of \$0.0845 per share for the year ended 31 March 2012	–	–	(212.4)	(212.4)
Total transactions with owner of the Company	212.4	–	(212.4)	–
At 31 March 2013	2,512.4	(15.3)	874.9	3,372.0

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 31 March 2013

	Note	2013 \$ million	2012 \$ million
Cash flows from operating activities			
Profit before tax		382.7	389.7
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible assets		396.5	394.1
Loss on disposal of property, plant and equipment		1.1	3.3
Accretion of deferred income		(9.1)	(9.0)
Inventories written down		5.7	-
Finance income		(5.9)	(10.5)
Finance costs		249.0	236.0
Exchange differences loss		0.4	0.1
		1,020.4	1,003.7
Changes in working capital:			
Inventories		0.5	6.5
Trade and other receivables		(12.6)	(12.2)
Trade and other payables		125.8	47.7
Amounts due to related corporations (current and non-current)		(4.2)	(15.8)
Amounts due from related corporations		(63.5)	39.8
Cash generated from operations		1,066.4	1,069.7
Interest received		1.5	0.3
Tax paid		(97.4)	(109.4)
Net cash from operating activities		970.5	960.6
Cash flows from investing activities			
Purchase of property, plant and equipment		(534.9)	(395.3)
Purchase of intangible assets		(5.4)	(3.5)
Proceeds from disposal of property, plant and equipment		5.5	5.8
Net cash used in investing activities		(534.8)	(393.0)
Cash flows from financing activities			
Interest paid		(237.0)	(228.8)
Repayment of bank loans		(310.0)	-
Proceeds from issuance of borrowings		873.8	114.7
Redemption of borrowings		(105.0)	(200.0)
Repayment of advances from immediate holding company (non-trade)		(106.4)	(84.4)
Payment of transaction costs related to loans and borrowings		(5.2)	(7.5)
Proceeds from termination of swaps		78.4	-
Payment for termination of swaps		(10.4)	-
Net cash from/(used in) financing activities		178.2	(406.0)
Net increase in cash and cash equivalents		613.9	161.6
Cash and cash equivalents at 1 April		183.1	21.5
Cash and cash equivalents at 31 March	8	797.0	183.1

Significant non-cash transactions

The \$212.4 million final tax-exempt dividend declared in relation to the financial year ended 31 March 2012 was paid by issuance of ordinary shares to the owner of the Company in the financial year ended 31 March 2013.

The \$201.6 million final tax-exempt dividend declared in relation to the financial year ended 31 March 2011 was paid by way of offset against the amounts due from the immediate holding company in the financial year ended 31 March 2012.

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 17 May 2013.

1 Domicile and activities

SP PowerAssets Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 10 Pasir Panjang Road, #03-01, Mapletree Business City, Singapore 117438.

The principal activities of the Company are those relating to the provision of services in connection with the transmission and distribution of electricity.

The immediate and ultimate holding companies are Singapore Power Limited and Temasek Holdings (Private) Limited respectively. Both companies are incorporated in the Republic of Singapore.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies set out below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest million, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed below:

Impairment of goodwill and indefinite-lived intangible assets

Impairment reviews in respect of goodwill and intangible assets are performed at least annually. More regular reviews are performed if changes in circumstances or the occurrence of events indicate potential impairment. The Company uses the present value of future cash flows to determine the recoverable amounts of the cash generating units. In calculating the recoverable amounts, significant management judgement is required in forecasting cash flows of the cash generating units, in estimating the terminal growth values and in selecting an appropriate discount rate. Details of key assumptions made are set out in note 5.

Estimating fair values of financial assets and financial liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition, measurement and disclosure purposes. Note 24 sets out the basis of valuation of financial assets and liabilities.

2.5 Changes in accounting policies

Adoption of new and revised FRSs and Interpretations to FRS

The Company has adopted all the new and revised FRSs and Interpretations to FRS (INT FRS) that became mandatory from 1 April 2012. The adoption of these new FRSs and INT FRS has no significant impact to the Company's financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing cost. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income or other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each component of an item of property, plant and equipment. Freehold land is not depreciated.

The estimated useful lives (lease term) are as follows:

Leasehold land	Remaining term of the lease ranging from 20 to 99 years
Leasehold buildings	30 years
Transformers and switchgear	30 years
Other plant and machinery (principally remote control and telemetering equipment)	3 to 25 years
Mains	30 years
Other fixed assets (principally meters and motor vehicles)	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.2 Intangible assets

Goodwill

Goodwill arising from acquisition represents the excess of the cost of acquisition over the fair value of identifiable net assets acquired.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses and is tested for impairment on an annual basis as described in note 3.5.

Other intangible assets

Deferred expenditure is measured at cost less accumulated amortisation and impairment losses. This relates mainly to contributions paid by the Company in accordance with regulatory requirements towards capital expenditure costs incurred by electricity generation companies. Deferred expenditure is amortised on a straight-line basis over the period in which the Company derives benefits from the capital contribution payments, which is generally the useful life of the relevant equipment ranging from 7 to 19 years.

Computer software development in-progress is initially measured at cost. Following initial recognition, computer software development in-progress is measured at cost less accumulated impaired losses.

3.3 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivatives financial liabilities

The Company initially recognises debt securities and bank borrowings on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the derivative as the hedging instrument, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in fair value or cash flows of the respective hedged items attributable to the hedged risk and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit and loss.

Derivative are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit and loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in profit or loss. The hedged item is adjusted to reflect changes in its fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in profit or loss with an adjustment to the carrying amount of the hedged item.

Derivatives that do not qualify for hedge accounting

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.4 Leased assets

Where the Company has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease.

3.5 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event had occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined based on the weighted average method, and includes expenditure in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

3.7 Provisions

A provision is recognised if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.8 Deferred income

Deferred income comprises contributions made by certain customers towards the cost of capital projects received prior to 1 July 2009.

Deferred income is recognised on a straight-line basis and taken to profit or loss over the periods necessary to match the depreciation of the assets purchased with the customers' contributions.

3.9 Revenue recognition

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Use of system charges

Revenue from use of system charges is recognised when electricity is delivered to consumers.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion of contract costs incurred or work performed to date to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

3.10 Price regulation and licence

The Company's operations in Singapore are regulated under the Electricity Licence for Transmission Licensee issued by the Energy Market Authority of Singapore (EMA).

Revenue to be earned from the transmission of electricity is regulated based on certain formulae and parameters set out in the licence.

Actual revenue billed may vary from that allowed, resulting in an adjustment that may increase or decrease tariffs in succeeding periods to recover or refund amounts under or over charged. In order to match costs incurred and revenue earned, amounts to be recovered or refunded are brought to account as adjustments to revenue in the period in which the Company become entitled to the recovery or liable for the refund.

The Company's capital expenditure may vary from its regulatory plan and is subject to a review by the EMA. The results of the variances in capital expenditure may be translated into price adjustments, if any, in the following reset period.

3.11 Lease payment

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.12 Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, fair value gains or losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and gains or losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.13 Tax expense

Tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in the other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for

- temporary difference on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.14 Segment reporting

The Company determines and presents operating segments based on the information that is provided internally to the chief operating decision maker.

The Company has only one operating segment - electricity transmission and distribution, and hence no separate disclosures are made in the financial statements.

3.15 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 April 2012 have not been applied in preparing these financial statements. None of these are expected to have a significant impact on the Company's financial statements.

4 Property, plant and equipment

	Freehold land \$ million	Leasehold land \$ million	Leasehold buildings \$ million	Switchgear \$ million	Transformers \$ million	Other plant and machinery \$ million	Mains \$ million	Other fixed assets \$ million	Construction-in-progress \$ million	Total \$ million
Cost										
At 1 April 2011	0.3	348.0	976.6	2,324.3	940.0	164.1	4,506.9	76.9	466.3	9,803.4
Additions	-	-	-	0.1	0.3	7.3	-	10.1	404.4	422.2
Disposals	-	(0.1)	-	(15.1)	(6.6)	(2.5)	(11.5)	(0.2)	-	(36.0)
Reclassification	-	-	(4.4)	74.5	90.4	0.2	170.7	-	(331.4)	-
At 31 March 2012/1 April 2012	0.3	347.9	972.2	2,383.8	1,024.1	169.1	4,666.1	86.8	539.3	10,189.6
Additions	-	-	-	0.4	-	3.8	-	6.3	682.6	693.1
Disposals	-	(0.7)	(2.3)	(5.9)	(5.8)	(0.2)	(15.4)	(1.5)	(38.4)	(70.2)
Adjustment	-	-	(44.4)	-	-	-	-	-	-	(44.4)
Reclassification	-	9.1	16.7	120.0	94.4	10.6	169.7	1.3	(421.8)	-
At 31 March 2013	0.3	356.3	947.2	2,498.3	1,112.7	183.3	4,830.4	92.9	761.7	10,768.1
Accumulated depreciation										
At 1 April 2011	-	56.3	250.8	617.7	235.4	116.2	1,156.2	50.6	-	2,483.2
Depreciation	-	8.6	40.0	99.4	41.5	13.3	179.9	6.5	-	389.2
Disposals	-	-	-	(9.3)	(4.0)	(2.5)	(10.9)	(0.2)	-	(26.9)
At 31 March 2012/1 April 2012	-	64.9	290.8	707.8	272.9	127.0	1,325.2	56.9	-	2,845.5
Depreciation	-	8.8	33.6	101.0	42.7	13.5	184.9	7.2	-	391.7
Disposals	-	(0.1)	(2.3)	(2.8)	(2.9)	(0.2)	(15.4)	(1.5)	-	(25.2)
At 31 March 2013	-	73.6	322.1	806.0	312.7	140.3	1,494.7	62.6	-	3,212.0
Carrying amounts										
At 1 April 2011	0.3	291.7	725.8	1,706.6	704.6	47.9	3,350.7	26.3	466.3	7,220.2
At 31 March 2012/1 April 2012	0.3	283.0	681.4	1,676.0	751.2	42.1	3,340.9	29.9	539.3	7,344.1
At 31 March 2013	0.3	282.7	620.1	1,692.3	800.0	43.0	3,325.7	30.3	761.7	7,556.1

The Company received net cash of \$44.4 million on settlement with a contractor during the year, resulting in a reduction in the cost of leasehold buildings previously capitalised (2012: Nil).

5 Intangible assets

	Goodwill on acquisition \$ million	Deferred expenditure \$ million	Computer software development in-progress \$ million	Total \$ million
Cost				
At 1 April 2011	2,166.8	99.9	1.4	2,268.1
Additions	–	0.7	2.8	3.5
At 31 March 2012/1 April 2012	2,166.8	100.6	4.2	2,271.6
Additions	–	0.6	4.8	5.4
At 31 March 2013	2,166.8	101.2	9.0	2,277.0
Accumulated amortisation				
At 1 April 2011	–	59.0	–	59.0
Amortisation	–	5.9	–	5.9
At 31 March 2012/1 April 2012	–	64.9	–	64.9
Amortisation	–	4.8	–	4.8
At 31 March 2013	–	69.7	–	69.7
Carrying amounts				
At 1 April 2011	2,166.8	40.9	1.4	2,209.1
At 31 March 2012/1 April 2012	2,166.8	35.7	4.2	2,206.7
At 31 March 2013	2,166.8	31.5	9.0	2,207.3

The amortisation for the financial year ended 31 March 2012 includes \$1.0 million which was separately disclosed as finance costs in profit or loss.

Impairment test for goodwill

The Company as a whole is considered a cash generating unit (CGU).

The recoverable amount of the CGU is based on their fair value less costs to sell. The recoverable amount of the CGU is determined to be higher than its carrying amount hence no impairment is necessary.

Fair value less costs to sell is determined by discounting future cash flows generated from the continuing use of the CGU and is based on the following key assumptions:

1. Cash flows are projected based on a 5-year business plan. From this business plan, a further 10 years of cash flows are extrapolated using growth assumptions for revenue, operating expenditure and capital expenditure. Management believes that this forecast period is justified due to the long term nature of the CGU's activities.
2. The growth assumption is primarily driven by the assumptions in the regulatory building block models with growth being the function of regulated asset base and the allowable return approved by the regulators. The annual growth rate applied to the CGU was 3.1% (2012: 3.2%).
3. Cash flows, including terminal value of \$24.5 billion (2012: \$19.0 billion), are discounted using a pre-tax discount rate of 6.63% (2012: 6.60%) per annum that reflects current market assessments of the time value of money and risks specific to the assets.

6 Inventories

	2013 \$ million	2012 \$ million
Cables	33.8	37.0
Transformers	1.1	1.1
Switchgear	10.9	11.2
Spare parts and accessories	2.0	2.1
	<u>47.8</u>	<u>51.4</u>
Allowance for obsolescence	(4.1)	(1.5)
	<u>43.7</u>	<u>49.9</u>

In the financial year ended 31 March 2013, inventories recognised as an expense in the income statement amounted to \$4.7 million (2012: \$4.7 million). The write-down of inventories to net realisable value by the Company amounted to \$6.1 million (2012: \$3.6 million). The reversal of write-down by the Company amounted to \$0.4 million (2012: Nil).

7 Trade and other receivables

	2013 \$ million	2012 \$ million
Trade receivables	141.4	131.4
Impairment loss	(0.2)	(1.4)
	<u>141.2</u>	<u>130.0</u>
Amounts due from related corporations (trade)	105.0	41.5
Amounts due from immediate holding company (non-trade)	612.7	501.9
Advances and deposits	23.1	22.3
Loans and receivables	<u>882.0</u>	<u>695.7</u>
Prepayments	11.2	8.6
Financial derivative assets	2.8	0.2
	<u>896.0</u>	<u>704.5</u>

The non-trade amounts due from the immediate holding company are unsecured and bear interest at rates ranging from 0.43% to 3.06% (2012: 0.48% to 3.06%) per annum.

\$9.7 million of amounts due from a related company bear interest at variable rates ranging from 0.16% to 0.38% (2012: 0.38% to 0.50%) per annum.

There is no allowance for impairment arising from outstanding balances due from immediate holding company and related corporations.

Trade receivables

(a) Terms and conditions

Trade receivables are mainly interest-bearing and the average credit periods are between 10 and 30 calendar days. An allowance has been made for estimated unrecoverable amounts, determined by reference to past default experience of individual debtors and collective portfolio.

Collateral in the form of bank guarantees and deposits are obtained from counterparties where appropriate. There were no amounts called upon during the year.

(b) Maximum exposure to credit risk

The maximum exposure to credit risk for trade receivables at reporting date by type of customer is as follows:

	2013 \$ million	2012 \$ million
Contestable	131.2	86.6
Project-based	8.5	21.9
Others	1.5	21.5
	<u>141.2</u>	<u>130.0</u>

There is no significant concentration of credit risk of trade receivables.

The maximum exposure to credit risk for trade receivables by geographic region, relates mainly to Singapore at the reporting date.

The Company has policies in place to monitor its credit risk. Contractual deposits are collected and sufficient collaterals are obtained to mitigate the risk of financial loss from defaults. The Company's customers spread across diverse industries and ongoing credit evaluation is performed on the financial condition of receivables to ensure exposure to bad debts is minimal.

(c) Ageing

The ageing of trade receivables at the reporting date is as follows:

	2013 \$ million	2012 \$ million
Not past due	134.6	103.4
Past due 0-30 days	0.3	20.2
Past due 31-90 days	-	1.7
Past due 91-180 days	-	-
Past due more than 180 days	1.8	1.1
Not impaired	<u>136.7</u>	<u>126.4</u>
Impaired	4.7	5.0
	<u>141.4</u>	<u>131.4</u>

The movement in allowance for impairment during the year is as follows:

	2013 \$ million	2012 \$ million
At 1 April	1.4	0.4
Impairment loss recognised	0.1	1.3
Impairment loss written back	(1.3)	(0.3)
At 31 March	<u>0.2</u>	<u>1.4</u>

Other items in loans and receivables are not past due and no impairment provision is made for these balances.

8 Cash and cash equivalents

	2013 \$ million	2012 \$ million
Cash at bank and in hand	9.3	6.8
Fixed deposits	787.7	176.3
	<u>797.0</u>	<u>183.1</u>

Cash and cash equivalents are denominated mainly in the functional currency of the Company.

9 Share capital

	2013 No. of shares million	2012 No. of shares million
Ordinary shares issued and fully-paid with no par value		
At 1 April	2,300.0	2,300.0
Issue of shares	212.4	-
At 31 March	<u>2,512.4</u>	<u>2,300.0</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The \$212.4 million of ordinary shares issued to the owner of the Company in the financial year ended 31 March 2013 was paid by way of offset against the final tax-exempt dividend declared in relation to the financial year ended 31 March 2012.

10 Reserves

	2013 \$ million	2012 \$ million
Hedging reserve	(15.3)	(41.1)
Accumulated profits	874.9	775.4
	<u>859.6</u>	<u>734.3</u>

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred.

11 Debt obligations

Principal amount	Date of maturity	2013 \$ million	2012 \$ million
Fixed rate notes			
SGD 105 million	October 2012	–	104.9
USD 1,000 million ⁽¹⁾	October 2013	1,270.5	1,295.1
HKD 1 billion ⁽²⁾	April 2014	163.8	165.5
SGD 200 million	April 2015	212.1	211.1
SGD 320 million	August 2015	343.3	341.7
JPY 5 billion ⁽³⁾	October 2015	68.9	79.0
SGD 500 million	October 2018	579.3	561.2
HKD 500 million ⁽⁴⁾	May 2019	90.8	89.1
SGD 75 million	May 2019	83.2	79.7
SGD 500 million	May 2020	497.9	497.7
SGD 280 million	August 2020	326.2	314.6
SGD 100 million	August 2022	109.0	104.8
USD 500 million ⁽⁵⁾	September 2022	616.4	–
JPY 15 billion ⁽⁶⁾	April 2024	224.3	243.6
SGD 75 million	May 2024	82.2	79.6
JPY 7 billion ⁽⁷⁾	October 2026	97.4	105.3
SGD 100 million	May 2029	106.3	100.8
SGD 250 million	September 2032	248.9	–
		<u>5,120.5</u>	<u>4,373.7</u>
Floating rate notes			
USD 100 million ⁽⁸⁾	July 2017	123.8	125.4
		<u>5,244.3</u>	<u>4,499.1</u>

⁽¹⁾ USD 1,000 million swapped to SGD 1,740 million

⁽²⁾ HKD 1 billion swapped to SGD 194.4 million

⁽³⁾ JPY 5 billion swapped to SGD 67.3 million

⁽⁴⁾ HKD 500 million swapped to SGD 95.5 million

⁽⁵⁾ USD 500 million swapped to SGD 623.8 million

⁽⁶⁾ JPY 15 billion swapped to SGD 230.0 million

⁽⁷⁾ JPY 7 billion swapped to SGD 114.7 million

⁽⁸⁾ USD 100 million swapped to SGD 139.5 million

The debt obligations are on bullet repayment terms.

	2013 \$ million	2012 \$ million
Current	1,270.5	104.9
Non-current	3,973.8	4,394.2
	<u>5,244.3</u>	<u>4,499.1</u>

Interest rates on debt obligations denominated in the Singapore dollar range from 3.06% to 5.07% (2012: 2.80% to 5.07%) per annum. Interest rates on foreign currency debt obligations range from 0.98% to 5.00% (2012: 1.24% to 5.00%) per annum.

12 Deferred income

	2013 \$ million	2012 \$ million
Customers' contributions	265.9	265.9
Accumulated accretion	(52.4)	(43.3)
	<u>213.5</u>	<u>222.6</u>
Movements in accumulated accretion are as follows:		
At 1 April	43.3	34.3
Accretion for the year	9.1	9.0
At 31 March	<u>52.4</u>	<u>43.3</u>

13 Deferred taxation

	At 1 April 2011 \$ million	Recognised in profit or loss (Note 20) \$ million	Recognised in equity (Note 20) \$ million	At 31 March 2012/ 1 April 2012 \$ million	Recognised in profit or loss (Note 20) \$ million	Recognised in equity (Note 20) \$ million	At 31 March 2013 \$ million
Deferred tax liabilities							
Property, plant and equipment	(1,052.8)	35.6	-	(1,017.2)	(9.0)	-	(1,026.2)
Other financial assets	14.4	-	(6.0)	8.4	-	(5.3)	3.1
	<u>(1,038.4)</u>	<u>35.6</u>	<u>(6.0)</u>	<u>(1,008.8)</u>	<u>(9.0)</u>	<u>(5.3)</u>	<u>(1,023.1)</u>
Set off of tax	39.4			37.8			49.6
Net deferred tax liabilities	<u>(999.0)</u>			<u>(971.0)</u>			<u>(973.5)</u>
Deferred tax assets							
Other financial assets	-	-	-	-	13.3	-	13.3
Deferred income	39.4	(1.6)	-	37.8	(1.5)	-	36.3
	<u>39.4</u>	<u>(1.6)</u>	<u>-</u>	<u>37.8</u>	<u>11.8</u>	<u>-</u>	<u>49.6</u>
Set off of tax	(39.4)			(37.8)			(49.6)
Net deferred tax assets	<u>-</u>			<u>-</u>			<u>-</u>

14 Trade and other payables

	2013 \$ million	2012 \$ million
Trade payables	6.3	11.3
Interest payable	74.2	81.2
Advance receipts	120.1	110.3
Accrued operating expenditure	390.2	267.3
Accrued capital expenditure	165.7	90.3
Financial derivative liabilities	13.1	4.9
Amounts due to immediate holding company:		
- trade	-	0.6
- interest payable on loan note	6.4	6.4
Amounts due to related corporations (trade)	15.1	8.1
	<u>791.1</u>	<u>580.4</u>

Payables denominated in currencies other than the Company's functional currency comprise \$4.4 million (2012: \$2.2 million) of other payables and accruals denominated in the United States dollar (USD), \$3.2 million (2012: \$2.8 million) in the Japanese yen (JPY) and \$1.4 million (2012: Nil) in the Euro (EUR).

15 Loan note issued to immediate holding company

The loan note is unsecured and bears interest at 3.70% (2012: 3.70%) per annum. The outstanding amounts are to be repaid by 31 March 2014.

16 Revenue

Revenue comprises use of system charges and is adjusted in accordance to the price regulation framework.

17 Other income

	2013 \$ million	2012 \$ million
Rental income	8.5	8.2
Leasing income	3.8	3.8
Disbursement recoverable jobs	37.7	35.7
Loss on disposal of property, plant and equipment	(1.1)	(3.3)
Sale of scrap	12.5	13.6
Accretion of deferred income	9.1	9.0
Sundry receipt	5.6	-
Others	3.5	3.2
	<u>79.6</u>	<u>70.2</u>

18 Finance income

	2013 \$ million	2012 \$ million
Interest income receivable/received from:		
- immediate holding company	4.4	10.2
- banks	1.5	0.3
	<u>5.9</u>	<u>10.5</u>

19 Finance costs

	2013 \$ million	2012 \$ million
Interest expense payable/paid to:		
- immediate holding company	13.3	13.3
- banks	3.2	4.1
Interest expense on bank loans and debt obligations	201.5	183.4
Net change in fair value of cash flow hedges transferred from equity	33.7	49.9
(Gain)/loss arising from financial assets/liabilities in a fair value hedge:		
- hedged items	74.4	152.1
- hedging instruments	(74.9)	(152.1)
Net change in fair value of financial assets/liabilities at fair value through profit or loss	(8.0)	(8.7)
Amortisation of capitalised transaction costs	2.7	3.1
Ineffective portion of changes in fair value of cash flow hedges	17.7	2.5
Amortisation of fair value adjustments on fair value hedges	(14.6)	(11.6)
	<u>249.0</u>	<u>236.0</u>

20 Tax expense

	2013 \$ million	2012 \$ million
Current tax expense		
Current year	76.2	97.5
Over provision in respect of prior years	(2.6)	(0.4)
	<u>73.6</u>	<u>97.1</u>
Deferred tax expense		
Origination and reversal of temporary differences	(5.1)	(27.3)
Under/(over) provision in respect of prior years	2.3	(6.7)
	<u>(2.8)</u>	<u>(34.0)</u>
Total tax expense	<u>70.8</u>	<u>63.1</u>

Tax recognised in other comprehensive income	2013			2012		
	Before tax \$ million	Tax expense /(credit) \$ million	Net of tax \$ million	Before tax \$ million	Tax expense /(credit) \$ million	Net of tax \$ million
Effective portion of changes in fair value of cash flow hedges	(8.1)	1.4	(6.7)	(16.3)	2.7	(13.6)
Changes in fair value of cash flow hedges transferred to profit or loss	33.8	(5.8)	28.0	49.9	(8.5)	41.4
Changes in fair value of cash flow hedges on recognition of the hedged items on balance sheet	5.4	(0.9)	4.5	1.2	(0.2)	1.0
	<u>31.1</u>	<u>(5.3)</u>	<u>25.8</u>	<u>34.8</u>	<u>(6.0)</u>	<u>28.8</u>

	2013 \$ million	2012 \$ million
<i>Reconciliation of effective tax rate</i>		
Profit before tax	<u>382.7</u>	<u>389.7</u>
Tax calculated using Singapore tax rate of 17% (2012: 17%)	65.1	66.2
Tax exempt income	(1.4)	—
Non-deductible expenses	7.4	4.0
(Over)/under provision in respect of prior years		
- current tax expense	(2.6)	(0.4)
- deferred tax expense	2.3	(6.7)
	<u>70.8</u>	<u>63.1</u>

21 Profit for the year

The following items have been included in arriving at profit for the year:

	2013 \$ million	2012 \$ million
Loss on disposal of property, plant and equipment	(1.1)	(3.3)
Operating lease expenses	<u>(2.1)</u>	<u>(6.9)</u>

22 Related parties

For the purpose of the financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The immediate and ultimate holding companies are Singapore Power Limited and Temasek Holdings (Private) Limited (Temasek) respectively. These companies are incorporated in the Republic of Singapore. Temasek is the holding company for various commercial interests of the Government of Singapore. Accordingly, all the subsidiaries of Temasek are related corporations and are subject to common control. The Company engages in a wide variety of transactions with related corporations in the normal course of business on terms similar to those available to other customers. Such transactions include but are not limited to sales and purchases of power, provision of consultancy and engineering services, leasing of cables and ducts, agency services and financial and banking services. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

All electricity supplied to companies in the Temasek group are related party transactions. The Temasek group has extensive interests in a large number of companies and it is not practical to compile data on the value of electricity sales, or the component relating to transmission and distribution of electricity to the Temasek group. As the Company's rates for electricity transmission and distribution are based on tariffs approved by the Energy Market Authority, the Company has concluded that it is not meaningful to present information relating to such income.

Other than as disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	2013	2012
	S million	S million
<i>Related corporations</i>		
- management fee expenses	(129.8)	(137.7)
- maintenance expenses	(16.0)	(16.1)
- support service expenses	(15.8)	(14.3)
- agency fee expenses	(17.7)	(17.7)
	(189.3)	(185.8)

23 Financial risk management

The Company's activities expose it to foreign currency, interest rate, credit and liquidity risks which arise in the normal course of business. Generally the Company's overall objective is to manage and minimise exposure to such risks. The Company adopts the risk management policies and guidelines established by its immediate holding company, Singapore Power Limited.

The Company uses forward foreign exchange contracts, interest rate swaps and cross currency interest rate swaps to manage its exposure to foreign currency and interest rate risks respectively.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The material financial risks associated with the Company's activities are each described below, together with details of the Company's policies for managing the risks.

Foreign currency risk

The Company is exposed to foreign currency risks from borrowing activities, purchase, supply and installation contracts, and trade creditors which are denominated in a currency other than Singapore dollars.

The objective of the Company's risk management policies is to mitigate foreign exchange risk by utilising various hedging instruments. The Company therefore considers currency risk exposure to be minimal for the Company.

The Company enters into cross currency interest rate swaps to manage exposures from foreign currency borrowings that are denominated in the USD, JPY and Hong Kong dollar (HKD). Under cross currency interest rate swaps, the Company agrees to exchange specified foreign currency principal and interest amounts at an agreed future date at a specified exchange rate. Such contracts enable the Company to mitigate the risk of adverse movements in foreign exchange rates. Except where a foreign currency borrowing is taken with the intention of providing a natural hedge by matching the underlying cash flows, all foreign currency borrowings are swapped back to Singapore dollars. For foreign currency swaps that do not meet the requirements of hedge accounting, changes in fair value are recorded in profit or loss.

The Company uses forward foreign currency contracts to substantially hedge foreign currency risk attributable to purchase transactions. The maturities of the forward foreign exchange contracts are intended to match the forecasted progress payments of the supply and installation contracts. Whenever necessary, the forward foreign exchange contracts are either rolled over at maturity or translated into foreign currency deposits, whichever is more cost efficient.

As at 31 March 2013, the Company has outstanding forward foreign exchange contracts with notional amounts of approximately \$100.7 million (2012: \$138.1 million). The net fair value of forward foreign exchange contracts as at 31 March 2013 is \$5.9 million (2012: \$6.7 million) comprising assets of \$0.1 million (2012: \$0.3 million) and liabilities of \$6.0 million (2012: \$7.0 million).

At the reporting date, if the functional currency of the Company had moved against each of the currencies as illustrated in the table below, with all other variables held constant, profit before tax and equity would have been affected as below:

	Net profit before tax S million	Equity (hedging reserve) S million
Judgements of reasonably possible movements		
2013		
USD		
Increase of 11.09 per cent by S\$ functional currency	–	(2.0)
Decrease of 11.09 per cent by S\$ functional currency	–	2.0
EUR		
Increase of 12.41 per cent by S\$ functional currency	–	(3.0)
Decrease of 12.41 per cent by S\$ functional currency	–	3.0
JPY		
Increase of 16.83 per cent by S\$ functional currency	–	(3.7)
Decrease of 16.83 per cent by S\$ functional currency	–	3.7

	Net profit before tax \$ million	Equity (hedging reserve) \$ million
Judgements of reasonably possible movements		
2012		
USD		
Increase of 10.65 per cent by S\$ functional currency	-	(2.8)
Decrease of 10.65 per cent by S\$ functional currency	-	2.8
EUR		
Increase of 13.25 per cent by S\$ functional currency	-	(3.6)
Decrease of 13.25 per cent by S\$ functional currency	-	3.6
JPY		
Increase of 12.68 per cent by S\$ functional currency	-	(6.5)
Decrease of 12.68 per cent by S\$ functional currency	-	6.5

The judgements of reasonably possible movements were determined using statistical analysis of the 90th percentile best and worst expected outcomes having regard to actual historical exchange rate data over the previous five years. Management considers that past movements are a reasonable basis for determining possible movements in exchange rates.

Interest rate risk

The Company manages its interest rate exposure by maintaining a significant portion of its debt at fixed interest rates. This is done by the (i) issuance of fixed rate debt; (ii) use of interest rate swaps to convert floating rate debt to fixed rate debt; or (iii) use of cross currency interest rate swaps to convert fixed or floating rate non-functional currency denominated debt to fixed rate functional currency denominated debt.

The use of derivative financial instruments relates directly to the underlying existing and anticipated indebtedness.

At the reporting date, if interest rate had moved as illustrated in the table below, with all other variables held constant, profit before tax and equity would have been affected as follows:

	Net profit before tax \$ million	Equity (hedging reserve) \$ million
Judgements of reasonably possible movements		
2013		
Increase with all other variables held constant	10.6	(8.5)
Decrease with all other variables held constant	0.6	3.1
2012		
Increase with all other variables held constant	(2.7)	6.7
Decrease with all other variables held constant	(10.0)	6.6

The judgements of reasonably possible movements were determined using statistical analysis of the 90th percentile of the best and worst expected outcomes having regard to actual historical interest rate data over the previous five years based on the six month Singapore swap offer rate, three month Hong Kong interbank offer rate, three month USD London interbank offer rate (LIBOR) and six month JPY LIBOR. Management considers that past movements are a reasonable basis for determining possible movements in interest rates. As at 31 March 2013, the movements in interest rates used in the table above are as follows:

- Singapore interest rates – 85 basis points (2012: 81 basis points)
- United States interest rates – 192 basis points (2012: 194 basis points)
- Japan interest rates – 28 basis points (2012: 48 basis points)
- Hong Kong interest rates – 170 basis points (2012: 175 basis points)

As at 31 March 2013, the Company has interest rate and cross currency swaps with notional amount of \$17,042 million (2012: \$14,668 million). The Company classifies these swaps as cash flow and fair value hedges except for swaps with notional amount of \$4,020 million (2012: \$3,485 million) that do not meet the requirements of hedge accounting in which case, changes in the fair value are recorded in profit or loss. The net fair value of swaps as at 31 March 2013 is \$477.3 million (2012: \$404.8 million) comprising assets of \$168.7 million (2012: \$327.5 million) and liabilities of \$645.9 million (2012: \$732.3 million).

The Company's excess funds are principally invested in bank deposits of varying maturities to match its cash flow needs, or deposited with the immediate holding company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from the Company's financial assets, comprising cash and cash equivalents, trade and other receivables and financial derivative assets.

Surplus funds are invested in interest bearing deposits with financial institutions with good credit ratings assigned by international credit rating agencies. Counterparty risks are managed by limiting exposure to any individual counterparty. The Company's portfolio of financial instruments is entered into with a number of creditworthy counterparties, thereby mitigating concentration of credit risk. The Company held cash and cash equivalents of \$797.0 million (2012: \$183.1 million) which represents its maximum exposure on these assets.

Counterparty risks on derivatives are generally restricted to any gain or loss when marked to market, and not on the notional amount transacted. As a prudent measure, the Company enters into derivatives only with financial institutions with good credit ratings assigned by international credit rating agencies. Therefore the possibility of a material loss arising from the non-performance by a counterparty is considered remote.

There is no significant concentration of credit risk of trade receivables. In addition to customers' deposits, the Company holds guarantees from creditworthy financial institutions to secure the obligations of certain customers.

At reporting date, the Company has significant receivables arising from amounts due from immediate holding company and related corporations. Management considers the probability of default remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company adopts prudent liquidity risk management by maintaining sufficient cash and liquid financial assets, and ensures the availability of funding through an adequate level of bank credit lines and the establishment of medium term note programmes.

The following are the expected contractual undiscounted cashflows (outflows) of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount \$ million	Contractual cash flows \$ million	Within 1 year \$ million	1 – 2 years \$ million	2 – 5 years \$ million	More than 5 years \$ million
2013						
Non-derivative financial liabilities						
Trade and other payables*	(657.9)	(657.9)	(657.9)	-	-	-
Loan note issued to immediate holding company	(359.0)	(367.2)	(367.2)	-	-	-
Borrowings	(5,244.3)	(6,083.5)	(1,434.2)	(288.0)	(1,038.3)	(3,323.0)
Derivatives						
Derivative assets						
Interest rate swaps/cross currency interest rate swaps	168.7	236.0	124.1	34.7	52.8	24.4
Forward exchange contracts						
- Inflow		23.1	21.2	1.1	0.8	-
- Outflow		(23.0)	(21.1)	(1.1)	(0.8)	-
	0.1	0.1	0.1	-	-	-
Derivative liabilities						
Interest rate swaps/cross currency interest rate swaps	(645.9)	(776.9)	(595.2)	(44.0)	(16.6)	(121.1)
Forward exchange contracts						
- Inflow		71.7	59.0	11.6	1.1	-
- Outflow		(77.7)	(64.7)	(11.9)	(1.1)	-
	(6.0)	(6.0)	(5.7)	(0.3)	-	-
	(6,744.3)	(7,655.4)	(2,936.0)	(297.6)	(1,002.1)	(3,419.7)

* excluding advance receipts

	Carrying amount \$ million	Contractual cash flows \$ million	Within 1 year \$ million	1 – 2 years \$ million	2 – 5 years \$ million	More than 5 years \$ million
2012						
Non-derivative financial liabilities						
Trade and other payables*	(465.2)	(465.2)	(465.2)	-	-	-
Amounts due to a related company (trade)	(10.6)	(10.6)	-	(10.6)	-	-
Loan note issued to immediate holding company	(359.0)	(380.5)	(13.3)	(367.2)	-	-
Borrowings	(4,805.9)	(5,620.4)	(281.0)	(1,430.9)	(1,053.8)	(2,854.7)
Derivatives						
Derivative assets						
Interest rate swaps/cross currency interest rate swaps	327.5	352.0	121.9	131.3	102.3	(3.5)
Forward exchange contracts						
- Inflow		14.4	14.0	0.4	-	-
- Outflow		(14.1)	(13.8)	(0.3)	-	-
	0.3	0.3	0.2	0.1	-	-
Derivative liabilities						
Interest rate swaps/cross currency interest rate swaps	(732.3)	(844.2)	(159.8)	(576.4)	(33.8)	(74.2)
Forward exchange contracts						
- Inflow		116.9	87.1	29.6	0.2	-
- Outflow		(123.9)	(92.0)	(31.7)	(0.2)	-
	(7.0)	(7.0)	(4.9)	(2.1)	-	-
	(6,052.2)	(6,975.6)	(802.1)	(2,255.8)	(985.5)	(2,932.4)

* *excluding advance receipts*

For swap hedging instruments that are cash flow hedges, the tables above indicate the periods that they are expected to impact the income statement.

Capital management

The Company's capital structure comprises share capital, accumulated profits and borrowings. The Company is committed to an optimal capital structure while maintaining financial flexibility. In order to achieve an optimal capital structure, the Company may adjust the dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or reduce its borrowings.

The Company monitors capital based on gross and net gearing ratios. Gearing ratio is calculated as net debts over shareholders' equity and net debts.

	2013	2012
	\$ million	\$ million
Debt obligations	5,244.3	4,499.1
Bank loans	–	306.8
Loan note issued to immediate holding company	359.0	359.0
Total debts	5,603.3	5,164.9
Less: Cash and cash equivalents	(797.0)	(183.1)
Amount due from immediate holding company (non-trade)	(612.7)	(501.9)
Net debts	4,193.6	4,479.9
Total equity	3,372.0	3,034.3
Total capital	8,975.3	8,199.2
Net capital	7,565.6	7,514.2

There were no changes in the Company's approach to capital management during the financial year. The Company is not subjected to any externally imposed capital requirements.

24 Fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Bank loans and debt obligations

Fair values are based on quoted market prices or determined by reference to the valuation provided by financial institutions at the reporting date.

Derivative financial instruments

The fair values of derivative financial instruments such as foreign exchange contracts, interest rate swaps and cross currency interest rate swaps are based on brokers' quotes at the reporting date or calculated based on discounted cash flow techniques as appropriate.

Where discounted cash flow techniques are used, the expected future cash flows are discounted using the applicable yield curve for the relevant duration at the reporting date.

Non-derivative financial liabilities

Fair values, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are, because of the short period to maturity, assumed to approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

Fair values versus carrying amounts

The Company's assets and liabilities that are carried at fair value relate to debt obligations and derivative instruments which are measured using market observable data and as such are deemed level two within the fair value hierarchy disclosure required under FRS 107 *Financial Instruments: Disclosure*.

The fair value and net fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. Appropriate transaction costs are included in the determination of net fair value.

The carrying amounts of the financial instruments carried at cost or amortised cost are not materially different from their fair values except as follows:

	Note	2013		2012	
		Carrying amount \$ million	Fair value \$ million	Carrying amount \$ million	Fair value \$ million
Financial liabilities					
Loan note issue to immediate holding company	15	359.0	366.8	359.0	376.1
Debt obligations:					
- non-current portion	11	3,973.8	4,004.6	4,394.2	4,489.9
- current portion	11	1,270.5	1,268.4	104.9	106.1
Total		<u>5,603.3</u>	<u>5,639.8</u>	<u>4,858.1</u>	<u>4,972.1</u>
Unrecognised loss			<u>36.5</u>		<u>114.0</u>

The table below sets out the comparison by category of carrying amounts of all the Company's financial instruments that are recognised in the financial statements:

	Loans and receivables \$ million	Fair value through profit or loss \$ million	Derivatives – hedging instruments \$ million	Liabilities at amortised cost \$ million	Total carrying amount \$ million
2013					
Assets					
Financial derivative assets	–	36.7	129.3	–	166.0
Trade and other receivables**	882.0	2.7	0.1	–	884.8
Cash and cash equivalents	797.0	–	–	–	797.0
	1,679.0	39.4	129.4	–	1,847.8
Liabilities					
Loan note issued to immediate holding company	–	–	–	359.0	359.0
Debt obligations	–	–	–	5,244.3	5,244.3
Financial derivative liabilities	–	2.5	636.3	–	638.8
Trade and other payables*	–	7.4	5.7	657.9	671.0
	–	9.9	642.0	6,261.2	6,913.1

* excluding advance receipts

** excluding prepayments

	Loans and receivables \$ million	Fair value through profit or loss \$ million	Derivatives – hedging instruments \$ million	Liabilities at amortised cost \$ million	Total carrying amount \$ million
2012					
Assets					
Financial derivative assets	-	39.6	288.0	-	327.6
Trade and other receivables**	695.7	-	0.2	-	695.9
Cash and cash equivalents	183.1	-	-	-	183.1
	878.8	39.6	288.2	-	1,206.6
Liabilities					
Loan note issued to immediate holding company	-	-	-	359.0	359.0
Bank loans	-	-	-	306.8	306.8
Debt obligations	-	-	-	4,499.1	4,499.1
Amounts due to a related company (trade)	-	-	-	10.6	10.6
Financial derivative liabilities	-	49.4	685.0	-	734.4
Trade and other payables*	-	-	4.9	465.2	470.1
	-	49.4	689.9	5,640.7	6,380.0

* excluding advance receipts

** excluding prepayments

25 Commitments

Capital commitments

At the reporting date, capital expenditure contracted but not provided for in the financial statements amounted to \$1,838.6 million (2012: \$1,334.9 million).

Operating lease commitments

At the reporting date, the Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2013 \$ million	2012 \$ million
Within one year	2.0	2.0
After one year but within five years	7.3	7.7
After five years	5.8	8.0
	<u>15.1</u>	<u>17.7</u>

The Company leases office spaces under operating leases. The leases contain options to renew the lease for another 3 to 5 years at the end of the initial lease periods. These leases do not include any contingent rental nor any escalation clauses over the lease rental periods.

26 Subsequent event

On 25 March 2013, the Company received the regulatory price determination from Energy Market Authority for the regulatory period from 1 April 2013 to 31 March 2018. Certain aspects of the determination are currently pending appeal.

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ANNEX A

GLOSSARY

Terms referred to in this Offering Circular and commonly used in the electricity transmission and distribution industry are set out below.

22kV SARFI90	System Average RMS (Variation) Frequency Index, which represents the estimated average number of voltage dips per year that a consumer experiences where the remaining voltage is less than 90.0% of nominal voltage 22kV
ampere	A unit of electrical current
annual energy sales	The sum of electricity delivered in GWh recorded by all consumer meters for the relevant year
cable circuit length	The physical length between two end-points of an electrical circuit made up of one or several cables
Contracted Capacity Charge	A charge applicable to the monthly total supply capacity (in kW) requested by the consumer at a metered intake supply point
CCA	Consumer Connection Agreements
DCC	Distribution Control Center
Electricity Act	Electricity Act, Chapter 89A of Singapore, as amended or modified from time to time
EMA.....	Energy Market Authority of Singapore
EMC.....	Energy Market Company of Singapore
EMCP	Earthworks Monitoring and Cable Protection
GAAP	Generally Accepted Accounting Principles
GDP	Gross domestic product
GEMS	Gas and Electricity Mapping System
GW	1,000,000,000 watts or 1,000 megawatts
GWh	One gigawatt-hour, 1,000,000,000 watt-hours or 1,000 megawatt-hours of electrical energy
joule	A unit of electrical energy equal to the work done when a current of one ampere is passed through a resistance of one ohm for one second
km	One kilometer or 1,000 meters
kW	One kilowatt or 1,000 watts

kWh	One kilowatt-hour, a standard unit for measuring energy produced or used over time
kV	One kilovolt, 1,000 units of electric potential energy
kVA	One kilovolt-ampere
kVArh	One kilovolt-ampere reactive hour or 1,000 volt-ampere reactive hours
Market Participants	Electricity generation licensees and retail electricity licensees registered with the EMC, our company, SP Services and the EMC
Market Rules	The Singapore Electricity Market Rules
MSSL	Market Support Services Licensee
MTI	Ministry of Trade and Industry
MVA.....	One megavolt-ampere
MW	One megawatt or 1,000 kilowatts
MWh	One megawatt-hour, 1,000,000 watt-hours or 1,000 kilowatt-hours of electrical Energy
NMACS	Network Management and Customer Service Sub-System
ohm	A unit of electrical resistance equal to the resistance between two points on a conductor when a potential difference of one volt between them produces a current of one ampere
PQIG	Power Quality Interest Groups
PQMC	Power Quality Monitoring Center
PQSS	Power Quality Solution Scheme
PSCC.....	Power System Control Center
PSO	Power System Operator
PUB	Public Utilities Board
reactive power	A form of power which arises when alternating current and voltage do not remain in phase within a transmission or distribution network, which is inevitably present in such networks and must be carefully controlled in order to maintain network stability and optimize the operation of such networks. Reactive power provides no useful energy and is expressed in volt-amperes reactive (VAR)
Reactive Power Charge	A charge applicable to the amount of kVArh in excess of 62.0% of the consumer's total monthly consumption

SAIDI	System Average Interruption Duration Index, which represents the average unplanned outage duration experienced per consumer per annum
SAIFI	System Average Interruption Frequency Index, which represents the average number of unplanned interruptions per consumer per annum
SCADA	Supervisory Control and Data Acquisition
SEP	Singapore Electricity Pool
SLA	Singapore Land Authority
substation	Electrical plant, containing or comprising one or more transformers and/or switchgear, that steps down electricity voltage between transmission cables and distribution cables
switchgear	Electrical plant or equipment in a transmission and distribution network used to connect components of that network and which can disconnect parts of that network automatically if overload or a fault occurs
system maximum demand	The highest electrical power in MW recorded in our network for the relevant year
transformer	Electrical plant or equipment in a transmission and distribution network used to alter the level of voltage and current
Transmission License	Our license to transmit and distribute electricity in Singapore
TOD meters.....	Time-of-Day meters
TNB.....	Tenaga Nasional Berhad
Uncontracted Capacity Charge	A charge applicable to the monthly maximum electricity demand (in kW) in excess of the consumer's indicated Contracted Capacity. The excess demand is limited to 20.0% of the Contracted Capacity for consumers who choose to cap their electricity demand on the network
Uncontracted Standby Capacity Charge.....	A charge applicable to consumers who choose to cap their demand from the network under the following two schemes: <u>Capped Capacity Scheme</u> Where monthly electricity demand capacity (in kW) exceeds 120.0% of contracted capacity for more than 10 seconds continuously <u>Extended Capped Capacity Scheme</u> Tier 1: Where monthly electricity demand capacity (in kW) is between 120.0% and 200.0% of the contracted capacity for more than 100 seconds continuously Tier 2: Where monthly electricity demand capacity (in kW) exceeds 200.0% of the contracted capacity for more than 10 seconds continuously

V	One volt. Volt is a standard measure used for measuring electrical potential, electrical pressure or electromotive force which forces an electrical current to flow within a circuit. One volt is equal to the difference of electric potential between two points on a conducting wire carrying a constant current of one ampere when the power dissipated between the points is one watt. All voltages referred to in this Offering Circular are nominal or declared voltages and at any time the actual voltage may differ by a small amount
VAr	One volt-ampere reactive or a unit of reactive power
WACC	Weighted average cost of capital
watt	A common measure of electrical power equal to one joule per second or the power dissipated by a current of one ampere flowing across a resistance of one ohm
watt-hour	A measure of energy production or consumption equal to one watt produced or consumed for one hour

ANNEX B

GLOBAL CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in, or reinterpretation of, the rules, regulations and procedures of CDP, DTC, Euroclear and Clearstream (together, the “Clearance Systems”) currently in effect. Investors wishing to use the facilities of any of the Clearance Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearance System. We, any Arranger, Dealer, Trustee, Agent or party to the Indenture and/or Supplemental Trust Deed will not be held responsible nor bear any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Notes held through the facilities of any Clearance System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The relevant Pricing Supplement will specify the clearance system(s) applicable for each series.

The Clearance Systems

DTC

DTC is a limited purpose trust company organized under the laws of the State of New York, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearance agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions among participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. DTC is owned by a number of its participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (“indirect participants”). DTC makes payments only in U.S. dollars.

DTC will take any action permitted to be taken by the holder of a beneficial interest in a Registered Global Note (including, without limitation, the presentation of a Registered Global Note for exchange) only at the direction of one or more participants to whose account with DTC interests in such Registered Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes in respect of which such participant or participants has or have given such direction. If an Event of Default under the Notes occurs, DTC will exchange the Registered Global Notes for Definitive Registered Notes bearing the appropriate legend, which it will distribute to the relevant participants. DTC makes payments only in U.S. dollars.

CDP

Clearance and Settlement under the Depository System. In respect of Notes which are accepted for clearance by CDP in Singapore (subject to the agreement of CDP and any restrictions or conditions as specified in the relevant Pricing Supplement), clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“Depository System”) maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organization. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a global note for persons holding the Notes in securities accounts with CDP (“Depositors”). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors (“Depository Agents”) approved by CDP under the Companies Act to main securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

General. CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of us, the Paying Agent in Singapore or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for participating organizations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream have established an electronic bridge between their two systems which enables their respective participants to settle trades with each other. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

A participant’s overall contractual relations with either Euroclear or Clearstream are governed by the respective rules and operating procedures of Euroclear or Clearstream and any applicable laws. Both Euroclear and Clearstream act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system’s rules and procedures.

Book-Entry Ownership

Bearer Notes

We will make applications to CDP, Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of any Bearer Series of Notes. In respect of Bearer Notes, as may be specified in the applicable Pricing Supplement, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons will be deposited with CDP or with a common depository for Euroclear and Clearstream. Transfers of interests in a Temporary Global Note or a Permanent Global Note will be made in accordance with the normal market debt securities operating procedures of CDP, Euroclear and Clearstream.

Registered Global Notes

We will make applications to CDP, Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Regulation S Global Note, as may be specified in the applicable Pricing Supplement. Each Regulation S Global Note will have an ISIN or Common Code, and will be subject to restrictions on transfer contained in a legend appearing on the front of such Note, as set out under “Notice to Purchasers and Holders of Registered Global Notes and Transfer Restrictions”.

We will make applications to DTC for acceptance in its book-entry settlement system of the Restricted Global Notes. Each Restricted Global Note will have a CUSIP number. Each Restricted Global Note will be subject to restrictions on transfer contained in a legend appearing on the front of such Note, as set out under “Notice to Purchasers and Holders of Registered Global Notes and Transfer Restrictions”.

The custodian with whom the Restricted Global Notes are deposited (the “Custodian”) and DTC will electronically record the principal amount of the Restricted Notes held within the DTC system. Investors in Notes of such series may hold their interests in a Regulation S Global Note only through CDP, Euroclear or Clearstream, as the case may be. Investors may hold their interests in the Restricted Global Note directly through DTC if they are participants in such system, or indirectly through organizations that are participants in such system.

Payments of principal and interest in respect of Restricted Global Notes registered in the name of DTC’s nominee, will be to, or to the order of, its nominee as the registered holder of such Restricted Global Note. We expect that the nominee will, upon receipt of any such payment, immediately credit DTC participants’ accounts with any such payments denominated in U.S. dollars in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Restricted Global Note as shown on the records of DTC or its nominee. In the case of any such payments which are denominated other than in U.S. dollars, payment of such amounts will be made to the Exchange Agent on behalf of the nominee who will make payment of all or part of the amount to the beneficial holders of interests in such Restricted Global Note directly, in the currency in which such payment was made and/or cause all or part of such payment to be converted into U.S. dollars and credited to the relevant participant’s DTC account as aforesaid, in accordance with instructions received from DTC. We also expect that payments by DTC participants to owners of beneficial interests in such Restricted Global Note held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants.

Neither us, the Trustee nor any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such ownership interests.

Individual Definitive Registered Notes

Registration of title to Registered Notes in a name other than CDP or its nominee or a depository for Euroclear and Clearstream or DTC will not be permitted unless (i) in the case of Restricted Notes, an event of default with respect to such series has occurred and is continuing or DTC notifies us that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Restricted Global Notes, or ceases to be a “clearing agency” registered under the Exchange Act, or is at any time no longer eligible to act as such and we are unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC, (ii) in the case of Regulation S Global Notes deposited with a common depository for Euroclear or Clearstream, Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, (iii) in the case of Regulation S Global Notes deposited with CDP, an event of default with respect to such series has occurred and is continuing or, CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), CDP has announced an intention permanently to cease business and no alternative clearing system is available or CDP has notified us that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the Master Depository Services Agreement dated October 16, 2003, as amended, varied, supplemented and/or replaced from time to time and no alternative clearing system is available or (iv) the Trustee has instituted or has been directed to institute any judicial proceeding in a court to enforce the rights of Holders of the Notes under the Notes and the Trustee has been advised by counsel that in connection with such proceeding it is necessary or appropriate for the Trustee to obtain possession of the Notes. In such circumstances, we will cause sufficient individual Definitive Registered Notes to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Holder(s) of the Notes.

A person having an interest in a Registered Global Note must provide the Registrar with:

- (i) written order containing instructions and such other information as we and the Registrar may require to complete, execute and deliver such individual Definitive Registered Notes; and
- (ii) in the case of a Restricted Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Definitive Registered Notes issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Trading Within Same Clearance System

Transfers of interests in Registered Global Notes within CDP, DTC, Euroclear and Clearstream will be in accordance with the usual rules and operating procedures of the relevant system. The laws in some states in the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer a beneficial interest in a Registered Global Note to such persons may require that such interests be exchanged for Notes in definitive form. Because DTC can only act on behalf of participants in DTC, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Registered Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest may require that such interests be exchanged for Definitive Registered Notes. The ability of the holder of a beneficial interest in any Registered Note represented by the Registered Global Notes to resell, pledge or otherwise transfer such interest may also be impaired if the proposed transferee of such interest is not eligible to hold the same through a participant or indirect participant in DTC.

Trading Between Clearance Systems

Trading between Euroclear or Clearstream seller and DTC purchaser involving only Registered Global Notes. Due to time zone differences in their favor, Euroclear and Clearstream participants may employ their customary procedures for transactions in which interests in a Registered Global Note are to be transferred by Euroclear or Clearstream (as the case may be) to a participant in DTC. The seller will send instructions to Euroclear or Clearstream through a Euroclear or Clearstream participant (as the case may be) at least one

business day prior to settlement. In these cases, Euroclear or Clearstream will instruct its respective depository to deliver the interests in the Registered Global Note to the participant's account against payment. Payment will include interest (if any) accrued on such interests in the Note from and including the immediately preceding date for the payment of interest to and excluding the settlement date. The payment will then be reflected in the account of the Euroclear or Clearstream participant the following day, and receipt of cash proceeds in the Euroclear or Clearstream participants' account would be back-valued to the value date (which would be the preceding day when settlement occurred in New York). Should the Euroclear or Clearstream participant have a line of credit in its respective Clearance System and elect to be in debit in anticipation of receipt of the sale proceeds in its account, the back-valuation will extinguish any overdraft charges incurred over that one-day period. If settlement is not completed on the intended value date (i.e. the trade fails), receipt of the cash proceeds in the Euroclear or Clearstream participant's account would be valued instead as of the actual settlement date.

Trading between DTC seller and Euroclear or Clearstream purchaser involving only Registered Global Notes. When interests in a Registered Global Note are to be transferred from the account of a participant to the account of a Euroclear or Clearstream participant, the purchaser will send instructions to Euroclear or Clearstream through a Euroclear or Clearstream participant, as the case may be, at least one business day prior to settlement. Euroclear or Clearstream, as the case may be, will instruct its respective depository to receive such interests against payment. Payment will include interest (if any) accrued on such interest in the Registered Global Note from and including the immediately preceding date for the payment of interest to and excluding the settlement date. Payment will then be made by the depository to the participant's account against delivery of the interests in the Note. After settlement has been completed, the interests will be credited to the respective Clearance System, and by the Clearance System, in accordance with its usual procedures, to the Euroclear or Clearstream participant's account. The securities credit will appear the next day (European time) and the cash debit will be back-valued to, and any interest on the Note will accrue from, the value date (which would be the preceding day when settlement occurred in New York). If settlement is not completed on the intended value date (i.e. the trade fails), the Euroclear or Clearstream cash debit will be valued instead as of the actual settlement date.

Day traders that use Euroclear or Clearstream to purchase interests in a Regulation S Global Note from participants for delivery to Euroclear or Clearstream participants should note that these trades would automatically fail on the sale side unless affirmative action were taken. At least three techniques should be readily available to eliminate this potential problem:

- (i) borrowing through Euroclear or Clearstream for one day (until the purchase side of the day trade is reflected in their Euroclear or Clearstream accounts) in accordance with the Clearance System's customary procedures;
- (ii) borrowing the interests in the United States from a participant no later than one day prior to settlement, which would give the interests sufficient time to be reflected in their Euroclear or Clearstream account in order to settle the sale side of the trade; or
- (iii) staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the participant is at least one day prior to the value date for the sale to the Euroclear or Clearstream participant.

Euroclear or Clearstream participants will need to make available to the respective Clearance System the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on-hand or existing lines of credit, as such participants would for any settlement occurring within Euroclear or Clearstream. Under this approach, such participants may take on credit exposure to Euroclear or Clearstream until the interests in the Note are credited to their accounts one day later.

Alternatively, if Euroclear or Clearstream has extended a line of credit to a Euroclear or Clearstream participant, as the case may be, such participant may elect not to preposition funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear or Clearstream participants purchasing interests in the Note held in DTC would incur overdraft charges for one day, assuming they cleared the overdraft when the interests in the Note were credited to their accounts. However, any interest on the Note would accrue from the value date. Therefore, in many cases the investment income on the interests in the Note held in DTC earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Since the settlement takes place during New York business hours, participants can employ their usual procedures for transferring interests in global Notes to the respective depositories of Euroclear or Clearstream for the benefit of Euroclear or Clearstream participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the participants, a cross market transaction will settle no differently from a trade between participants.

Secondary trading in long-term notes and debentures of corporate issuers is generally settled in clearinghouse or next-day funds. In contrast, Registered Notes held through participants or indirect participants will trade in DTC's Same-Day Funds Settlement System until the earliest of maturity or redemption, and secondary market trading activity in such Registered Notes will therefore be required by DTC to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlements in immediately available funds on trading activity in such Registered Notes.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Registered Global Notes among participants and accountholders of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither we, the Trustee nor any Agent will have any responsibility for the performance by DTC, CDP, Euroclear or Clearstream or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Note is lodged with DTC or the Custodian, Restricted Notes represented by individual Definitive Registered Notes will not be eligible for clearance or settlement through DTC, Euroclear or Clearstream.

ANNEX C
FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each series, subject only to the deletion of non-applicable provisions, is set out below:

Pricing Supplement dated

SP PowerAssets Limited
Issue of [Aggregate Nominal Amount of Series] [Title of Notes]
Under the Global Medium Term Note Program
Series Number

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Offering Circular, dated . This Pricing Supplement must be read in conjunction with such Offering Circular. This Pricing Supplement applies to the terms and conditions set out on the reverse side of the Note. Terms defined in (i) the Offering Circular, [(ii) the Amended and Restated Indenture, dated as of November 28, 2014, entered into between the Issuer and the Trustee, (the “Indenture”),] [(iii) the Supplemental Trust Deed (the “Supplemental Trust Deed”), dated November 28, 2014, entered into between the Issuer and the Trustee, and which is supplemental to the Indenture,] and (iv) the Note to which this Pricing Supplement applies shall have the same meaning in this Pricing Supplement, and (unless the context otherwise requires) references to Sections herein are references to the Sections of the terms and conditions set out on the reverse side of the Note to which this Pricing Supplement applies.

The issue of the Notes was authorized by a resolution of the Board of Directors of SP PowerAssets Limited dated .

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) [AND THE NOTES COMPRISE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS]. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE [OFFERED OR SOLD/OFFERED, SOLD OR DELIVERED] WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”) OR UNDER U.S. TAX LAW). THIS PRICING SUPPLEMENT HAS BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE NOTES OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S [AND WITHIN THE UNITED STATES TO [“QUALIFIED INSTITUTIONAL BUYERS” IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)] [INSTITUTIONAL ACCREDITED INVESTORS IN RELIANCE ON RULE 4(A) (2) UNDER THE SECURITIES ACT]] [THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED]. [PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A]. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF THE NOTES AND DISTRIBUTION OF THIS PRICING SUPPLEMENT AND THE OFFERING CIRCULAR, SEE “PLAN OF DISTRIBUTION” IN THE OFFERING CIRCULAR.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “ITA”), shall not apply if such person acquires such Notes using the funds and profits of such person’s Singapore operations. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

- 1 **Issuer:** SP PowerAssets Limited
- 2 **Series Number:**
- 3 **Specified Currency or Currencies (Section 2):**
- 4 **Aggregate Nominal Amount or Principal Amount:**
- 5 (i) Series:
- (ii) Tranche:
- (iii) Issue Price: per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
- [(iv) Net proceeds: *(Required only for listed issues)*]
- 6 **Specified Denomination(s)¹:**
- 7 (i) Original Issue Date:
- (ii) [Interest Commencement Date (if different from the Original Issue Date):]
- 8 **Maturity Date or Stated Maturity:** *[specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]*
- 9 **Interest Rate Basis:** [per cent. Fixed Rate] [Amortizing] [CD Rate] [Commercial Paper Rate] [Prime Rate] [Federal Funds Rate] [LIBOR] [EURIBOR] [SIBOR] [Average Swap Rate] [Variable Rate] [Treasury Rate] [CMT Rate] [Other Floating Rate Note (*specify reference rate*)] +/-per cent.

¹ Notes [(including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and] which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

- [Zero Coupon]
[Index Interest (*specify*)]
[Other (*specify*)]
(further particulars specified below)
- 10 **Redemption/Payment Basis:** [Redemption at par]
[Make Whole Redemption]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Installment]
[Other (*specify*)]
- 11 **Option to Receive Payments in Specified Currency:** [Not Applicable]
- 12 **Change of Interest or Redemption/Payment Basis:** [Not Applicable] [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
- 13 **Put/Call/Purchase Options:** [Investor Put]
[Investor Call]
[Issuer's Purchase Option]
[Holder's VRN Purchase Option/Other (*state Holder's VRN Purchase Option Period and annex relevant terms and conditions*)]
[None/(further particulars specified below)]
- 14 **Status of the Notes:** [Senior/Other]
- 15 **Listing:** [SGX-ST/Other (*specify*)/None]
- 16 **Method of distribution:** [Syndicated/Non-syndicated]
- 17 **Fixed Rate Note Provisions:** [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Interest Rate: per cent. per annum [payable annually/semiannually/quarterly/monthly in arrear]
- (ii) Interest Payment Date(s): [Annually on of each year and at Maturity]
[Semianually on and of each year and at Maturity]

[specify Business Day Convention and any applicable Business Center(s) for the definition of "Business Day"/not adjusted]
(*For Bearer Global Note: For the purposes of any payments made in respect of a Bearer Global Note, the relevant place of presentation shall be disregarded in the definition of "Business Day" set out in the Indenture.*)
- (iii) Regular Record Date(s): The date that is 15 calendar days prior to each Interest Payment Date, whether or not such day is a Business Day

- (iv) Day Count Fraction: [360-day year of twelve 30-day months] [365-day year]
(Consider if day count fraction for fixed rate euro denominated issues should be on an Actual/Actual-ISDA, Actual/Actual-ISMA or other basis)
- (v) Other terms relating to the method of calculating interest f or Fixed Rate
Notes: [Not Applicable/give details]
- 18 **Floating Rate Note and Variable Rate Note Provisions (Section 3A):** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph.)
- (i) Interest Rate Basis: [CD Rate] [Commercial Paper Rate] [Prime Rate] [Federal Funds Rate] [LIBOR] [EURIBOR] [SIBOR] [Swap Rate] [Variable Rate] [Treasury Rate] [CMT Rate] [Other (*specify reference rate*)] +/- per cent.
- (ii) Definition of [CD Rate] [Commercial Paper Rate] [Prime Rate] [Federal Funds Rate] [LIBOR] [EURIBOR] [SIBOR] [Average Swap Rate] [Variable Rate] [Treasury Rate] [CMT Rate] [Other (*specify reference rate*)] (if different from that set out in terms and conditions of Note and Indenture): [Not Applicable/give details]
- (iii) Interest Maturity:
- (iv) Spread (Plus or Minus):
- (v) Spread Multiplier:
- (vi) Initial Interest Rate:
- (vii) Maximum Interest Rate (if any): [Not Applicable]
- (viii) Maximum Interest Rate (if any): [Not Applicable]
- (ix) Interest Payment Period(s):
- (x) Interest Payment Month(s):
- (xi) Interest Payment Date(s):
- (xii) Interest Reset Period: [Daily] [Weekly] [Monthly] [Quarterly] [Semiannually] [Annually] [Others]

- (xiii) Interest Reset Date(s): [(Specify only if modified)] [(or the next succeeding Market Day)] [(For LIBOR Notes only), (Specify only if modified) (or the next succeeding Market Day, or if the next succeeding Market Day falls in the next succeeding calendar month, the immediately preceding Market Day)]
- (xiv) Interest Reset Month(s): [(Specify)] [Not Applicable]
- (xv) Initial Interest Reset Date(s): [Each Market Day] [Wednesday of each week] [Tuesday of each week (for Treasury Rate Notes)] [Third Wednesday of each month] [Third Wednesday of March, June, September and December] [Third Wednesday of [(insert month)] and [(insert month)]] [of each year] [Other (Specify)]
- (xvi) Interest Determination Date(s): [(Specify only if modified)]
- (xvii) Calculation Date(s): [(Specify only if modified)]
- (xviii) Regular Record Date(s): The date 15 calendar days prior to each Interest Payment Date whether or not such date shall be a Market Day
- (xix) Index Maturity:
- (xx) Redemption Price: per cent.
- (xxi) Calculation Agent (if other than Paying Agent):
- (xxii) Exchange Agent (if other than Paying Agent):
- (xxiii) LIBOR Rate calculation method: [LIBOR-LIBO] [Specify relevant LIBO screen page] [LIBOR] [Specify relevant LIBOR 01 screen page] [Not Applicable]
- (xxiv) CMT Reuters Page: [Reuters Screen [FRBCMT/FEDCMT] Page] [Not Applicable]
- (xxv) Designated CMT Maturity Index: [[1] [2] [3] [5] [7] [10] [20] [30] years] [Not Applicable]
- (xxvi) Provisions for SIBOR Notes: [Applicable] [Not Applicable]
— Interest Period [Specify]
— Screen Page [Give details]
— Reference Banks [Specify three]
- (xxvii) Provisions for Swap Rate Notes: [Applicable] [Not Applicable]
— Interest Period
— Reference Banks [Specify three]
— Discount/Premium

(xxviii) Provisions for Variable Rate Notes:	[Applicable] [Not Applicable]
— Interest Period	[Specify]
— Benchmark	[SIBOR, Average Swap Rate or other benchmark]
— Reference Banks	
— Relevant Dealer	[Specify three]
(xxix) Other terms relating to Floating Rate Notes:	[Not Applicable/give details]
19 Amortizing Note Provisions: (For Fixed Rate Notes or Zero Coupon Notes only) (If Applicable, provisions relating to the Amortizing Note series to which this Pricing Supplement relates are set out in Clause of Annex to this Pricing Supplement)	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i) Amortization Amount:	
(ii) Amortization Date:	
(iii) Amortization Yield:	per cent. per annum
(iv) Day Count Fraction:	
(v) Any other formula/basis of determining amount payable:	
20 Indexed Note Provisions:	[Applicable/Not Applicable]
(If Applicable, provisions relating to the Indexed Note series to which this Pricing Supplement relates are set out in Clause of Annex to this Pricing Supplement)	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Index/Formula:	[Give or annex details]
(ii) Calculation Agent, if any, responsible for calculating the interest due:	
(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	
(iv) Interest Period(s)/Specified:	
(v) Specified Interest Payment Dates:	
(vi) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]

- (vii) Business Center(s): *(For Bearer Global Note: For the purposes of any payments made in respect of a Bearer Global Note, the relevant place of presentation shall be disregarded in the definition of “Business Day” set out in the Indenture)*
- (viii) Minimum Rate of Interest: per cent. per annum
- (ix) Maximum Rate of Interest: per cent. per annum
- (x) Day Count Fraction:
- 21 **Dual Currency Note Provisions:** [Applicable/Not Applicable]
 (If Applicable, provisions relating to the Dual Currency Note series to which this Pricing Supplement relates are set out in Clause of Annex to this Pricing Supplement) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:
- (iv) Person at whose option Specified Currency(ies) is/are payable:
- (v) Day Count Fraction:
- 22 **Original Issue Discount Notes:** [Applicable/Not Applicable]
 (If Applicable, the following will be completed solely for the purpose of applying the United States federal income tax original discount (“OID”) rules) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Yield to Maturity:
- (ii) Total Amount of OID:
- (iii) OID as a percentage of Principal Amount:
- (iv) Short Accrual Period OID:

PROVISIONS RELATING TO REDEMPTION

23 General Provisions Relating to Redemption

(i) Redemption Date(s):

(ii) Redemption Price:

24 Call Option:

[Applicable/Not Applicable]

(If Applicable, provisions relating to a Call Option are set out in Clause of Annex to this Pricing Supplement)

(If not applicable, delete the remaining subparagraphs of this paragraph)

25 Issuer's Purchase Option:

[Applicable/Not Applicable]

Issuer's Purchase Option Period

[Specify maximum and minimum number of days for notice period and specify dates]

26 Put Option:

[Applicable/Not Applicable]

(Section 6)

(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) Redemption Date(s) (Option of Holder):

[Not Applicable]

(ii) Range(s) of Redemption Date(s) (Option of Holder):

[Not Applicable]

(iii) Redemption Price (Option of Holder):

per Note of specified denomination

(iv) Description of any other Noteholders' option:

[Specify]

(v) Notice period: additional business days⁽³⁾

27 Holder's Purchase Option:

[Applicable/Not Applicable]

Holder's VRN Purchase Option Period

[Specify maximum and minimum number of days for notice period and specify dates]

28 Final Redemption Amount:

[per Note of Specified denomination / Other/ See Appendix]

29 Optional Tax Redemption by the Issuer: (Section 6)

[Applicable] [Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) Early redemption amount(s) of each Note payable on redemption for taxation reasons (Redemption Price):

[100% of the Principal Amount]
[The Amortized Face Amount *(use only for Original Issue Discount Note)*]

(ii) Unmatured Coupons to become void upon early redemption (Bearer Notes only):

[Yes/No/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

30 Form of Notes:

Bearer Notes/Registered Notes

[Delete as appropriate] [Definitive Registered Notes] [Regulation S Global Notes] [Restricted Global Note] [Not Applicable/*give details*] [Definitive Bearer Note²] [Global Bearer Note⁴]

- (i) Temporary or Permanent Global Note/Certificate:

[Temporary Global Note/Certificate exchangeable for a Permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates on days' notice/at any time/in the limited circumstances specified in the Permanent Global Note/Certificate]]* [Temporary Global Note/Certificate exchangeable for Definitive Notes/Certificates on days' notice] [Permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on days' notice/at any time/in the limited circumstances specified in the Permanent Global Note/Certificate]]^{1*}

(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000". In addition, the "limited circumstances specified in the Permanent Global Note" option may have to be amended to permit such Specified Denomination construction. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.

- (ii) Applicable TEFRA exemption:

[TEFRA C/TEFRA D/Not Applicable (TEFRA not applicable may only be used in the case of Notes in registered form for U.S. federal income tax purposes or which have maturities of 365 days or less (including any unilateral rights to rollover or extend the maturity))]]*

- 31 Financial Center(s) or other special provisions relating to payment dates:

[Not Applicable/Give details. Note that this item relates to the date and place of payment, and not interest period end dates]

- 32 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes/No. If yes, give details]

² Payments of principal and interest (if any) in respect of Bearer Definitive Notes and Bearer Notes represented by any bearer global Note will be made against presentation or surrender, as the case may be, of such Bearer Definitive Note or bearer global Note at the specified office of any Paying Agent outside of the United States.

^{1*} Where TEFRA D is applicable, a Note must be issued in the form of a Temporary Global Note exchangeable upon U.S. tax certification for a Permanent Global Note or for Definitive Notes.

- 33 Details relating to Partly Paid Notes: [Not Applicable/give details.]
amount of each payment comprising
the Issue Price and date on which each
payment is to be made and consequences
(if any) of failure to pay, including any
right of the Issuer to forfeit the Notes and
interest due on late payment
- 34 Details relating to Installment Notes: [Not Applicable/give details]
(i) Installment Amount(s):
(ii) Installment Date(s):
(iii) Minimum Installment Amount:
(iv) Maximum Installment Amount:
- 35 Redenomination, renominialization [Not Applicable/The provisions as further detailed in
and reconventioning provisions: this Pricing Supplement apply]
- 36 Consolidation provisions: [Not Applicable/The provisions as further detailed in
this Pricing Supplement apply]
- 37 Use of proceeds:
- 38 Other terms or special conditions³: [Not Applicable/give details]

DISTRIBUTION

- 39 (i) If syndicated, names of Managers: [Not Applicable/give names]
(ii) Stabilizing Manager (if any): [Not Applicable/give name]
- 40 If non-syndicated, name of Dealer: [Not Applicable/give name]
- 41 Additional selling restrictions: [Not Applicable/give details]
- 42 Purchase obligation: [Joint/Several]

OPERATIONAL INFORMATION

- 43 ISIN:
- 44 Common Code:
- 45 CUSIP:
- 46 CINS number (Regulation S CUSIP):

³ If full terms and conditions are to be used, please add the following here:

“The full text of the Description of the Notes which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Description of the Notes replace in their entirety those appearing in the Offering Circular for the purposes of these Notes and such Description of the Notes will prevail over any other provision to the contrary.”

The first set of bracketed words is to be deleted where there is a permanent global Note instead of Notes in definitive form. The full Description of the Notes should be attached to and form part of the pricing supplement.

* Where TEFRA D is applicable, a Note must be issued in the form of a Temporary Global Note exchangeable upon U.S. tax certification for a Permanent Global Note or for Definitive Notes.

- 47 Any clearing system(s) other than Euroclear, Clearstream and CDP and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
[Other clearing information]
- 48 Depository: [CDP/DTC/common depository for Euroclear and Clearstream/others]
- 49 Delivery: Delivery [against/free of] payment
- 50 The Agents appointed in respect of the Notes are:

GENERAL

- 51 The aggregate principal amount of Notes issued has been translated into Singapore dollars at the rate of, producing a sum of (for Notes not denominated in Singapore dollars): [Not Applicable/S\$]
- 52 Additional requirements for Singapore Dollar Notes: [Give details]
- 53 Applicable Governing Document: [Amended and Restated Indenture dated [●], 2014 between the Issuer and the Trustee] [Supplemental Trust Deed dated [●], 2014 between the Issuer and the Trustee]
- 54 Governing law of Note: [New York] [Singapore]
- 55 Ratings: [The Notes to be issued [have been]/[are expected to be]] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)] [Not Applicable]

[Listing Application]

[This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the S\$8,000,000,000 Global Medium Term Note Program of SP PowerAssets Limited].

[Stabilization]

[In connection with this issue, [insert name of Stabilizing Manager] (the “Stabilizing Manager”) or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there is no obligation on the Stabilizing Manager or any agent of his to do this. Such stabilizing action, if commenced, may be discontinued at any time and must be brought to an end after a limited period.]

[Material Adverse Change Statement]

[[Except as disclosed herein, there/There] has been no material adverse change in the financial position of the Issuer in the context of the issue and offering of the Notes since [insert date of last published annual accounts.]]⁴

⁴ If any change is disclosed in the Pricing Supplement, it will require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular rather than in a Pricing Supplement.

Responsibility

The Issuer accepts responsibility for the information contained in this Pricing Supplement. **Signed on behalf of SP PowerAssets Limited**

By: _____
Duly authorized

THE COMPANY

SP PowerAssets Limited
10, Pasir Panjang Road
#03-01 Mapletree Business City
Singapore 117438

ARRANGERS

DBS Bank Ltd.
12 Marina Boulevard, Level 42
Marina Bay Financial Centre
Tower 3
Singapore 018982

**Deutsche Bank AG,
Singapore Branch**
One Raffles Quay
#17-00 South Tower
Singapore 048583

**Morgan Stanley Asia
(Singapore) Pte.**
23 Church Street
#16-01 Capital Square
Singapore 049481

DEALERS

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12 Marina Boulevard, Level 42
Marina Bay Financial Centre
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Singapore 018982

**Deutsche Bank AG,
Singapore Branch**
One Raffles Quay
#17-00 South Tower
Singapore 048583

**The Hongkong and Shanghai
Banking Corporation Limited**
21 Collyer Quay #11-01
HSBC Building
Singapore 049320

Morgan Stanley Asia (Singapore) Pte.
23 Church Street
#16-01 Capital Square
Singapore 049481

Oversea-Chinese Banking Corporation Limited
63 Chulia Street
#03-05 OCBC Centre East
Singapore 049514

**TRUSTEE AND EXCHANGE AGENT,
TRANSFER AND PAYING AGENT
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